

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

Form 20-F

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

Or

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended

Or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Or

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

MARINE HARVEST ASA

(Exact name of Registrant as specified in its charter)

Norway
(State or other jurisdiction of
incorporation or organization)

2092/4
(Primary Standard Industrial
Classification Code Number)

Not Applicable
(I.R.S. Employer
Identification No.)

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(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
American Depositary Shares, each representing 1 ordinary share, having a nominal value NOK 7.5 per share	New York Stock Exchange
Ordinary shares, having a nominal value of NOK 7.5 per share*	New York Stock Exchange (for listing purposes only)*

* *Not for trading, but only in connection with the registration of the American Depositary Shares.*

Securities registered or to be registered pursuant to Section 12(g) of the Act: **None**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such a shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP International Financial Reporting Standards
as issued by the International Accounting Standards Board Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the Registrant has elected to follow: Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

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EXPLANATORY NOTE

In this registration statement, the “company,” the “Group,” “we,” “us” and “our” refer to Marine Harvest ASA or Marine Harvest ASA and its consolidated subsidiaries, as the context may require. We received regulatory approval for our acquisition of Morpol ASA, or Morpol, a leading seafood producer, on September 30, 2013. As of November 12, 2013 we acquired 100% of Morpol. For the purposes of this registration statement, we define consolidated subsidiaries to exclude Morpol unless otherwise disclosed and any discussion of our secondary processing operations excludes Morpol unless otherwise noted.

We are applying to register the ordinary shares underlying our American Depositary Shares, or ADSs, under the Securities Exchange Act of 1934. This registration statement describes us and the ADSs, which may be represented by American Depositary Receipts, or ADRs, for trading on the New York Stock Exchange, or NYSE. Our ordinary shares are currently listed on the Oslo Stock Exchange, or OSE. On January 20, 2014, we conducted a reverse share split at a ratio of 10:1. The number of shares set forth herein reflect this reverse split, except where noted or where information presented relates to pre-January 21, 2014 periods. We prepare our financial statements included in this registration statement in accordance with the International Financial Reporting Standards, or IFRS, issued by the International Accounting Standards Board, or IASB.

We present our consolidated financial statements in Norwegian krone. All references in this registration statement to “krones” or “NOK” are to Norwegian krone, the legal currency of Norway, unless otherwise noted. Solely for convenience and unless otherwise indicated, certain NOK amounts have been translated into U.S. dollars at a rate of NOK 6.156 to U.S.\$1.00, the official exchange rate quoted as of January 17, 2014 as the Noon Buying Rate certified by the Federal Reserve Bank of New

York for customs purposes. All references in this registration statement to (i) “USD” or “U.S. dollar” are to the legal currency of the United States; (ii) “EUR” or “Euro” are to the legal currency of participating member states for the purposes of the European Monetary Union; (iii) “GBP” or “pound sterling” are to the legal currency of England and Wales; (iv) “CAD” or “Canadian dollar” are to the legal currency of Canada; (v) “JPY” or “Japanese yen” are to the legal currency of Japan; (vi) “DKK” or “Danish krone” are to the legal currency of Denmark and (vii) “CLP” or “Chilean peso” are to the legal currency of Chile.

Unless otherwise indicated, all sources for industry data and statistics are estimates or forecasts contained in or derived from internal or industry sources we believe to be reliable. Market data used throughout this registration statement were obtained from independent industry publications and other publicly available information. Such data, as well as internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified. In addition, in certain cases we have made statements in this registration statement regarding our industry and our position in the industry based on our experience and our own investigation of market conditions.

Market data and statistics are inherently predictive and speculative and are not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market. In addition, the value of comparisons of statistics for different markets is limited by many factors, including that (i) the markets are defined differently, (ii) the underlying information was gathered by different methods and (iii) different assumptions were applied in compiling the data. Accordingly, the market statistics included in this registration statement should be viewed with caution and no representation or warranty is given by any person as to their accuracy.

Some of the fishing and fish farming industry information, statistics and charts contained in this registration statement and in particular in the section “*Item 4. Information on the Company*” have been compiled by Kontali Analyse AS, a fish farming industry consultant. Kontali Analyse AS is not an expert that has been commissioned to prepare any report in connection with this registration statement.

As a result of rounding adjustments, the figures or percentages in a column may not add up to the total for that column.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This registration statement on Form 20-F contains forward-looking statements that reflect our current expectations and views of future events. The forward-looking statements are contained principally in the sections titled “*Item 3. Key Information*,” “*Item 4. Information on the Company*” and “*Item 5. Operating and Financial Review and Prospects*.” Some of these forward-looking statements can be identified by terms and phrases such as “anticipate,” “should,” “likely,” “foresee,” “believe,” “estimate,” “expect,” “intend,” “continue,” “could,” “may,” “plan,” “project,” “predict,” “will” and similar expressions. These forward-looking statements include statements relating to:

- our goals and strategies;
- our ability to increase or otherwise vary our harvest volume in the short or long term and our expected investments in working capital;
- the expected trends in global demand for seafood;
- capacity to expand salmon production in Norway;
- our ability to complete the construction (timely or at all) and the expected performance of the fish feed plant which we are constructing;
- the expected benefits from our acquisition and integration of Morpol ASA and divestiture of some of Morpol ASA’s Scottish operations;
- the expected trends in the seafood industry, globally and regionally;
- the expected trends in human population growth;
- our ability to control or mitigate biological risks, including fish diseases and sea lice, through the use of vaccines, treatment or otherwise;
- expected developments in the cost and availability of fish feed raw materials;
- our ability to implement (successfully or at all) our restructuring initiatives;
- climate change;
- our expected capital expenditures and commitments;
- our ability to maintain access to quality fish feed;
- future movements in the price of salmon and other seafood;
- our ability to effectively manage the impact of escapes and predation on our stock;
- our ability to maintain our relationships with suppliers;
- our ability to continue to develop new and attractive products;
- our ability to overcome any interruptions to the operations of our farms or our primary or secondary processing facilities;
- our ability to uphold our image and reputation;
- our future business development, results of operations and financial condition;
- competition in our industry;
- our ability to retain our senior management team;
- the prospects of the Chilean salmon industry;
- fluctuations in exchange rates and interest rates;

- our ability meet our research and development plans and expectations; and
- developments in, or changes to, the laws, regulation and governmental policies governing our business and industry.

The preceding list is not intended to be an exhaustive list of all of our forward-looking statements. The forward-looking statements are based on our beliefs, assumptions and expectations of future performance, taking into account the information currently available to us. These statements are only predictions based upon our current expectations and projections about future events. There are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by the forward-looking statements. In particular, such factors are described in “*Item 3. Key Information—D. Risk Factors*” in this registration statement.

These forward-looking statements speak only as of the date of this registration statement. Except as required by law, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The factors set forth in “*Item 3. Key Information—D. Risk Factors*” that could cause our actual results to differ materially from those contemplated in any forward-looking statement included in this registration statement should not be construed as exhaustive. You should read this registration statement and the documents filed as exhibits to it completely and with the understanding that our actual future results may be materially different from our expectations.

PART I

ITEM 1. Identity of Directors, Senior Management and Advisers.

A. Directors and Senior Management.

See “*Item 6. Directors, Senior Management and Employees.*”

B. Advisers.

Not applicable.

C. Auditors.

See “*Item 10. Additional Information—G. Statements by Experts.*”

ITEM 2. Offer Statistics and Expected Timetable.

Not applicable.

ITEM 3. Key Information.

A. Selected Financial Data.

The following tables set forth our selected consolidated financial and other data. You should read the following selected consolidated financial and other data together with the information in “*Item 5. Operating and Financial Review and Prospects*” and “*Item 3. Key Information—D. Risk Factors,*” and our consolidated financial statements and the related notes included elsewhere in this registration statement. Historical results are not indicative of the results to be expected in the future. Our financial statements have been prepared in accordance with IFRS as published by the IASB.

The selected consolidated financial data as of and for the six months ended June 30, 2013 and 2012 have been derived from our unaudited consolidated interim financial statements for those periods, which are included elsewhere in this registration statement. The selected consolidated financial data as of and for the years ended December 31, 2012, 2011 and 2010 have been derived from our audited consolidated financial statements for those periods, which are included elsewhere in this registration statement. The selected consolidated financial data as of and for the years ended December 31, 2009 and 2008 have been derived from our unaudited consolidated financial statements for those periods. The unaudited consolidated interim financial statements and the notes thereto have been condensed, but contain all adjustments, including adjustments of a normal and recurring nature, necessary for a fair presentation of our financial position and results of operations. The results for the six months ended June 30, 2013 are not necessarily indicative of the results to be expected for the entire year ending December 31, 2013. Accordingly, the unaudited consolidated interim financial statements and notes thereto should be read in conjunction with our annual audited consolidated financial statements.

The financial information below includes certain non-IFRS measures used to evaluate our economic and financial performance. These measures are not identified as accounting measures under IFRS and therefore should not be considered as an alternative measure to evaluate our performance.

Gutted weight equivalent, or GWE, statistic measures the weight of the fish with head on, gutted.

	Six months ended		Year ended December 31,				
	June 30,		2012	2011	2010	2009	2008
	2013	2012					
(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	
(in NOK million, except for per share and number of shares data)							
Consolidated Income Statement Data:							
Revenue and other income	8,165.6	7,778.0	15,463.5	16,132.8	15,281.2	14,619.5	13,486.9
Cost of materials	-4,148.8	-4,851.5	-9,666.5	-8,398.6	-7,732.0	-8,796.6	-8,654.4
Fair value uplift on harvested fish . .	-1,865.9	-850.9	-1,597.5	-3,260.1	-4,370.3	-3,023.0	-1,689.2
Fair value adjustment on biological assets	2,649.0	930.2	1,993.5	949.3	5,882.8	3,415.7	1,443.6
Salary and personnel expenses	-1,161.2	-1,127.2	-2,418.7	-2,177.8	-2,202.5	-2,167.4	-2,139.8
Other operating expenses	-1,139.9	-1,027.4	-2,163.5	-2,063.2	-1,502.5	-1,448.2	-1,393.8
Depreciation and amortization	-346.8	-338.5	-677.2	-666.7	-653.0	-687.7	-685.3
Provision for onerous contracts	-99.0	19.0	-6.1	-5.8	-14.3	—	—
Restructuring costs	-237.9	—	-0.8	-21.8	-4.4	-169.5	-241.0
Other non-operational items	-74.4	—	—	—	—	—	—
Income/loss from associated companies	57.1	23.0	83.6	-15.0	194.9	83.9	0.9
Impairment losses	-2.7	-1.2	-0.5	-67.0	-5.0	-373.1	-1,579.4
Earnings before interest and taxes (EBIT)	1,795.1	553.4	1,009.8	406.0	4,874.9	1,453.5	-1,451.5
Interest expenses	-279.3	-189.8	-382.8	-405.8	-380.3	-404.3	-485.4
Net currency effects	-179.6	246.0	523.3	236.4	366.7	682.0	-844.6
Other financial items	-81.7	-193.7	-320.0	342.9	-195.3	35.1	-451.5
Earnings before taxes (EBT)	1,254.4	415.9	830.3	579.5	4,666.0	1,766.3	-3,233.0
Taxes	-407.2	-117.2	-389.0	-46.7	-1,254.3	-381.7	399.6
Profit or loss for the period	847.3	298.7	441.3	532.8	3,411.7	1,384.6	-2,833.4
Profit or loss for the period attributable to:							
Non-controlling interests	10.3	-1.4	4.0	5.5	30.5	5.9	0.6
Owners of Marine Harvest ASA	837.0	300.2	437.3	527.3	3,381.2	1,378.7	-2,834.0
Weighted average number of shares, basic and diluted (in millions of shares)	3,747.9	3,580.7	3,586.4	3,579.3	3,574.9	3,536.0	3,478.9
Earnings per share—basic and diluted (in NOK/share)	0.22	0.08	0.12	0.15	0.95	0.39	-0.81
Dividends per share (in NOK)	0.10	—	—	0.80	0.60	—	—
Dividends per share (in USD) ⁽¹⁾ . .	0.02	—	—	0.14	0.09	—	—

(1) The conversions are provided solely for convenience of the reader and were calculated using the NOK to USD closing rate on the date of the dividend payment, using the official exchange rate quoted by the Noon Buying Rate certified by the Federal Reserve Bank of New York for customs purposes.

	As of June 30,		As of December 31,				
	2013	2012	2012	2011	2010	2009	2008
	(unaudited)	(unaudited)				(unaudited)	(unaudited)
(in NOK million)							
Consolidated Statement of Financial Position:							
Inventory	760.7	791.9	819.7	783.0	775.8	742.7	1,074.5
Biological assets	7,043.7	5,607.2	6,207.9	6,239.3	8,034.0	5,688.9	5,866.9
Trade receivables	1,871.6	1,633.2	1,782.0	1,914.9	1,844.9	1,672.1	1,903.4
Other receivables	607.5	544.7	592.7	609.8	814.7	551.6	532.4
Cash	858.3	314.4	335.3	279.1	318.9	172.2	372.6
Total current assets	11,141.8	8,891.4	9,737.6	9,826.1	11,788.3	8,827.5	9,749.8
Total assets	26,231.7	21,665.3	23,317.4	22,747.3	24,295.9	20,745.4	22,986.7
Total equity	12,399.1	11,008.1	11,688.6	10,813.4	13,134.1	11,722.6	9,804.3
Total non-current liabilities	10,233.1	7,871.9	8,296.9	9,028.2	8,120.1	6,453.3	7,667.9
Total current liabilities	3,599.5	2,785.2	3,331.9	2,905.7	3,041.8	2,569.5	5,514.5
Total equity and liabilities	26,231.7	21,665.3	23,317.4	22,747.3	24,295.9	20,745.4	22,986.7

	Six months ended June 30,		Year ended December 31,		
	2013	2012	2012	2011	2010
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Other Financial and Operating Data:					
Harvest Volume (in tons GWE)					
Salmon of Norwegian origin	100,847	126,764	255,306	217,510	202,455
Salmon of Scottish origin	22,896	20,561	40,261	50,174	33,136
Salmon of Canadian origin	21,164	21,210	40,217	33,917	33,576
Salmon of Chilean origin	8,259	19,365	40,222	25,960	9,868
Salmon of Irish origin	2,864	4,375	9,407	9,332	10,556
Salmon of Faroese origin	3,443	3,586	6,893	5,927	5,419
Total harvest volume	159,473	195,861	392,306	342,820	295,010
Average price achievement ⁽¹⁾	94%	104%	105%	110%	96%
Contract coverage ⁽²⁾	34%	30%	33%	43%	49%
Quality—superior share ⁽³⁾	86%	89%	91%	92%	89%
(in NOK million except percentages)					
Segment Operational EBIT—					
Farming	1,361.8	365.2	415.1	2,489.6	2,905.2
Segment Operational EBIT—					
Markets	129.1	192.6	344.2	228.3	230.8
Segment Operational EBIT—VAP					
Europe	10.6	– 10.4	5.8	107.9	151.5
Segment Operational EBIT—Other	– 97.0	– 40.8	– 121.7	– 108.4	– 96.1
Group Operational EBIT⁽⁴⁾	1,383.3	506.6	643.4	2,717.3	3,191.3
ROCE ⁽⁵⁾	15.6%	5.6%	3.9%	16.8%	21.7%
NIBD/equity ⁽⁶⁾	47.2%	47.0%	46.0%	59.8%	39.7%

(1) Our average price achievement ranks the prices that we are able to achieve on our products against a salmon price index. The achievement is measured against NOS/Fish Pool for salmon of Norwegian and Faroese origin, a derived NOS/Fish Pool (NOS/Fish Pool plus a margin) for salmon of Scottish origin and Urner Barry for salmon of Canadian and Chilean origin. NOS/Fish Pool is an index of prices for Norwegian salmon provided by NOS Clearing ASA, a subsidiary of NASDAQ OMX Group Inc. Urner Barry provides reference prices for Chilean salmon in Miami and North American salmon in Seattle. The reference prices are spot prices for superior quality salmon, while our achieved price is a blend of spot and

contract price for all qualities. The average price achievement demonstrates our ability to sell our products at above market rates and is thus important for understanding our performance. In situations where contract prices deviate from spot prices or the quality of our sold fish is low, our achieved price will deviate from the reference price.

- (2) The contract coverage represents the percentage of our products that was sold pursuant to contracts. For this purpose, a contract is defined as a commitment to sell our salmon at a fixed price for a period of three months or longer.
- (3) Superior share of salmon is the percentage of salmon harvested that is classified as superior grade salmon divided by the total volume of harvested salmon. If salmon for some reason, e.g., pale color or scale loss, cannot be classified as a superior product, it is downgraded and sold as a production or ordinary grade product at a lower price.
- (4) *Operational EBIT*. Operational EBIT at Group level is a non-IFRS financial measure. Refer to the section below for how we define Operational EBIT and reconcile it to earnings before interest and taxes, or EBIT.
- (5) *ROCE*. Return on Capital Employed, or ROCE, is a non-IFRS financial measure. Refer to the section below for how we define and calculate ROCE.
- (6) *NIBD/equity*. NIBD/equity is a non-IFRS financial measure. Refer to the section below for how we define and calculate NIBD/equity.

Non-IFRS Financial Measures

Operational EBIT. Operational EBIT at Group level and by country of origin is a non-IFRS financial measure, calculated by excluding each of the following items from EBIT as set forth in our consolidated statement of income prepared in accordance with IFRS: change in unrealized salmon derivatives (at Group level only), fair value uplift on harvested fish, fair value adjustment on biological assets, provision for onerous contracts, restructuring costs, income/loss from associated companies, impairment losses and other non-operational items (accrual for contingent liabilities and provisions). We exclude these items from our EBIT as we believe they affect the comparability of our operational performance from period to period, given their non-operational or non-recurring nature. Operational EBIT is used by management, analysts, rating agencies and investors in assessing our performance. Accordingly, we believe that the presentation of Operational EBIT provides useful information to investors. Our use of Operational EBIT should not be viewed as an alternative to EBIT or to profit or loss for the year, which are measures calculated in accordance with IFRS. Operational EBIT has limitations as an analytical tool in comparison to EBIT or other profit and loss measures prepared in accordance with IFRS. Some of these limitations are: (i) it does not reflect the impact of earnings or charges that we consider not to be indicative of our on-going operations, (ii) it does not reflect interest and income tax expense; and (iii) other companies, including other companies in our industry, may calculate Operational EBIT differently than we do, limiting its usefulness as a comparative measure. Our Operational EBIT is reconciled to EBIT below.

ROCE. ROCE is a non-IFRS financial measure, calculated by dividing Adjusted EBIT by average capital employed. Adjusted EBIT is calculated as EBIT, as set forth in our consolidated statement of income prepared in accordance with IFRS, adjusted for fair value uplift on harvested fish, fair value adjustment on biological assets, provision for onerous contracts and other non-operational items (accrual for contingent liabilities and provisions). Average capital employed is calculated as average of the beginning of the period and end of the period capital employed. Capital employed is the sum of net interest bearing debt, or NIBD, as of the end of the period plus equity as of the end of the period adjusted for fair value adjustment on biological assets, provision for onerous contracts and, for the six months ended June 30, 2013 and year ended December 31, 2012, investment in Morpol ASA, or Morpol. The investment in Morpol was excluded from the calculation of capital employed as until the acquisition of Morpol was cleared by the relevant competition authorities, we were unable to consolidate Morpol's financial results into our financial statements. Our NIBD as of the end of a period (for purposes of calculating average NIBD) is equal to our total non-current interest-bearing debt minus our total cash and plus our current interest-bearing debt. We use ROCE to measure the return on capital employed, regardless of whether the financing is through equity or debt. In our view, this measure provides useful information for both management and our investors about our

performance during periods under evaluation. We believe that the presentation of ROCE provides useful information to investors because ROCE can be used to determine whether capital invested in us yields competitive returns. In addition, achievement of predetermined targets relating to ROCE is one of the factors we take into account in determining the amount of performance-based compensation paid to our management. Our use of ROCE should not be viewed as an alternative to EBIT or to profit or loss for the year, which are measures calculated in accordance with IFRS or ratios based on these figures. The usefulness of ROCE is also inherently limited by the fact that it is a ratio and thus does not provide information as to the absolute amount of our income, debt or equity. It also excludes certain items from the calculation and other companies may use a similar measure but calculate it differently. A table setting forth our calculation of ROCE is set forth below.

NIBD/equity. NIBD/equity is a non-IFRS financial measure. Management employs NIBD divided by total equity, as set forth in our consolidated financial statements, to assess our liquidity and financial position. Our NIBD as of the end of a period is equal to our total interest-bearing debt minus our total cash and plus our current interest-bearing debt, in each case as set forth in our consolidated statement of financial position. Management, analysts, rating agencies and investors use our NIBD/equity ratio to assess our liquidity and measure our cash flow. The usefulness of NIBD/equity is inherently limited by the fact that it is a ratio and thus does not provide information as to the absolute amounts of our debt or equity. A table setting forth our calculation of NIBD/equity is set forth below.

The following table reconciles our Group Operational EBIT to EBIT in NOK million for the six months ended June 30, 2013 and 2012, and years ended December 31, 2012, 2011 and 2010:

	Six months ended June 30,		Year ended December 31,		
	2013 (unaudited)	2012 (unaudited)	2012	2011	2010
	(in NOK million)				
Group Operational EBIT	1,383.3	506.6	643.4	2,717.3	3,191.3
Change in unrealized salmon derivatives . . .	-14.5	-73.3	-105.8	-109.3	—
Fair value uplift on harvested fish	-1,865.9	-850.9	-1,597.5	-3,260.1	-4,370.3
Fair value adjustment on biological assets . .	2,649.0	930.2	1,993.5	949.2	5,882.8
Provision for onerous contracts	-99.0	19.0	-6.1	-5.8	-14.3
Restructuring costs	-237.9	—	-0.8	-21.8	-4.4
Income/loss from associated companies	57.1	23.0	83.6	-15.0	194.9
Impairment losses	-2.7	-1.2	-0.5	-67.0	-5.0
Other non-operational items	-74.4	—	—	—	—
Group earnings before interest and taxes (EBIT)	<u>1,795.1</u>	<u>553.4</u>	<u>1,009.8</u>	<u>406.0</u>	<u>4,874.9</u>

The following table reconciles Group level Operational EBIT to EBIT in NOK per kilogram for the six months ended June 30, 2013 and 2012, and years ended December 31, 2012, 2011 and 2010:

	Six months ended June 30,		Year ended December 31,		
	2013 (unaudited)	2012 (unaudited)	2012	2011	2010
	(NOK per kg)				
Group Operational EBIT	8.67	2.59	1.64	7.93	10.82
Change in unrealized salmon derivatives	-0.09	-0.37	-0.27	0.32	—
Fair value uplift on harvested fish	16.61	4.74	5.08	2.77	19.94
Fair value adjustment on biological assets	-11.70	-4.34	-4.07	-9.51	-14.81
Provision for onerous contracts	-0.62	0.10	-0.02	-0.02	-0.05
Restructuring costs	-1.49	—	—	-0.06	-0.01
Income/loss from associated companies	0.36	0.12	0.21	-0.04	0.66
Impairment losses	-0.02	-0.01	—	-0.20	-0.02
Other non-operational items	-0.47	—	—	—	—
Group EBIT	11.26	2.83	2.57	1.18	16.52

The following table reconciles Operational EBIT to EBIT for salmon of Norwegian origin in NOK million for the six months ended June 30, 2013 and 2012, and years ended December 31, 2012, 2011 and 2010:

	Six months ended June 30,		Year ended December 31,		
	2013 (unaudited)	2012 (unaudited)	2012	2011	2010
	(in NOK million)				
Operational EBIT—Salmon of Norwegian Origin	1,056.9	425.6	823.5	1,990.6	2,462.2
Fair value uplift on harvested fish	1,480.9	660.4	1,767.3	223.4	4,132.5
Fair value adjustment on biological assets	-1,216.6	-546.5	-1,238.5	-1,961.1	-3,154.5
Provision for onerous contracts	-67.0	-0.1	-12.5	7.9	-8.5
Restructuring costs	—	—	—	—	—
Income/loss from associated companies	57.1	23.0	82.7	-15.0	194.9
Impairment losses	—	-0.4	-1.4	-5.1	-3.9
Other non-operational items	—	—	—	—	—
EBIT—Salmon of Norwegian Origin	1,311.2	561.9	1,421.1	240.5	3,622.7

The following table reconciles Operational EBIT to EBIT for salmon of Norwegian origin in NOK per kilogram for the six months ended June 30, 2013 and 2012, and years ended December 31, 2012, 2011 and 2010:

	Six months ended June 30,		Year ended December 31,		
	2013 (unaudited)	2012 (unaudited)	2012	2011	2010
	(in NOK per kg)				
Operational EBIT—Salmon of Norwegian Origin . .	10.48	3.36	3.23	9.15	12.16
Fair value uplift on harvested fish	14.68	5.21	6.92	1.03	20.41
Fair value adjustment on biological assets	-12.06	-4.31	-4.85	-9.02	-15.58
Provision for onerous contracts	-0.66	—	-0.05	0.04	-0.04
Restructuring costs	—	—	—	—	—
Income/loss from associated companies	0.57	0.18	0.32	-0.07	0.96
Impairment losses	—	—	-0.01	-0.02	-0.02
Other non-operational items	—	—	—	—	—
EBIT—Salmon of Norwegian Origin	13.00	4.43	5.57	1.11	17.89

The following table reconciles Operational EBIT to EBIT for salmon of Scottish origin in NOK million for the six months ended June 30, 2013 and 2012, and years ended December 31, 2012, 2011 and 2010:

	Six months ended June 30,		Year ended December 31,		
	2013 (unaudited)	2012 (unaudited)	2012	2011	2010
	(in NOK million)				
Operational EBIT—Salmon of Scottish Origin . .	255.9	132.0	153.0	519.3	313.3
Fair value uplift on harvested fish	497.3	93.5	268.1	488.1	683.1
Fair value adjustment on biological assets	-366.5	-171.4	-276.3	-693.1	-423.1
Provision for onerous contracts	-28.7	19.3	6.4	-13.2	-5.9
Restructuring costs	—	—	—	—	-6.2
Income/loss from associated companies	—	—	0.2	—	—
Impairment losses	—	-0.1	0.3	-0.6	-1.6
Other non-operational items	—	—	—	—	—
EBIT—Salmon of Scottish Origin	358.1	73.3	151.8	300.5	559.6

The following table reconciles Operational EBIT to EBIT for salmon of Scottish origin in NOK per kilogram for the six months ended June 30, 2013 and 2012 and years ended December 31, 2012, 2011 and 2010:

	Six months ended June 30,		Year ended December 31,		
	2013 (unaudited)	2012 (unaudited)	2012	2011	2010
	(in NOK per kg)				
Operational EBIT—Salmon of Scottish Origin	11.18	6.42	3.80	10.35	9.45
Fair value uplift on harvested fish	21.72	4.55	6.66	9.73	20.61
Fair value adjustment on biological assets	-16.01	-8.33	-6.86	-13.81	-12.77
Provision for onerous contracts	-1.25	0.94	0.16	-0.26	-0.18
Restructuring costs	—	—	—	—	-0.19
Income/loss from associated companies	—	—	0.01	—	—
Impairment losses	—	—	0.01	-0.01	-0.05
Other non-operational items	—	—	—	—	—
EBIT—Salmon of Scottish Origin	15.64	3.57	3.77	5.99	16.89

The following table reconciles Operational EBIT to EBIT for salmon of Canadian origin in NOK million for the six months ended June 30, 2013 and 2012, and years ended December 31, 2012, 2011 and 2010:

	Six months ended June 30,		Year ended December 31,		
	2013 (unaudited)	2012 (unaudited)	2012	2011	2010
	(in NOK million)				
Operational EBIT—Salmon of Canadian Origin	211.0	-44.6	-140.1	39.6	224.4
Fair value uplift on harvested fish	430.4	101.6	-6.7	-38.3	506.8
Fair value adjustment on biological assets	-205.3	-49.5	-9.9	-198.7	-401.7
Provision for onerous contracts	—	-0.2	—	—	—
Restructuring costs	—	—	-0.8	-23.4	—
Income/loss from associated companies	—	—	—	—	—
Impairment losses	—	-0.5	-2.2	-54.5	-4.4
Other non-operational items	—	—	—	—	—
EBIT—Salmon of Canadian Origin	436.0	6.8	-159.6	-275.2	325.0

The following table reconciles Operational EBIT to EBIT for salmon of Canadian origin in NOK per kilogram for the six months ended June 30, 2013 and 2012 and years ended December 31, 2012, 2011 and 2010:

	Six months ended June 30,		Year ended December 31,		
	2013 (unaudited)	2012 (unaudited)	2012	2011	2010
	(in NOK per kilogram)				
Operational EBIT—Salmon of Canadian Origin . . .	9.97	-2.10	-3.48	1.17	6.68
Fair value uplift on harvested fish	20.33	4.79	-0.17	-1.13	15.09
Fair value adjustment on biological assets	-9.70	-2.33	-0.25	-5.86	-11.97
Provision for onerous contracts	—	-0.01	—	—	—
Restructuring costs	—	—	-0.02	-0.69	—
Income/loss from associated companies	—	—	—	—	—
Impairment losses	—	-0.02	-0.05	-1.61	-0.13
Other non-operational items	—	—	—	—	—
EBIT—Salmon of Canadian Origin	20.60	0.32	-3.97	-8.11	9.68

The following table reconciles Operational EBIT to EBIT for salmon of Chilean origin in NOK million for the six months ended June 30, 2013 and 2012, and years ended December 31, 2012, 2011 and 2010:

	Six months ended June 30,		Year ended December 31,		
	2013 (unaudited)	2012 (unaudited)	2012	2011	2010
	(in NOK million)				
Operational EBIT—Salmon of Chilean Origin . . .	-110.6	27.5	-90.9	110.6	67.8
Fair value uplift on harvested fish	96.6	23.4	-97.6	143.2	272.4
Fair value adjustment on biological assets	23.8	-41.2	27.1	-211.0	-170.1
Provision for onerous contracts	—	—	—	—	—
Restructuring costs	—	—	—	—	—
Income/loss from associated companies	—	—	—	—	—
Impairment losses	1.0	—	3.0	-5.5	7.0
Other non-operational items	-74.4	—	—	—	—
EBIT—Salmon of Chilean Origin	-63.7	9.7	-158.4	37.2	177.2

The following table reconciles Operational EBIT to EBIT for salmon of Chilean origin in NOK per kilogram for the six months ended June 30, 2013 and 2012 and years ended December 31, 2012, 2011 and 2010:

	Six months ended June 30,		Year ended December 31,		
	2013 (unaudited)	2012 (unaudited)	2012	2011	2010
	(in NOK per kg)				
Operational EBIT—Salmon of Chilean Origin	- 13.40	1.42	- 2.26	4.26	6.87
Fair value uplift on harvested fish	11.69	1.21	- 2.43	5.52	27.61
Fair value adjustment on biological assets	2.88	- 2.13	0.67	- 8.13	- 17.24
Provision for onerous contracts	—	—	—	—	—
Restructuring costs	—	—	—	—	—
Income/loss from associated companies	—	—	—	—	—
Impairment losses	0.12	—	0.07	- 0.21	0.71
Other non-operational items	- 9.01	—	—	—	—
EBIT—Salmon of Chilean Origin	- 7.71	0.50	- 3.94	1.43	17.95

The following table reconciles Operational EBIT to EBIT for salmon of Irish origin in NOK million for the six months ended June 30, 2013 and 2012, and years ended December 31, 2012, 2011 and 2010:

	Six months ended June 30,		Year ended December 31,		
	2013 (unaudited)	2012 (unaudited)	2012	2011	2010
	(in NOK million)				
Operational EBIT—Salmon of Irish Origin	28.0	18.7	13.6	74.4	99.5
Fair value uplift on harvested fish	73.8	52.8	46.9	102.5	149.0
Fair value adjustment on biological assets	- 39.7	- 41.6	- 82.3	- 114.7	- 129.7
Provision for onerous contracts	—	—	—	—	—
Restructuring costs	—	—	—	—	—
Income/loss from associated companies	—	—	0.1	—	—
Impairment losses	—	—	- 0.1	- 0.1	- 0.3
Other non-operational items	—	—	—	—	—
EBIT—Salmon of Irish Origin	62.1	29.8	- 21.8	62.1	118.4

The following table reconciles Operational EBIT to EBIT for salmon of Irish origin in NOK per kilogram for the six months ended June 30, 2013 and 2012 and years ended December 31, 2012, 2011 and 2010:

	Six months ended June 30,		Year ended December 31,		
	2013 (unaudited)	2012 (unaudited)	2012	2011	2010
	(NOK per kg)				
Operational EBIT—Salmon of Irish Origin	9.79	4.27	1.45	7.97	9.43
Fair value uplift on harvested fish	25.78	12.07	4.98	10.98	14.11
Fair value adjusted on biological assets	-13.88	-9.51	-8.75	-12.29	-12.29
Provision for onerous contracts	—	—	—	—	—
Restructuring costs	—	—	—	—	—
Income/loss from associated companies	—	—	0.01	—	—
Impairment losses	—	—	-0.01	-0.01	-0.03
Other non-operational items	—	—	—	—	—
EBIT—Salmon of Irish Origin	21.69	6.82	-2.31	6.66	11.22

The following table reconciles Operational EBIT to EBIT for salmon of Faroese origin in NOK million for the six months ended June 30, 2013 and 2012, and years ended December 31, 2012, 2011 and 2010:

	Six months ended June 30,		Year ended December 31,		
	2013 (unaudited)	2012 (unaudited)	2012	2011	2010
	(in NOK million)				
Operational EBIT—Salmon of Faroese Origin	49.9	-7.7	12.1	60.9	66.6
Fair value uplift on harvested fish	61.7	-1.4	24.3	28.2	136.0
Fair value adjustment on biological assets	-52.8	0.8	-17.7	-81.0	-90.6
Provision for onerous contracts	-3.3	—	—	—	—
Restructuring costs	—	—	—	—	—
Income/loss from associated companies	—	—	—	—	—
Impairment losses	—	—	—	—	—
Other non-operational items	—	—	—	—	—
EBIT—Salmon of Faroese Origin	55.5	-8.4	18.7	8.0	112.0

The following table reconciles Operational EBIT to EBIT for salmon of Faroese origin in NOK per kilogram for the six months ended June 30, 2013 and 2012 and years ended December 31, 2012, 2011 and 2010:

	Six months ended June 30,		Year ended December 31,		
	2013 (unaudited)	2012 (unaudited)	2012	2011	2010
	(NOK per kg)				
Operational EBIT—Salmon of Faroese Origin . . .	14.50	− 2.15	1.76	10.27	12.29
Fair value uplift on harvested fish	17.91	− 0.40	3.53	4.75	25.10
Fair value adjustment on biological assets	− 15.35	0.22	− 2.57	− 13.67	− 16.72
Provision for onerous contracts	− 0.95	—	—	—	—
Restructuring costs	—	—	—	—	—
Income/loss from associated companies	—	—	—	—	—
Impairment losses	—	—	—	—	—
Other non-operational items	—	—	—	—	—
EBIT—Salmon of Faroese Origin	16.11	− 2.34	2.72	1.36	20.67

The following tables set forth our calculation of ROCE, requiring reconciliation of Adjusted EBIT to EBIT and NIBD to Non-current interest-bearing debt, for the six months ended June 30, 2013 and 2012, and years ended December 31, 2012, 2011 and 2010:

	As of and for the six months ended June 30,		As of and for the year ended December 31,		
	2013 (unaudited)	2012 (unaudited)	2012	2011	2010
	(in NOK million, except ROCE)				
Adjusted EBIT	1,185.4	455.0	619.9	2,722.7	3,376.8
Fair value uplift on harvested fish	-1,865.9	-850.9	-1,597.5	-3,260.1	-4,370.3
Fair value adjustment on biological assets . .	2,649.0	930.2	1,993.5	949.2	5,882.8
Provision for onerous contracts	-99.0	19.0	-6.1	-5.8	-14.3
Other non-operational items	-74.4	—	—	—	—
EBIT	1,795.1	553.4	1,009.8	406.0	4,874.9
Net interest-bearing debt (NIBD)	5,857.2	5,176.6	5,381.0	6,467.3	5,218.1
Cash	858.3	314.4	335.3	279.1	318.9
Current interest-bearing debt	-271.4	-267.6	-377.8	-157.0	-429.7
Non-current interest-bearing debt	6,444.1	5,223.4	5,338.5	6,589.4	5,107.3
NIBD	5,857.2	5,176.6	5,381.0	6,467.3	5,218.1
Investment in Morpol	-1,682.7	—	-937.6	—	—
Total equity	12,399.1	11,008.1	11,688.6	10,813.4	13,134.1
Fair value adjustment on biological assets . .	-1,630.0	-521.9	-835.7	-445.9	-2,766.1
Provision for onerous contracts	125.7	0.3	25.1	19.4	14.1
Capital employed as of the end of the period	15,069.2	15,663.1	15,321.4	16,854.2	15,600.3
Average capital employed⁽¹⁾	15,195.3	16,258.6	16,087.8	16,227.3	15,565.9
Adjusted EBIT	1,185.4	455.0	619.9	2,722.7	3,376.8
ROCE	15.6%	5.6%	3.9%	16.8%	21.7%

(1) Calculated as the average capital employed as of the beginning and the end of the period.

The following table sets forth our calculation of NIBD/equity for the six months ended June 30, 2013 and 2012, and years ended December 31, 2012, 2011 and 2010:

	As of June 30,		As of December 31,		
	2013 (unaudited)	2012 (unaudited)	2012	2011	2010
	(in NOK million)				
NIBD	5,857.2	5,176.6	5,381.0	6,467.3	5,218.1
Cash	858.3	314.4	335.3	279.1	318.9
Current interest-bearing debt	-271.4	-267.6	-377.8	-157.0	-429.7
Non-current interest-bearing debt	6,444.1	5,223.4	5,338.5	6,589.4	5,107.3
NIBD	5,857.2	5,176.6	5,381.0	6,467.3	5,218.1
Total equity	12,399.1	11,008.1	11,688.6	10,813.4	13,134.1
NIBD/equity	47.2%	47.0%	46.0%	59.8%	39.7%

Exchange Rates

The following are the Noon Buying Rates certified by the Federal Reserve Bank of New York for customs purposes, or the Noon Buying Rate, expressed in NOK per USD for the periods stated.

<u>Period</u>	<u>High</u>	<u>Low</u>	<u>Period End</u>	<u>Period average⁽¹⁾</u>
Year ended December 31, 2008	7.285	4.947	6.976	5.677
Year ended December 31, 2009	7.278	5.537	5.790	6.258
Year ended December 31, 2010	6.670	5.616	5.890	6.064
Year ended December 31, 2011	6.027	5.225	5.968	5.561
Year ended December 31, 2012	6.130	5.560	5.562	5.785
Six months ended June 30, 2013	6.159	5.431	6.090	5.792
July 2013	6.263	5.888	—	—
August 2013	6.128	5.827	—	—
September 2013	6.120	5.822	—	—
October 2013	6.034	5.877	—	—
November 2013	6.199	5.948	—	—
December 2013	6.199	6.066	—	—
January 2014 (through January 17)	6.196	6.120	—	—

(1) The period average in respect of a year is calculated as the average of the exchange rates on the last business day of each month for the relevant period.

These rates may differ from the actual rates used in the preparation of our consolidated financial statements and other financial information appearing in this registration statement. We make no representation that USD or NOK amounts referred to in this registration statement have been, could have been or could, in the future, be converted into NOK or USD, as the case may be, at any particular rate, if at all. On January 17, 2014, the Noon Buying Rate was set at NOK 6.156 per U.S.\$1.00.

B. Capitalization and Indebtedness.

The following table sets forth our capitalization as of September 30, 2013.

You should read this table together with our consolidated financial statements and the related notes thereto and information contained elsewhere in this registration statement, including information in “Item 5.—Operating and Financial Review and Prospects.”

	<u>As of</u> <u>September 30, 2013</u> <u>(unaudited)</u>
	<u>(in NOK million)</u>
Liabilities:	
Interest bearing debt (long term and short term)	8,633.1
Guaranteed	—
Unguaranteed	8,633.1
Secured	2,983.6
Unsecured	5,649.5
Other liabilities	8,358.1
Equity:	
Share capital	2,811.3
Share premium reserve	779.0
Cash flow hedge reserve	4.2
Interest rate swaps reserve	115.5
Share-based remuneration	2.6
Foreign currency transition reserve	– 312.8
Retained earnings	<u>9,388.6</u>
Total equity attributable to equity holders of Marine Harvest ASA	12,788.4
Non-controlling interests	302.9
Total equity	<u>13,091.3</u>
Total capitalization	<u><u>30,082.5</u></u>

C. Reasons for the Offer and Use of Proceeds.

Not applicable.

D. Risk Factors

You should carefully consider the risks described below with all of the other information included in this registration statement. If any of the following risks actually occurs, it may materially harm our business, results of operations or financial condition. This registration statement also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by us described below and elsewhere in this registration statement.

We have divided our risks into the following categories:

- *Risks Related to the Sale of Our Products;*
- *Risks Related to Government Regulation;*
- *Risks Related to Our Fish Farming Operations;*
- *Risks Related to Our Industry;*
- *Risks Related to Our Business;*
- *Risks Related to Acquisitions and Expansions;*
- *Risks Related to Our Financing Arrangements;*
- *Risks Related to Climate Change;*
- *Risks Related to the Listing of the ADSs on the NYSE; and*
- *Risks Related to Tax Matters.*

Risks Related to the Sale of Our Products

Our results are substantially dependent on salmon prices, and salmon prices are subject to large short- and long-term fluctuations due to variations in supply and demand caused by factors such as smolt release, biological factors, quality, shifts in consumption and license changes.

A substantial portion of our products sold are salmon products (representing approximately 90% of sales in 2012). Accordingly, our results of operation are substantially dependent on salmon prices. Global and regional prices of salmon are subject to significant fluctuation.

Historically, prices have been driven primarily by the global and regional supply and demand for salmon. The demand for farmed salmon is affected by a number of different factors, such as changes in customer preferences, changes in public attitude towards farmed salmon, relative pricing of substitute products, such as poultry, pork and beef, and general economic conditions, such as levels of employment, inflation, growth in gross domestic product, or GDP, disposable income and consumer confidence. Demand for farmed salmon could decrease in the future and put downward pressure on salmon prices.

The supply of farmed salmon fluctuates strongly due to variations in factors, such as smolt release (which is determined one to two years prior to harvesting), feeding efficiency, biological factors, including seawater temperatures, sea lice and fish diseases. For example, in recent years, Chilean salmon production has been affected by Infectious Salmon Anemia, or ISA, significantly reducing global supply of salmon. As a result of the long production cycle (two to three years) with only a limited period available for harvesting, we and other salmon producers have limited flexibility in managing salmon supply from month to month. In addition, salmon is generally sold as a fresh commodity with a limited time span available between harvesting and consumption further limiting producers' ability to control supply. The consequence of these dynamics is that salmon farmers are expected to be price takers in the market from week to week. Increases in harvests may therefore result in a significant reduction in salmon reference prices.

In addition, an increased utilization of current production licenses or issuance of new production licenses could result in short- and/or long-term over-production in the industry, which may result in a significant reduction in salmon reference prices.

Short-term or long-term decreases in the price of farmed salmon may have a material adverse effect on our revenues.

We may have limited flexibility to adjust our product mix away from salmon in order to accommodate changing pricing circumstances.

A reduction in the price of salmon may trigger a substantial reduction in the value of our biological assets.

We assess the value of our biological assets on a monthly basis, and the price of salmon is a significant factor in the valuation of our biological assets, which were valued at NOK 6,207.9 million and NOK 6,239.3 million as of December 31, 2012 and 2011, respectively. We recorded a net fair value adjustment on biological assets of NOK 395.9 million and NOK –2,310.8 million as of December 31, 2012 and 2011, respectively, with each adjustment being primarily driven by changes in the price of salmon. Future fluctuations in salmon prices may result in significant fair value adjustments.

We may be unable to effectively hedge our exposure to short- and medium-term fluctuations in salmon prices.

We seek to manage our exposure to short- and medium-term fluctuations in salmon reference price through sales contracts and Fishpool financial futures as well as through our secondary processing activities (as prices for secondary processed salmon tend to be more stable than for primary processed salmon). However, our contracts and financial futures may not be fulfilled or may not be available in the future or may be ineffective in hedging our exposure to salmon price fluctuations. In addition, our sales contracts and financial futures may result in price achievement below reference prices in an environment of rising reference prices. Furthermore, our secondary processing activities may not reduce the impact of fluctuating salmon reference prices on our operations. An inability to effectively hedge our exposure to salmon prices may have a material adverse effect on our financial condition, results of operations or cash flow.

We could face higher costs for fish feed as a result of higher prices and reduced availability of the main ingredients used in fish feed production.

Fish feed costs accounted for more than half of our “cost in box” in 2012, and as a result, our results of operations and financial condition are dependent upon the cost of fish feed. Cost in box refers to fish feed, other seawater and non-seawater costs of our Farming segment measured per kilogram of salmon packed in a standard box for shipping. The fish feed industry is characterized by three large, global suppliers typically operating under cost plus contracts (which is the case for all of our fish feed contracts) and fish feed prices are, accordingly, directly linked to the global markets for the main ingredients in fish feed: fish oil, fishmeal, canola oil, soy bean protein and wheat. Increases in the prices of these raw materials will result in an increase in our fish feed costs. The demand for fish feed is primarily driven by fish farming operations, which in turn depends on smolt stocking and farmed fish production levels, so increases in farmed fish production levels can lead to feed shortages and increases in fish feed prices (as demand for fish feed would increase demand for its ingredients). We may not be able to pass on increased fish feed costs to our customers.

Global inventories, currency fluctuations and seawater temperatures all affect the supply of feed ingredients. Limitations on the availability of certain commodities that are key inputs in fish feed, in particular marine resources such as fish oil, could lead to global shortages of the necessary raw materials. Fish oil and fishmeal are produced using wild caught fish such as anchovies. The extensive use of fish oil combined with a growing fish farming industry presents a sustainability challenge for the industry. Natural phenomena and global weather patterns, such as the recurring event El Niño in the Pacific Ocean, could result in a reduction in global access to raw materials for fish feed production. El Niño causes an increase in seawater temperatures in the South East Pacific, particularly along the coasts of Chile and Peru. As warmer oceans alter locations and types of fish stocks, fish catches of species suitable for fishmeal, such as anchovies, may decrease significantly. Other main ingredients such as canola oil, soy bean protein and wheat are subject to unpredictable price changes caused by supply and demand fluctuations, weather, size of harvest, transportation and storage cost, the state of the

global and regional economy, geopolitical situation and the agricultural and other policies of governments throughout the world. As the cost of raw materials for fish feed increases so does the cost of feed itself. Because fish feed constitutes a significant percentage of our overall costs, an increase in the cost of fish feed directly increases our operating costs and could decrease our profit margins.

Termination of one or more of our feed contracts on short notice could result in material additional costs to us.

As the main feed suppliers normally enter into volume contracts and adapt their production volumes to prevailing supply commitments, there is generally limited excess of fish feed available in the market. If one or more of our feed contracts were to be terminated on short notice prior to their respective expiration dates, we may be forced to find alternative suppliers in the market on short notice, incurring additional costs. A shortage in feed supply may have a material adverse effect on our business, financial condition, results of operations or cash flow.

Reduction in the quality of our fish feed could have a material adverse effect on our production.

Fish feed is essential to our fish production as its quality affects the quality and volume of our harvests. Our feed conversion ratio, which measures the number of kilograms of fish feed needed to increase a fish's bodyweight by one kilogram, may increase due to lower quality of ingredients used in the fish feed, an unfavorable mix of ingredients used in the fish feed or other factors beyond our control, including fish biology. Although we actively work with our fish feed suppliers to ensure that our fish feed is tailored to provide the highest fish growth at a low cost without sacrificing product quality, our efforts may not be successful. An increase in feed conversion ratio may have a material adverse effect on our production.

Market demand for our products may decrease.

We face competition from other producers of seafood as well as from other protein sources, such as pork, beef and poultry. The bases on which we compete include:

- price;
- product quality;
- brand identification; and
- customer service.

Demand for our products is also affected by our competitors' promotional spending. We may be unable to compete successfully on any or all of these bases in the future, which may have a material adverse effect on our revenues.

Moreover, although historically the logistics and perishability of seafood has led to regionalized competition, the market for fresh and frozen seafood is becoming increasingly globalized as a result of improved delivery logistics and improved preservation of the products. Increased competition, consolidation, and overcapacity may lead to lower product pricing of competing products that could reduce demand for our products and this may have a material adverse effect on our revenues.

Changes in consumer preferences or failure of our new products to appeal to consumers could adversely impact our business, especially our VAP Europe segment.

The food industry in general is subject to changing consumer trends, demands and preferences. Trends within the food industry change often. Failure to identify and react to changes in these trends could lead to, among other things, reduced demand for our products, especially for our VAP Europe segment. Our VAP Europe segment comprises our European secondary processing and value added

operations, as well as our European end product sales of secondary processed seafood, including logistics. Our secondary processed products are particularly susceptible to changes in consumer preferences.

In addition, our VAP Europe segment regularly introduces new products which may not appeal to our consumers' preferences. To the extent such new offerings are unsuccessful, this business may suffer. Our continued success will depend in part on our ability to anticipate, identify and respond quickly to changing consumer preferences for fish, especially secondary processed seafood. Our inability to do so may have a material adverse effect on our business, financial condition, results of operations or cash flow.

Risks Related to Government Regulation

Failure to ensure food safety and compliance with food safety standards could result in serious adverse consequences for us.

As our end products are for human consumption, food safety issues (both actual and perceived) may have a negative impact on the reputation of and demand for our products. In addition to the need to comply with relevant food safety regulations, it is of critical importance that our products are safe and perceived as safe and healthy in all relevant markets.

Our products may be subject to contamination by food-borne pathogens, such as *Listeria monocytogenes*, *Clostridia*, *Salmonella* and *E. Coli* or contaminants. These pathogens and substances are found in the environment; therefore, there is a risk that one or more of these organisms and pathogens can be introduced into our products as a result of improper handling, poor processing hygiene or cross-contamination by us, the ultimate consumer or any intermediary. We have little, if any, control over handling procedures once we ship our products for distribution.

In 2012, we detected *Listeria* in cold smoked salmon processed at our factory in Chile. A voluntary recall was carried out in agreement with the U.S. Food and Drug Administration, or the FDA. No illness was experienced or reported in relation to the incident. The detection and resulting product recall resulted in inventory write-downs amounting to NOK 26.0 million. In July 2013, traces of crystal violet, a dye commonly used in textiles and ink found in pens and printer toner but also an anti-fungal agent banned in the United States, were found in salmon being imported into the United States from the secondary processing facilities of our Chilean third-party secondary processing facility. As a result, the FDA issued an import alert for the third-party Chilean secondary processing facility.

During 2012, our internal system for reporting food safety incidents captured 269 incidents, with 26 of these defined as more serious cases. We define a food safety incident as a situation that requires specific actions to maintain the safety of our products. Typical food safety incidents may be labeling errors related to ingredients that may cause allergies in sensitive individuals or to the product's shelf life. Incidents defined as more serious are incidents that may have an impact on consumer health, e.g., such products may contain food-borne pathogens, foreign bodies or labeling errors related to allergens.

Furthermore, we may not be able to prevent contamination of our fish by pollutants such as polychlorinated biphenyls, or PCBs, dioxins or heavy metals. Such contamination is primarily the result of environmental contamination of fish feed raw materials such as fishmeal, fish oil and raw materials from crops, which could result in a corresponding contamination of our fish feed and our fish. Residues of environmental pollutants present in our fish feed may pass undetected in our products and may reach consumers due to failure in surveillance and control systems.

An inadvertent shipment of contaminated products may be a violation of law and may lead to product liability claims, product recalls (which may not entirely mitigate the risk of product liability

claims), increased scrutiny and penalties, including injunctive relief and plant closings, by regulatory agencies, and adverse publicity.

Increased quality demands from authorities in the future relating to food safety may have a material adverse effect on our business, financial condition, results of operations or cash flow. Legislation and guidelines with tougher requirements are expected and may imply higher costs for the food industry. In particular, the ability to trace products through all stages of development, certification and documentation is becoming increasingly required under food safety regulations. Further, limitations on additives and use of medical products in the farmed salmon industry may be imposed, which could result in higher costs for us.

The food industry in general experiences high levels of customer awareness with respect to food safety and product quality, information and traceability. We may fail to meet new and exacting customer requirements, which could reduce demand for our products.

Governmental regulation, including food safety and aquaculture regulation, affects our business.

Fish farming and processing industries are subject to regional, federal and local governmental regulations relating to the farming, processing, packaging, storage, distribution, advertising, labeling, quality and safety of food products. New laws and regulations, or stricter (or otherwise adverse to us) interpretations of existing laws or regulations, may materially affect our business or operations in the future. Our operations are also subject to extensive and increasingly stringent regulations administered by environmental agencies in the jurisdictions in which we operate. Failure to comply with these laws, regulations or interpretations could have serious consequences, including criminal, civil and administrative penalties, loss of production, injunctions, product recalls and negative publicity. Some environmental Non-Government Organizations, or NGOs, have advocated for salmon farming to be restricted to farming in a contained environment, which would substantially increase our costs.

Relevant authorities may introduce further regulations for the operations of aquaculture facilities, such as enhanced standards of production facilities, capacity requirements, fish feed quotas, fish density, site allocation conditions or other parameters for production. Furthermore, authorities may impose stricter environmental requirements upon fish farming, e.g., restrictions or a ban on discharges of waste substances from the production facilities, stricter requirements for seabed restoration, stricter requirements to prevent fish escapes and new requirements regarding animal welfare. Investments necessary to meet new regulatory requirements and penalties for failure to comply with such requirements could be significant. Likewise, an absence of or ineffective government regulation may lead to unsustainable farming practices at an industry-wide level. The industry has been unable to cooperate to create sustainable practices in the absence of government regulation. We rely on such regulation to help create and enforce practices that ensure the long-term sustainability of the industry. Ineffective regulation can hinder our industry's ability to implement sustainable and profitable practices. Accordingly changes in regulation or ineffective government regulation may have a material adverse effect on the fish farming industry as a whole, which could harm our business, financial condition, results of operations or cash flow.

Trade restrictions resulting in suboptimal distribution of salmon may be intensified, creating a negative impact on price in some countries.

Farmed salmon is produced in a limited number of countries and sold globally. Historically, trade restrictions have inhibited the optimal distribution of farmed salmon to the markets and impacted the price yield for the farmed salmon producers in the countries affected by such restrictions. Trade restrictions could include import prohibitions, minimum import prices and high import duties, reducing the competitiveness of our products as compared to other available products. Many of our production locations are located outside our principle markets, and therefore we are exposed to trade restrictions. Continuous effects of such trade restrictions or introduction of new trade restrictions may have a significant impact on our ability to sell in certain regions or our ability to charge competitive prices for our products in such regions.

We may not be permitted to continue to operate at sites located close to protected or highly sensitive areas or to use certain fish feed and medication at those sites.

Some of our sites are located close to protected areas or highly sensitive areas with respect to biodiversity. The effect of salmon farming on the environment and biodiversity is being intensively discussed among scientific groups. New developments in the perception of the impact of salmon farming on the environment (whether justified or not) may result in closure of sites located in vulnerable areas or requirements to implement costly measures. Specific additives used in fish feed and medication could become prohibited at these sites if found (or believed) to have an adverse impact on the environment. Compliance with such laws, rules and regulations, or a breach of them, may have a material adverse effect on our business, financial condition, results of operations or cash flow.

Our fish farming operations are dependent on fish farming licenses.

Most of the jurisdictions in which we operate require us to obtain a license for each fish farm owned and operated in that jurisdiction. We have obtained and currently hold a license to own and operate each of our fish farms where a license is required. In order to maintain the licenses, we have to operate our current farms and, if we pursue acquisitions or construction of new farms, we will need to obtain additional licenses to operate those farms, where required. Licenses in each country are subject to certain requirements, and we risk penalties (including, in some cases, criminal charges), sanctions or even loss of license if we fail to comply with license requirements or related regulations. See “*Item 4. Information on the Company—B. Business Overview—Business—Regulation.*” We are also exposed to dilution of our licenses where a government issues new licenses to fish farmers other than us, thereby reducing the current value of our fish farming licenses. Governments may change the way licenses are distributed or otherwise dilute or invalidate our licenses. If we are unable to maintain or obtain new fish farming licenses or if new licensing regulations dilute the value of our licenses, this may have a material adverse effect on our business.

Licenses generally require—and future licenses may require—that we leave the seabed under our fish farms fallow for a period of time following harvest. We may resume operation after a set period of time, provided that certain environmental and fish health targets are met. These requirements may increase or become more stringent, which could increase our costs.

Potential new licensing regime for the Norwegian salmon farming industry may increase the supply of salmon and biological risk.

The newly appointed government in Norway has signaled that it supports a more liberal licensing regime for the Norwegian salmon farming industry. One potential change is the introduction of an average calculation for the Maximum Allowed Biomass, or MAB. Under the current licensing regime, the standing biomass can at no time exceed the MAB. Given the significant variation in seawater temperatures during the year, Norwegian biomass fluctuates significantly throughout the year and normally peaks in October. Changing the applicability of MAB restrictions to an average instead of maximum biomass would significantly increase production capacity in Norway. This may result in significantly higher supply compared to the current regime and thereby drive down the price of salmon. It may also increase biological risks.

Norwegian salmon farming operation is subject to ownership restrictions and increased ownership may result in stricter requirements.

In Norway, acquisition of more than 15% of the production capacity for salmon and trout in seawater requires application to and approval by the Norwegian Ministry of Fisheries and Coastal Affairs, or the NMFCA. In addition, various ownership thresholds (15%, 20%, 25%, 30%, 35% and 40%) are accompanied by specific minimum requirements for R&D spending, secondary processing

activities and contribution to the education of young talents. Furthermore, only in exceptional circumstances may the NMFCA approve acquisitions of licenses resulting in a company exceeding 40% of the total production capacity. We currently hold permission to own up to 25% of the total production capacity, and our total production in 2012 was just below this limit. We may not be able to increase our production capacity in Norway, and if we increase our production capacity, our Norwegian operations could be subject to stricter requirements and conditions, increasing our operating costs. The ownership limitations and requirements have been subject to several amendments over the last decade due to shifting political circumstances, and until July 2013, no company was allowed to own more than 25% of the total concessionary biomass in Norway. If the newly adopted amendments are reversed or stricter regulations are otherwise implemented, this may limit our ability to expand our production in Norway and may have a material adverse effect on our business, financial condition, results of operations or cash flow.

Antitrust and competition regulation may restrict further growth in some of the jurisdictions in which we operate.

Our business and operations are subject to regulation by antitrust or competition authorities in Norway, the European Union and Canada, among other jurisdictions, particularly because of our significant market shares in the jurisdictions in which we operate. Risks of infringing competition laws and regulations are higher in markets in which we hold a leading position. In such markets, the applicable antitrust and competition laws and regulations could reduce our operational flexibility. Responsible authorities and jurisdictional bodies may take actions, potentially contrary to our interests, aimed at maintaining or reinforcing competition in our markets. We agreed with the European Commission to divest certain parts of Morpol in connection with the acquisition of Morpol. Further similar action could have a material adverse effect on our business, financial condition, results of operations or cash flow.

We could be adversely affected by violations of the applicable anti-corruption laws.

Applicable anti-corruption laws, including the U.S. Foreign Corrupt Practices Act and the UK Bribery Act of 2010, generally prohibit companies and their intermediaries from making improper payments (to foreign officials and otherwise) and require companies to keep accurate books and records as well as appropriate internal controls. Our training programs and policies mandate compliance with such laws. Such programs and policies, however, may not prevent a violation of applicable anti-corruption law. We now operate in some parts of the world that have experienced governmental corruption to various degrees, particularly Vietnam. If we were found liable for violations of anti-corruption laws (due to our own acts or inadvertence, or the acts or inadvertence of others, including employees of third-party partners or agents), we may incur civil and criminal penalties or other sanctions, or suffer significant internal investigation costs or reputational harm, which could have a material adverse effect on our business, financial condition, results of operations, cash flow or reputation.

Risks Related to Our Fish Farming Operations

Fish are adversely affected by sea lice, and we may incur significant sea lice mitigation costs and we may be exposed to regulatory actions for failing to maintain sea lice levels below the relevant trigger levels.

Sea lice, of which there are many species, are a naturally occurring type of crustacean parasite that attaches itself to the mucus and skin of several fish species, including salmon. Sea lice are a challenge in most of the territories in which we operate. High density of sea lice can result in lesions and affect the fish's health, welfare, growth and immunity to diseases. Sea lice are found in all the countries in which we operate and are closely monitored by national governments, mainly from the perspective of limiting surrounding wild fish populations' sea lice exposure from fish farms. Regulators set limits on

the number of sea lice per fish on the farms, and treatment of the fish is mandatory if levels approach such limits. The parasite is controlled through specific anti-lice agents, hydrogen peroxide baths in well boats or enclosed cages, and biologically by using “cleaner fish,” which are fish species that eat the parasites directly from the fish’s skin. Treatment of sea lice is costly and the increased resistance against several types of medication used in sea lice control is a growing concern in the industry. There are also concerns over the interaction between farmed and wild salmon and the transmission of sea lice from one to another. As a response to these concerns, governments may require us to implement new or improved measures or require some of our sites to lie fallow for a certain period of time in order to control spreading of sea lice, thus increasing our costs.

Although our ambition is to maintain sea lice levels below levels set by the government (also known as trigger levels), we may at times exceed such levels, for example, during periods of elevated seawater temperatures when sea lice levels can increase rapidly. Our failure to maintain our sea lice levels below the relevant trigger levels may result in a heightened need for treatment and/or regulatory action.

Costs associated with sea lice mitigation and treatment activities can be significant, and damage suffered by our fish due to sea lice infections or through treatment failures may reduce our harvests and can result in impairment charges. Where fish have already been substantially weakened by sea lice, additional treatment may result in fish mortality and further biomass loss. In addition, high levels of sea lice in any of our operations may result in slower growth rates and increased mortality, each contributing to increased costs of operations.

Our fish stocks, operations and reputation can be adversely affected by various diseases.

Our fish are affected by diseases caused by viruses, bacteria and parasites which may have adverse effects on fish survival, health, growth and welfare and result in reduced harvest weight and volume, downgrading of products and claims from customers. A significant outbreak of disease represents a cost for us through, for example, direct loss of fish, lost growth on biomass, accelerated harvesting, loss of quality of harvested fish and prevention and treatment costs, and may also be followed by a subsequent period of reduced production capacity and loss of income. Diseases are also a threat to the environment and the welfare of the fish. Some diseases are subject to governmental control measures and are monitored closely by relevant regulatory bodies. The most severe diseases may require the culling and disposal of the entire stock, disinfection of the farm and a long subsequent fallow period for preventative measures to stop the disease from spreading. In addition, market access could be impeded by strict border controls, not only for salmon from the infected farm, but also for products originating from a wider geographical area surrounding the site of an outbreak. Continued disease problems may also attract negative media attention and public concerns.

Salmon farming has historically experienced several episodes of extensive disease outbreaks. We have, and may in the future, experience extensive disease outbreaks. Epidemic outbreaks of diseases may have a material adverse effect on our business, financial condition, results of operations or cash flow. Set forth below is a description of the major diseases that have affected our operations:

- *Gill disease, or GD*, is a general term used to describe gill pathology occurring in seawater which may be caused by different infectious agents such as amoebae, viruses or bacteria, as well as environmental factors including algae or jelly-fish blooms. Little is known about the cause of many of the gill conditions and to what extent infection or environmental factors are primary or secondary causes of disease. Gill damage can lead to respiratory distress which can cause significant mortality. Currently there is no general cure applicable to all types of GD. In 2012, we experienced a dramatic increase in the prevalence of a particular type of GD called Amoebic Gill Disease, or AGD, in Scotland and Ireland which is caused by a ubiquitous microscopic marine amoebic parasite. AGD was also treated in Norway and the Faroe Islands in 2013. There

is no vaccine for AGD, but treatment in freshwater or hydrogen peroxide baths, when used systematically and in a coordinated manner, limits the impact of the disease.

- *Infectious Salmon Anemia, or ISA*, is an infectious viral disease causing severe anemia for the infected fish. The disease has been reported in Norway, Scotland, Ireland, the Faroe Islands, Canada, the United States and Chile. ISA is subject to strict governmental control measures and will normally prompt compulsory culling of the entire stock and a subsequent fallow period. Suspected farms and farms in the vicinity of an outbreak will be placed under surveillance and subject to strict movement controls. The risk of an outbreak increases strongly with proximity to the source of infection, poor quality smolt and insufficient fallow periods. Vaccines have been developed the recent years, but their effectiveness varies when exposed to severe infection pressure. The infected fish represent no health risk for humans and may in most jurisdictions be sold in the open market if it is without clinical signs of disease and above marketable size, which is approximately 1.2 kilograms. Fish below this size will normally be destroyed. ISA has significant potential adverse consequences for us and the salmon farming industry in general. The serious ISA epidemic hitting Chile in 2007 to 2009 led to the closure of many farms. The disease led to substantial losses in Norway in around 1990, and the epidemic on the Faroe Islands from 2000 to 2005 laid the whole industry on the islands fallow for several years.
- *Pancreas Disease, or PD*, is an infectious viral disease caused by a salmonid alphavirus, or SAV, and is frequently diagnosed in Norway. More recently and to a lesser extent it was also diagnosed in Scotland and Ireland. The disease attacks the pancreatic tissue, heart and skeletal muscles of the fish and results in lack of appetite, lethargy, reduced health and increased mortality. Chronic outbreaks can last several months and accumulated mortality can be high, normally in the range from 0% to 20%. More important is, however, the chronic damage that can occur to the survivors in terms of reduced growth capacity and scars in skeletal muscle. The scars can appear as patches of decolourisation or melanisation (black pigmentation), cause downgrading and make the product unsuitable for smokehouses. Approved vaccines exist, but the effectiveness is variable when infection prevalence increases. PD is subject to governmental control measures. Norway experienced a significant increase in PD outbreaks in 2012, mainly resulting from the SAV2 virus, which is one of six known genetic variants of the SAV virus and generally regarded as less pathogenic than other variants. The increased number of diagnoses is a concern for the further spread of the disease in Norway, but so far in 2013 the number of PD outbreaks has been similar to previous years.
- *Heart and Skeletal Muscle Inflammation, or HSMI*, is another infectious disease which in recent years has become widespread in Norway and Scotland. The disease affects the fish's heart and skeletal musculature, normally in the first half of the seawater phase, with increased mortality, reduced health and periods of reduced growth being the most important loss factors. Mortality normally varies from 0% to 20%. As HSMI often occurs or intensifies following grading, movement and other similar events which may create a stressful environment for the fish, the disease leads to challenges in relation to sea lice treatments and other events necessitating fish movement. HSMI is assumed to be a viral disease, but the exact cause of the disease is not yet fully understood. Vaccines are under development, but are currently not in use in the industry.
- *Cardiomyopathy Syndrome, or CMS or heart rupture*, is a disease primarily affecting the heart with secondary circulation failure and liver damage. The disease has been observed in Scotland, Ireland and the Faroe Islands, and has been increasingly diagnosed in Norway in the recent years. It is also suspected of being present in Canada. CMS affects farmed salmon in the seawater phase and during transportation to the primary processing plants. Occasionally, mortality may reach 30%, but it is usually much lower. Because the disease normally affects the fish at the end of the production cycle when the fish is ready for harvest, the economic losses

can be substantial even though the rate of fish mortality is not high. There is no medical treatment or vaccine available for the disease.

- *Infectious Pancreatic Necrosis, or IPN*, is an infectious viral disease caused by a Birnavirus found throughout the world in a number of wild fish species both in freshwater and in seawater. IPN is prevalent in Norway, but is also found in Scotland and Chile. The disease is highly contagious, attacks the pancreas and causes swelling, lack of appetite, abnormal swimming and darkening of the skin of the fish. Juveniles and seawater phase smolt are more vulnerable to the disease and mortality could reach 40% in these phases. Outbreaks may necessitate a greater degree of handling resulting in extra stress which may lead to increased mortality in already weakened fish. Surviving fish may develop a persistent lifelong infection. IPN is a significant cause of loss in Norway. Commercial vaccines are available, but the effectiveness of the vaccine is variable under high infection pressure.
- *Infectious Haematopoietic Necrosis, or IHN*, is an infectious viral disease virus found naturally in wild Pacific salmon. Atlantic salmon are very sensitive to the virus and could be exposed to wild fish infection in the sea. Epidemic outbreaks of IHN have been reported mainly on the Pacific Coast of Canada and the United States, but the virus is also found in continental Europe and Japan. The disease has several similarities with ISA, but is far more contagious. The disease can lead to mortality up to 80%, and mortality is particularly high for young fish. An effective vaccine is available.
- *Salmonid Rickettsial Septicaemia, or SRS*, is caused by *Piscirickettsia salmonis*, a parasitic intracellular bacterium that causes a fatal septicaemic condition of salmonids. SRS occurs mainly in Chile, but has also been found in Norway, Scotland and Canada. The disease typically leads to mortality between 10% and 30%, but mortality in Chile has, at times, reached up to 90%. Other symptoms are loss of appetite and lethargy. The disease is mainly controlled by vaccination and antibiotics and thus far the industry has been able to manage the disease. However, there is a significant risk of the dependence on antibiotics and risk of SRS becoming resistant towards commonly used drugs.

Other diseases include *Viral haemorrhagic septicaemia*, *Bacterial kidney disease*, *furunculosis*, *vibrio*, *Saprolegnia parasitica* and others. Today there exist vaccine protections or cures for many of these diseases, but the effectiveness of such treatments still vary.

New diseases could arise and excessive use of antibiotics by the industry could result in bacterial species developing antibiotic resistance and reviving diseases which today are subject to effective control. Exposure to any of these or other diseases may result in downgrading, slower growth rates, increased mortality and increased prevention and treatment costs. None of these diseases are harmful for humans and there is no health risk for the consumer and, typically, infected fish can be sold in the market. Any of the foregoing may have a material adverse effect on our business, financial condition, results of operations or cash flow.

Our salmon may be infected with Kudoa thyrsites parasites, causing soft flesh issues.

Our salmon in the past has been and may in the future be infected by the parasite *Kudoa thyrsites*, or *Kudoa*, commonly called “soft flesh” syndrome. *Kudoa* is naturally present in wild fish throughout the world. It is particularly prevalent on the Pacific Coast of Canada and the United States. *Kudoa* infects salmon’s muscle cells without causing any illness in live fish. Upon harvesting of the infected fish, spores from the parasite spread through the body of the fish and activates the breakdown of the fish’s flesh, turning it soft and doughy three to ten days after the harvest. *Kudoa* represents no health risk for the consumer, but it can result in product downgrades, customer claims or discounts. Soft-flesh condition presents a significant challenge to the fish farming industry because it propagates a consumer stigma of farmed fish products. Because *Kudoa* can be difficult to detect during harvesting and primary

processing, the effects of infection are not seen until after the fish has been delivered to the customer and, thus, the economic and reputational impact of Kudoa can be substantial. Even where Kudoa can be detected before the product reaches the customer, the product must be substantially downgraded or discarded, leading to a reduction in the commercial value of the fish. Downgraded fish is generally sold at prices substantially lower than superior quality fish.

Our Canadian salmon operations have experienced significant Kudoa challenges during recent years, resulting in substantial product downgrades. For the year ended December 31, 2012, the loss related to downgrading and customer claims amounted to NOK 63.0 million.

We may experience Kudoa infections in our Canadian or other operations in the future, which may have a material adverse effect on our revenues, costs and business reputation.

Our fish stocks can be depleted by biological factors such as algae blooms, low oxygen levels and fluctuating seawater temperatures.

Our salmon farming operations are subject to a number of biological risks which may impact profitability and cash flows through adverse effects on growth, harvest weight, harvest volume, mortality, downgrading percentage and claims from customers. The biological factors that can affect our fish are algae blooms, jelly fish, contaminants, low oxygen levels and fluctuating seawater temperatures.

Algae and jelly fish are natural organisms with global prevalence in water environments. Most species of algae and jelly fish are harmless and serve as energy producers at the base of the food chain. Occasionally and when conditions are optimal, algae or jelly fish populations grow rapidly into a bloom and accumulate near the surface of the water. Algae can reduce the available oxygen in the water leading to reduced growth of the fish and in some cases to death from suffocation. Some algae species physically clog the gills leading to impaired gill function and respiratory distress and a few species produce potent fish toxins. Harmful algae represent a particular risk in fish farming because fish in cages cannot swim away as they would do in the wild. Jelly fish may accumulate on the net pens affecting water flow and oxygen levels. Some types of jelly fish can damage skin or gills and cause death. Blooms of algae and jelly fish are largely dependent on local marine, weather and temperature conditions. Algae and jelly fish have, from time to time, led to losses at individual sites, and represent a general threat to any open net cage facility. No uniform response is suitable for all types of algae and jelly fish and fish losses due to harmful algae and jelly fish blooms are difficult to predict and prevent.

Our attempts to manage the exposure to biological risk factors and our countermeasures may not be effective. Our inability to control biological risks and costs associated with their prevention and counteractions may have a material adverse effect on our costs and production.

Our fish stocks are subject to risks associated with fish escapes and predation.

Salmon escapes are most commonly caused by human error, severe weather and structural issues at our production facilities. In addition to affecting our salmon count, escaped farmed salmon may impact wild salmon stocks by genetic interaction and the risk of transferring disease and may result in negative publicity and penalties or other sanctions from governmental authorities (including, in some cases, criminal charges) which could also affect our licenses.

We are also exposed to risks relating to predation and our inability to protect our fish from predators may significantly affect our fish count and adversely impact our results of operation. Our salmon is subject to prey by other animals, such as otters, herons, shags, cormorants, gulls, seals, sea lions and minks, which can affect our salmon count. The risk of predation in some cases results in the need for predator killing. Although killing predators is not a preferred option, it is in some cases the only alternative (e.g., birds may be caught in the protective netting) in order to protect the health and

welfare of our fish, to avoid escapes and to protect the infrastructure and in cases of eminent danger to our employees. Increased incidents of interactions with predators increase our operating costs, expose us to liability from regulators and attract negative publicity.

Intense production may result in physical deformities, cataracts and other production related deformities, leading to downgrading and/or loss of biomass as well as to reputational harm.

The biological limits for how fast fish can grow have been challenged as the aquaculture industry has intensified its production. Intensive farming methods may cause production-related disorders in particular relating to physical deformities and cataracts. Research has shown that deformities can be caused by excessively high water temperatures of more than 14 degrees Celsius (57 degrees Fahrenheit) during the fish's early life in freshwater, too little phosphorous or imbalanced mineral content in the diet, manipulation of light (simulation of daylight) to speed up the rate of growth, acidic water, too much carbon dioxide in the water during the freshwater phase and too rapid growth in the freshwater phase. These may lead to financial losses in the form of reduced growth and health, reduced quality on harvesting and damage to the industry or our reputation.

Our fish stocks may be exposed to contaminants such as dioxins, PCB, mycotoxins, pesticides, anti-oxidants, brominated flame retardants, lead, mercury, arsenic and cadmium, leading to product recalls, product liability, negative publicity and government sanctions.

Farmed salmon may be exposed to contamination by undesirable substances through raw materials and ingredients in the fish feed, polluted waters, poor processing hygiene and cross contamination during handling. Contamination could occur accidentally or on rare occasions deliberately through malicious product tampering and may affect food safety, fish health and the environment, and reduce the public's confidence in eating salmon. Potential contaminants include organic contaminants such as dioxins and PCB, mycotoxins, pesticides, anti-oxidants (such as ethoxyquin, BHA and BHT), brominated flame retardants, inorganic contaminants such as lead, mercury, arsenic and cadmium and bacterial contamination. Future accidents that result in product contamination could result in recall of our products, product liability, negative publicity and government sanctions.

Our fish may be exposed to oil or petroleum products and other pollutants from open seas resulting in fish mortality and rendering the surviving fish inedible.

Fish farming is operated in open net cage systems located in marine environment and is hence exposed to the pollution of open seas. Coastal waterways are subject to traffic by large cargo carriers. This represents an environmental hazard in form of a potential oil leak or spill. Oil or petroleum products floating into a farm will severely affect the fish's ability for normal oxygen uptake, increase fish mortality and shed an unpleasant taste on surviving fish, which practically makes the fish inedible. Our concentrated location of farms in certain regions increases the vulnerability in case of oil spills. Oil spills and other pollution from accidents will accordingly affect farming locations adversely and may have a material adverse effect on our harvests.

Inclement weather, such as extreme temperature or storms, could hurt our stocks, negatively affect our operations and damage our facilities.

The rate at which farmed salmon grows depends in part on weather conditions. Unusually warm or cold temperatures and altered oxygen levels in the sea resulting from annual variations can have a short-term, but significant, negative impact on growth rates and fish feed consumption. In addition, extreme weather in the regions where we operate, such as extreme temperatures, hurricanes, floods or other storms, could cause impairment of the health or growth of our fish or result in fish escape, loss of biomass, fish mortality, lost feeding days, repair costs relating to damage of facilities or interference with our shipping operations and could affect our business due to power outages; fuel shortages;

damage to infrastructure from powerful winds, rising water or extreme temperatures; disruption of shipping channels; less efficient or non-routine operating practices necessitated by adverse weather or increased costs of insurance coverage in the aftermath of such events. Any of these factors could materially and adversely affect our operations. We may not be able to recover through insurance all or any of the damages, losses or costs that may result from weather events, including those that may be caused by climate change.

We derive a significant percentage of our revenue from our operations in Chile. Because Chile is prone to earthquakes due to its proximity to several major fault lines, our Chilean business may be adversely affected by seismic or climatic events or natural disasters. In February 2010, a major earthquake followed by a tsunami struck Chile. A similar earthquake, tsunami or any other catastrophic event arising from natural causes may have significant negative consequences for our operations and for the general infrastructure in Chile.

Disruptions to our supply chain may impair our ability to bring our products to market.

We source and transport our salmon over long distances. These products are often perishable and can only be stored for a limited amount of time. Disruptions to our supply chain due to weather, natural disaster, fire or explosion, terrorism, pandemics, strikes, government action, environmental incidents or other reasons beyond our control could impair our ability to bring our products to the market (timely or at all).

We are exposed to risks relating to biological events or natural phenomena, for which insurance coverage is expensive, limited and potentially inadequate.

Our business operations entail a number of adverse biological risks, including risks relating to sea lice, fish mortality, diseases, fish escapes and predation and other biological risks. As is typical in the industry, we have limited insurance coverage against adverse biological events. For certain biological events, it is currently not possible to obtain insurance coverage at all or at premiums that we consider to be commercially viable. The fish farming insurance industry is characterized by a limited number of providers. Even for insurable biological events, the coverage often involves a significant deductible in the form of an insurance excess or requirements regarding mortality per net cage or site. Coverage may furthermore be dependent on the insurance value of the fish, which may be at positive or negative variance with the book value. There will always be a risk that certain biological events or natural phenomena may occur for which no or only partial insurance coverage is payable.

Risks Related to Our Industry

Our facilities may be the target of sabotage by environmental organizations.

Some environmental organizations have stated aims to eradicate salmon farming. The degree of doctrinal belief varies from group to group, and the majority limit themselves to spreading information about fish farming which may or may not be accurate. However, a risk of sabotage (i.e., damage to production facilities with the intention of hurting us financially and/or exposing us to negative media coverage) cannot be ruled out and may have a material adverse effect on our business, financial condition, results of operations or cash flow.

The farmed salmon industry has been, and may continue to be, subject to negative press, which may adversely affect consumers' perception of the industry and therefore consumers' willingness to purchase farmed seafood.

Farmed salmon has in some instances been subject to critical journalism from various research communities and NGOs, such as environmental organizations and animal rights groups, which may negatively affect consumer attitudes towards farmed salmon. Such negative consumer attitudes may result in lower demand for our products. This type of publicity has resulted, and may in the future

result, in temporary damage to the industry and various perceived health concerns, including the level of organic contaminants and cancer-causing PCB and dioxins in farmed salmon. New perceived health concerns, whether or not substantiated, or food safety issues relating to farmed salmon may arise in the future, which could affect our ability to market our products. Negative press may continue or intensify and such stories may increase in magnitude, resulting in harm to our reputation or lower demand for our products.

Risks Related to Our Business

We derive nearly all of our revenue from sales of and are heavily dependent on the market for Atlantic salmon.

Our business consists primarily of raising and selling Atlantic salmon. Atlantic salmon accounted for 89.8% of our total revenues for the year ended December 31, 2012 and we expect this trend to continue for the foreseeable future. Accordingly, our business is heavily dependent on the market for Atlantic salmon. Consumer preferences often change rapidly and without warning, moving from one trend to another among many products. Shifts in consumer preferences away from Atlantic salmon would have a material adverse effect on our revenue.

We rely heavily on the services of key personnel.

We depend substantially on the leadership of a small number of executive officers and other key employees. The loss of the services of these persons could have a material adverse effect on our business. In addition, many regions where we operate are remote areas and the location of our production facilities makes it difficult to attract the necessary employee resources. Also, we may not be able to attract, retain and train the new management personnel we need for our new operations, including our newly created Fish Feed segment, or do so at the pace necessary to sustain our growth.

The construction and potential benefits of our new fish feed facility are subject to risks and uncertainties.

In 2012, we broke ground on a fish feed plant in Bjugn, Norway, which is expected to start production in June 2014. The budget for the project was approximately NOK 825 million. Our ability to complete the construction on a timely basis and within budget, or at all, is subject to a number of risks, including our ability to obtain the necessary licenses and permits, carrying out and completing construction as planned and launching the fish feed production process.

In addition, fish feed is a new business for us. Our ability to achieve the expected benefits of the plant is subject to uncertainties, as we have no experience with operating a fish feed production facility. We may be unable to operate the plant to achieve the results that we expect.

We are subject to risks associated with our international operations and our expansion into emerging markets, which may negatively affect our operations.

We have fish farming operations in six countries and secondary processing plants in Norway, Ireland, France, the United States, the Netherlands, Belgium, Poland, the Czech Republic, Chile, Japan, Taiwan and South Korea. The acquisition of Morpol expanded our secondary processing operations in Poland and added secondary processing activities in United Kingdom and Vietnam. In addition, in 2012 we sold our products in more than 50 countries worldwide. We are subject to various risks and uncertainties relating to our international operations, including:

- the imposition of or increase in tariffs, quotas, trade barriers and other trade protection measures imposed by countries regarding the importation of fish and fish products, in addition to import or export licensing requirements imposed by various countries;
- corruption;

- the impact of currency exchange rate fluctuations between various currencies, particularly the USD, the NOK, the EUR, the GBP and the CAD;
- political, social and economic conditions;
- difficulties and costs associated in complying with, and enforcement of remedies under, a wide variety of complex domestic and international laws;
- different regulatory structures and unexpected changes in regulatory environments;
- differing tax rates and tax regimes; and
- distribution costs, disruptions in shipping or reduced availability of freight transportation.

Negative consequences relating to these risks and uncertainties could jeopardize or limit our ability to transact business in one or more of those markets where we currently operate, or where we may seek to operate in the future.

We are also subject to economic risks and uncertainties in the countries in which we operate. Any slowdown in the development of these economies, any deterioration or disruption of the economic environment in these countries, or any reduction in private sector spending may have a material adverse effect on our business.

We may be involved in legal disputes.

We may from time to time be involved in legal disputes. We could be involved in criminal or civil proceedings related to, among others, product liability, environmental, food safety, anti-competition regulations or anti-bribery regulations or other types of disputes which may have a material adverse effect on our business, financial condition, results of operations or cash flow. In particular, we are engaged in a legal dispute in Canada with a private citizen over transfer of smolt into one seawater site in which the citizen alleges that the smolt were carrying a disease agent. We are also engaged in arbitration proceedings against a former director of Marine Harvest Chile and Salmenes Sur Austral S.A. over certain contractual benefits and obligations. Salmenes Sur Austral S.A. has countersued Marine Harvest for breach of contract and indemnification of damages, which were valued at USD 42 million. In June 2013, we lost an arbitration case and were ordered to pay USD 12.3 million as indemnification for breach of contract. We are currently appealing that decision. We may also be subject to legal disputes arising from breaches of government regulations. See “*Item 4. Information on the Company—B. Business Overview—Business—Legal Proceedings.*”

We depend on the availability of, and good relations with, our employees.

We had 6,389 employees as of December 31, 2012, excluding the employees of Morpol, approximately half of whom are covered by collective bargaining agreements. Together with Morpol we have over 10,000 employees. Our operations depend on the availability, retention and relative costs of labor and maintaining satisfactory relations with employees and the labor unions. Labor relations issues may arise from time to time. Failing to maintain satisfactory relations with our employees or with the labor unions may result in labor strikes, slowdowns, work stoppages or other labor disputes. We are in the process of restructuring our VAP Europe operations. Accordingly, there has been a slowdown in production at our Rennes and Kritsen operations, as well as a strike at Kritsen in Poullaouen, France. There are on-going negotiations between us and the unions.

We depend on a small number of contractors for key industry supplies, such as fish feed and well boats.

We depend on major industry suppliers of well boats and fish feed. We rent most of our well boats that we use to transport our fish and, in some cases, harvest the fish. In addition, we currently purchase all of our fish feed requirements from third parties. There are a limited number of key suppliers of

these items in our industry. Some of these suppliers may go out of business or discontinue production of the products we require for our operations. Failure to maintain good business relationships with these suppliers may lead to higher prices or inability to acquire optimal products for our operation. If these suppliers go out of business, fail to deliver the agreed upon amount of products, stop doing business with us or materially increase their prices, it may have a material adverse effect on our business, financial condition, results of operations or cash flow.

Natural disasters, catastrophes, fire or other unexpected events could cause significant losses for our primary and secondary processing operations.

Many of our business activities involve substantial investments in primary and secondary processing facilities and many of our products are produced at a limited number of locations. These facilities could be materially damaged by natural disasters, such as floods, tornados, hurricanes and tsunamis, or by fire or other unexpected events. We could incur uninsured losses and liabilities arising from such events, including damage to our reputation, and/or suffer material losses in operational capacity.

Some steps of the production process are outside of our control.

We purchase seafood as an input in some of our secondary processing activities. In particular, we purchase cod, Alaska pollock, shrimp, plaice, redfish and pangasius (a type of catfish native to Asia) from third parties to be used in our secondary processing operations. We do not control the production process for the seafood we purchase and it may contain bacteria or other foreign elements that are harmful or prohibited under the laws of the countries in which we distribute our product. Failure to identify such foreign elements may result in increased government scrutiny, trade prohibitions, harm to our reputation, remediation costs and negative press.

In addition, we distribute the majority of our products through secondary processors and distributors with the majority of our product branding occurring further down the production chain. As such, we do not control the brand under which our products are sold and may be identified adversely with other companies' products which do not meet our standards. Also, our customers may choose to purchase salmon from another provider without the end customer being made aware of the change in salmon providers. Accordingly, our reputation may be damaged and we may be unable to build brand loyalty.

Risks Related to Acquisitions and Expansions

We may not achieve the expected benefits of the Morpol acquisition.

We acquired Morpol with the expectation that the acquisition would result in various benefits to us, including expansion of our secondary processing capabilities. Some of those benefits may not be achieved or, if achieved, may not be achieved in the time frame in which they are expected. Also, any benefits may not outweigh the management and personnel resources which will need to be diverted from our operations to achieve those benefits. Whether we will actually realize anticipated benefits depends on future events and circumstances, some of which are beyond our control. Future growth in revenues, earnings and cash flow will be partly dependent on future economic conditions and conditions in the seafood industry. Also, the potential synergies we currently anticipate may not be realized. There is also a risk that the dispositions of the farming entities in Morpol required in connection with the European Commission's clearance of the acquisition will be done at a lower price than expected.

Our inability to effectively integrate the business and operations of Morpol with our own could disrupt our operations and force us to incur unanticipated costs.

Our ability to integrate Morpol's operations with our own will be important to the future success of the combined Group. However, the acquisition of Morpol may not improve, and may even adversely affect, our results of operations, and the integration of Morpol into our existing business may expose us to additional risks and losses unknown as of the date of this registration statement. Achieving the anticipated benefits of the acquisition of Morpol depend in part on our ability to integrate Morpol's businesses in an effective and efficient manner. The process of integrating the operations of the organizations is expected to take time and we may be unable to accomplish the integration smoothly or successfully. Our failure to do so may result in a significant diversion of management's time from on-going business matters, and may have a material adverse effect on the business, results of operation and financial condition of the combined company.

If we are unable to retain key Morpol personnel or maintain Morpol's corporate culture—our business may suffer.

The success of the Morpol acquisition will depend in part on our ability to retain key personnel currently employed by Morpol. We may be unable to do so. If key employees terminate their employment, management's attention might be diverted from successfully integrating Morpol's operations to hiring suitable replacements, and our business may suffer. In addition, we might not be able to locate suitable replacements for any key employees that leave Morpol. Morpol's founder and former CEO, Jerzy Malek, left Morpol along with two senior executives in 2013. We may be unable to find suitable replacements for these individuals.

Furthermore, Morpol maintains a unique corporate culture. We may be unable to maintain that corporate culture or otherwise integrate Morpol's culture into our own. Failure to do so may have a material adverse effect on our business.

We would be adversely affected if we expand our business through acquisitions or greenfield projects but fail to successfully integrate them or run them efficiently or retain the associated fish farming licenses.

We regularly evaluate expansion opportunities such as acquiring other businesses or building new processing plants, fish farming operations or fish feed plants. Significant expansion involves risks such as additional debt incurred to finance the acquisition or expansion and risks relating to integrating the acquired business or new plant or farm into our operations and attracting and retaining customers. If we are unable to integrate acquired businesses or newly formed operations, expansion may have a material adverse effect on our business, financial condition, results of operations or cash flow. In many jurisdictions there are consents or other regulatory requirements to be met when there is a change in ownership in a company holding fish farming licenses. When making acquisitions we run the risk of being denied the necessary consents from governmental bodies.

Risks Related to Our Financing Arrangements

If we are unable to access capital, we may be unable to grow or implement our strategy as designed.

Salmon farming and seafood processing are capital intensive industries. As the production cycle from eggs to finished products takes approximately three years, substantial working capital is required both in a steady state and in particular when increasing production. Our future development and growth may be dependent on access to external capital in the form of debt and/or equity capital. A lack of access to such capital or material changes in the terms and conditions relating to our external financing could limit our future growth and strategy.

We are highly leveraged and subject to restrictions in our financing agreements that impose constraints on our operating and financing flexibility.

We have significant indebtedness outstanding including a EUR 775 million syndicated borrowing facility, EUR 350 million and EUR 225 million principal amount of convertible bonds and NOK 1,250 million principal amount of unsecured bonds. We may need to refinance some or all of our indebtedness and may not be able to do so on attractive terms or at all. We may incur additional debt in the future, subject to limitations under our credit facilities and bond terms. The covenants in our credit facility include the following:

- our equity ratio must be above 40% at all times; and
- we must maintain a maximum ratio of net interest bearing debt to EBITDA of 3.25 until the second quarter 2014, declining to 3.00 from (and including) the second quarter 2014. As a consequence of the acquisition of Morpol, the maximum ratio has been temporarily lifted to 3.99 from the first quarter of 2013 until (and including) the third quarter in 2013 when Morpol was consolidated in our Group financials.

The degree to which we are leveraged could also have important consequences to ADS holders, including:

- limiting our ability to obtain additional funding for future capital expenditures, working capital requirements, debt service requirements, acquisitions, joint ventures and other general corporate purposes;
- requiring us to dedicate a substantial portion of our cash flow from operations to payments on our debt, thereby reducing the availability of our cash flow to fund working capital, capital expenditures, acquisitions, joint ventures and other general corporate purposes;
- limiting our flexibility in planning for, or reacting to, changes in our business and the markets in which we operate;
- increasing our vulnerability to downturns in our business or in economic conditions generally;
- placing us at a competitive disadvantage compared with our competitors that have less debt;
- making it more difficult for us to satisfy our debt obligations; and
- limiting our ability to pay dividends.

Fluctuations in value of our derivatives used to hedge our exposure to salmon prices may adversely impact our operating results.

Our business is exposed to fluctuating salmon prices and we use derivative financial instruments to reduce such exposure. We hold certain positions in salmon derivatives that do not qualify as hedges for financial reporting purposes. These positions are marked to fair value and realized and unrealized gains and losses are reported in profit. In addition, although these contracts reduce our exposure to changes in prices for commodity products, the use of such instruments may ultimately limit our ability to benefit from a favorable trend in salmon prices. We also hedge our exposure to salmon prices through short to medium contracts for physical delivery of salmon. Such contracts can adversely affect our profitability when spot prices are increasing.

Fluctuations in value of our currency exchange rates may adversely impact our operating results.

We are also exposed to changes in currency exchange rates as a part of our business operations. Our reporting currency is NOK, our main financing currencies are EUR, USD, NOK and GBP, and our revenues are primarily denominated in EUR, USD, GBP and JPY. Our main currency exposure is

accordingly to EUR, USD, GBP and JPY. Although we seek to hedge our exposure to fluctuations in these currencies, such hedging arrangements may not be effective. Failure to adequately hedge our exposure may have a material adverse effect on our business, financial condition, results of operations or cash flow.

We are subject to fluctuations in interest rates due to the prevalence of floating interest rates in our debt.

With the exception of the EUR 225 million and EUR 350 million principal amount convertible bonds, we are generally financed using floating interest rates. Our hedges (interest rate swaps) against interest rate fluctuations in our main financing currencies (EUR, USD and GBP) related to our non-current interest-bearing debt, may be ineffective in protecting us from the effects of interest rate increases.

If our customers fail to fulfill their contractual responsibilities, we may suffer losses.

We are exposed to the risk of losses if one or more contractual partners do not meet their obligations. We cannot guarantee that we will be able to recover losses from trade receivables from the credit insurance companies or that our credit evaluations of trading partners will be effective.

Risks Related to Climate Change

Significant physical effects of climatic change, if they should occur, have the potential to damage fish farming facilities, disrupt production activities and could cause us to incur significant costs in preparing for or responding to those effects.

Climate change could have an effect on the severity of weather (including hurricanes and floods), sea levels and temperatures of the seawater and availability of fish feed raw materials. If any such effects were to occur, they may have a material adverse effect on our business, financial condition, results of operations or on our suppliers.

Climatic change rules and regulations, if enacted, could increase the costs of operating our facilities or transporting our product.

Climate change and its association with the emission of greenhouse gases are receiving increased attention from the scientific and political communities. Certain countries and regions have adopted or are considering legislation or regulation imposing overall caps or taxes on greenhouse gas emissions from certain sectors or facility categories or mandating the increased use of electricity from renewable energy sources. These actions could increase the costs of operating our businesses and our transportation costs.

Risks Related to the Listing of the ADSs on the NYSE

We are exempt from some of the corporate governance requirements of the New York Stock Exchange.

We are a foreign private issuer, as defined by the SEC for purposes of the Securities Exchange Act of 1934, or the Exchange Act. As a result, for so long as we remain a foreign private issuer, we will be exempt from some of the corporate governance requirements of the New York Stock Exchange, or the NYSE. We are permitted to follow the practice of companies incorporated in Norway and listed on the Oslo Stock Exchange in lieu of the provisions of the NYSE's corporate governance rules, except that:

- we are required to have an audit committee that satisfies the requirements of Rule 10A-3 under the Exchange Act;
- we are required to disclose any significant ways in which our corporate governance practices differ from those followed by U.S. domestic companies under NYSE listing standards;

- our chief executive officer is obligated to promptly notify the NYSE in writing after any of our executive officers becomes aware of any non-compliance with any applicable provisions of the NYSE corporate governance rules; and
- we must submit an executed written affirmation annually to the NYSE. In addition, we must submit an interim written affirmation as and when required by the interim written affirmation form specified by the NYSE.

The standards applicable to us are considerably different than the standards applied to U.S. domestic issuers with shares listed on the NYSE. As a foreign private issuer listed on the NYSE we intend to rely on certain exemptions, including:

- to not have a compensation committee or corporate governance committee of our Board of Directors as of the date of this registration statement; and
- to use an alternate definition of director independence than that recognized by the NYSE.

As a result, holders of our ADSs will not be provided with the benefits of certain corporate governance requirements of the NYSE, which may affect the market price for our shares.

We have not yet completed our evaluation of our internal control over financial reporting in compliance with Section 404 of the Sarbanes-Oxley Act.

We will be required to comply with the internal control certification requirements of Section 404 of the Sarbanes-Oxley Act in the second annual report we file after the effective date of this registration statement. Our preliminary assessment is that our current system of internal controls requires enhancements in order to be compliant with Section 404, and while we intend to achieve compliance within the time required, we may not be able to meet the Section 404 requirements in a timely manner. If it is determined that we are not in compliance with Section 404, we will be required to implement new internal control procedures and re-evaluate our financial reporting. We may experience higher than anticipated operating expenses as well as external auditor fees during the implementation of these changes and thereafter. We will need to hire additional qualified personnel in order for us to be compliant with Section 404. If we fail, for any reason, to implement these changes effectively or efficiently, such failure could harm our operations, financial reporting or financial results and could result in our conclusion that our internal control over financial reporting is not effective.

Our ADSs cannot be traded on any exchange outside the United States.

Our ADSs are listed only in the United States on the NYSE and we have no plans to list our ADSs in any other jurisdiction. As a result, a holder of our ADSs outside the United States may not be able to effect transactions in our ADSs as readily as the holder would if our securities were listed on an exchange in that holder's home jurisdiction.

Future sales of ADSs or ordinary shares by existing shareholders could cause the price of our ADSs to decline.

If our existing significant shareholder who as of January 17, 2014 controlled over 27% of Marine Harvest ASA, sells, or indicates an intention to sell, substantial amounts of our ADSs or ordinary shares in the market the trading price of our ADSs could decline significantly. We cannot predict the effect, if any, that future sale of these ADSs or ordinary shares or the availability of these ADSs or ordinary shares for sale will have on the market price of our ADSs.

ADS holders have no legal interest in the underlying ordinary shares.

ADS holders acquire the beneficial, and not the legal, interest in the underlying ordinary shares, which the depository holds in trust for them, under the terms of the deposit agreement. The intended effect of the trust is to ring-fence the ordinary shares in the hands of the depository by conferring a property interest on ADS holders as beneficiaries. The interest of the ADS holders as beneficiaries in trust assets, which are the ordinary shares, is indirect, in the sense that in the normal course they do not have any direct recourse to the ordinary shares nor do they have any direct right of action against us.

ADSs may be subject to transfer limitations.

ADSs are transferable on the books of the depository. The depository however, may close its transfer books at any time or from time to time when it deems expedient in connection with the performance of its duties. In addition, the depository may refuse to deliver, transfer or register transfers of ADSs generally when our books or the books of the depository are closed, or at any time if we or the depository deem it advisable to do so because of any requirement of law or of any government or governmental body, or under any provision of the deposit agreement, or for any other reason in accordance with the terms of the deposit agreement.

Because U.S. investors may be unable to participate in future rights offerings, their percentage shareholding may be diluted.

Except in limited circumstances, shareholders in Norwegian public limited liability companies have preemptive rights proportionate to the aggregate amount of the shares they hold with respect to new shares issued by the company. For reasons relating to U.S. securities laws or other factors, U.S. investors may not be able to participate in a new issuance of our ordinary shares or other securities and may face dilution as a result. You can find a further description of the preemptive rights of shareholders of Norwegian public companies under “*Item 10. Additional Information—B. Memorandum and Articles of Association—Additional Issuances and Preferential Rights.*”

The relative volatility and limited liquidity of the Norwegian securities markets may adversely affect the liquidity and market prices of the ordinary shares and the ADSs.

The Norwegian equity market is smaller and less liquid than the major U.S. and some other EU securities markets. The Oslo Stock Exchange is significantly less liquid than the NYSE, or other major exchanges in the world. As of December 31, 2012, the aggregate market capitalization of the Oslo Stock Exchange was equivalent to approximately NOK 1,631.29 billion (USD 276.76 billion). In contrast, as of December 31, 2012, the aggregate market capitalization of the NYSE was approximately USD 14 trillion. The relative volatility and illiquidity of the Norwegian securities markets may substantially limit your ability to sell the units or ADSs at the time and price you desire (or at all) and, as a result, could adversely impact the market price of these securities.

Our ADS holders’ ability to bring an action against us may be limited under Norwegian law.

We are a public limited liability company incorporated under the laws of Norway. The rights of holders of ordinary shares underlying ADSs are governed by Norwegian law and by our articles of association. These rights differ from the rights of shareholders in typical U.S. corporations. In particular, Norwegian law limits the circumstances under which shareholders of Norwegian companies may bring derivative actions. Under Norwegian law, any action brought by us in respect of wrongful acts committed against us takes priority over actions brought by shareholders in respect of such acts. In addition, it may be difficult for our ADS holders to prevail in a claim against us under, or to enforce liabilities predicated upon, U.S. securities laws.

Judgments of Norwegian courts with respect to the ADSs may be payable only in Norwegian krone.

If proceedings are brought in a Norwegian court seeking to enforce the rights of holders of the ADSs, any judgment made in favor of such holders, even if the judgment is on an obligation deemed to be denominated in USD, could be made or awarded in Norwegian krone based on the exchange rate in effect at the time the judgment is entered. The prevailing party in such proceeding would therefore bear exchange rate risk until the judgment could be collected.

By purchasing ADSs, holders will irrevocably submit to the jurisdiction of state or federal courts in New York, New York in connection with any legal suit, action or proceeding relating to the deposit agreement or the ADSs.

By purchasing ADSs or an interest therein, holders of ADSs irrevocably agree that any legal suit, action or proceeding against or involving us or the ADR depository, arising out of or based upon the deposit agreement or the ADSs, may only be instituted in a state or federal court in New York, New York, and by purchasing ADSs or an interest therein, holders irrevocably waive any objection to the laying of venue of any such proceeding. We have agreed to indemnify the ADR depository and its agents under certain circumstances.

Neither the ADR depository nor any of its agents will be liable for indirect, special, punitive or consequential damages.

Neither the ADR depository nor any of its agents will be liable to holders or beneficial owners of ADSs or interests in ADSs for any indirect, special, punitive or consequential damages (including, without limitation, lost profits) of any form incurred by any person or entity, whether or not foreseeable and regardless of the type of action in which such a claim may be brought.

Holders of the ADSs may experience losses due to increased volatility in the U.S. capital markets.

The U.S. capital markets have experienced extreme price and volume fluctuations as a result of the global economic and financial crisis and its aftermath that have affected, and continue to affect, the market prices of equity securities of many companies. These fluctuations have often been unrelated or disproportionate to the operating performance or results of operations of those companies. These broad market fluctuations, as well as general economic, political and market conditions such as recessions, interest rate changes or international currency fluctuations, as well as volatility in international capital markets, may cause the market price of shares of the ADSs to decline.

In addition, on August 5, 2011, S&P lowered the long-term sovereign credit rating of U.S. government debt obligations from AAA to AA+. On August 8, 2011, S&P also downgraded the long-term credit ratings of U.S. government-sponsored enterprises. These actions initially have had an adverse effect on capital markets in the United States and elsewhere, contributing to volatility and decreases in prices of many securities trading on the U.S. national exchanges. Other ratings agencies may, in the short or long-term, also lower the sovereign credit rating of the United States or of other sovereigns. Any volatility in the capital markets in the United States or elsewhere, whether resulting from a downgrade of the sovereign credit rating of U.S. debt obligations or otherwise, may have an adverse effect on the price of the ADSs.

Exchange rate volatility may adversely affect the market price of the ADSs and the dividends payable to ADS holders.

From time to time, there have been significant fluctuations in the exchange rate between the Norwegian krone and the USD. Unforeseen events in international markets, fluctuations in interest rates, changes in capital flows, political developments or inflation rates may cause exchange rate

instability that could, in turn, depress the value of the NOK, thereby decreasing the USD value of the ADSs and any dividends or distributions paid on the ordinary shares underlying the ADSs.

Risks Related to Tax Matters

We are exposed to potentially adverse changes in the tax regimes of each jurisdiction in which we operate.

We have operations in 22 countries around the world, and any of these countries could modify its tax laws in ways that would adversely affect us. Most of our operations are subject to changes in tax regimes in a similar manner as other companies in our industry. Significant changes in the tax regimes of countries in which we operate may have a material adverse effect on our liquidity and results of operation.

ITEM 4. Information on the Company

A. History and Development of the Company

We were incorporated in Norway on May 18, 1992 pursuant to the Norwegian Public Limited Liability Companies Act. Our organization number in the Norwegian Register of Business Enterprises is 964 118 191. The legal and commercial name of the company is Marine Harvest ASA, a public limited liability company, or *allmennaksjeselskap*, under Norwegian law.

Marine Harvest N.V. was founded in Lochailort, Scotland in 1965. Marine Harvest N.V. changed names and owners several times before it was acquired by Pan Fish ASA in 2006. In 2006, Pan Fish ASA acquired Fjord Seafood ASA and Marine Harvest N.V. Pan Fish ASA was founded in 1992 and listed on the Oslo Stock Exchange in 1997. Fjord Seafood ASA was founded in 1996 as Torgnes Invest AS and was listed on the Oslo Stock Exchange in 2000. Pan Fish ASA changed its name to Marine Harvest ASA in 2007.

Our principal and registered office is located at Sandviksboder 77 A/B, 5035 Bergen, Norway. Our telephone number at this address is + 47 21 56 23 00. We also have offices in several cities throughout the world.

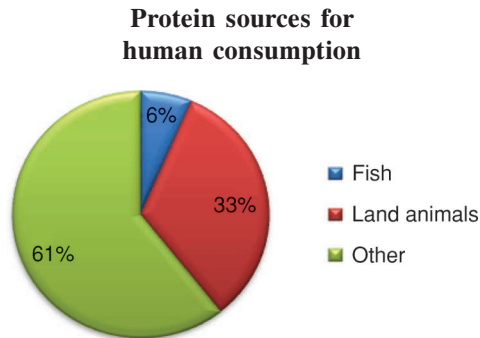
For further information on important events in the company's business, see "*B. Business Overview—Business.*" For further information on the company's principal capital expenditures and divestitures, see "*Item 5. Operating and Financial Review and Prospects—Capital Expenditures.*"

B. Business Overview

Industry Overview

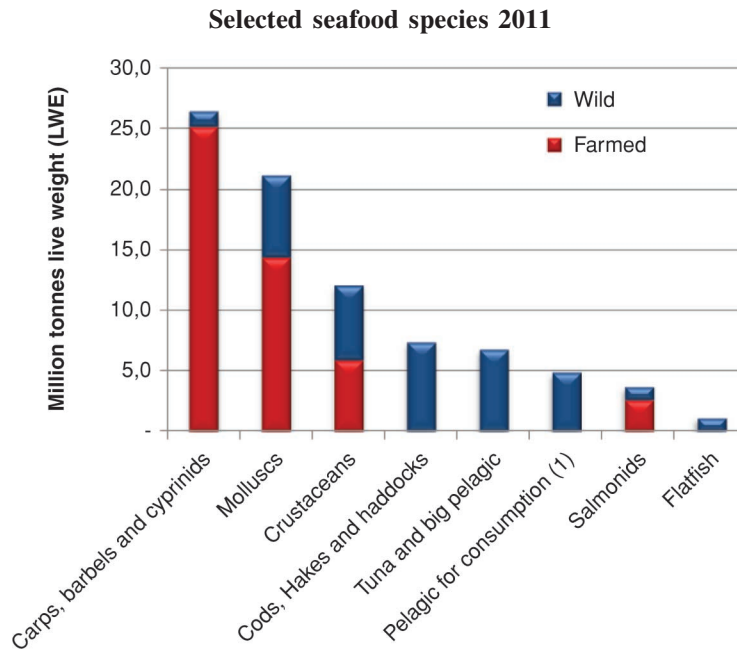
*In this registration statement we use live weight equivalent, or *LWE*, which measures the weight of the fish swimming in the sea, whole fish equivalent, or *WFE*, which measures the weight of the fish after it has been harvested and bled, and gutted weight equivalent, or *GWE* (also referred to as head on, gutted, or *HOG*), which measures the weight of the fish head on, gutted. Charts in the registration statement accredited to Kontali Analyse AS, or Kontali, an independent provider of analyses mainly for the aquaculture and fishing industry, either have been generated for the Salmon Farming Industry Handbook 2013 or are based on data available to the industry as a whole through Kontali's database.*

We engage in aquaculture, which involves cultivating aquatic organisms under controlled conditions. Aquaculture is a fast growing animal food producing sector. In 2009, the aquaculture industry contributed 47% of the fishery output for human consumption, yet fish was estimated to account for only 6% of the total global protein consumption in 2009, according to the Food and Agriculture Organization (FAO). The following chart shows protein sources used in human consumption in 2009:



Source: FAO, Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat, World Population Prospects: The 2010 Revision, or the World Population Prospects

According to the Food and Agricultural Organization, approximately 85% of wild-caught and farmed fish is consumed by humans while the remaining is used in fish feed production and non-food uses. The following chart shows seafood harvest volume by species in 2011 in millions of tons LWE distinguishing farmed and wild caught seafood:



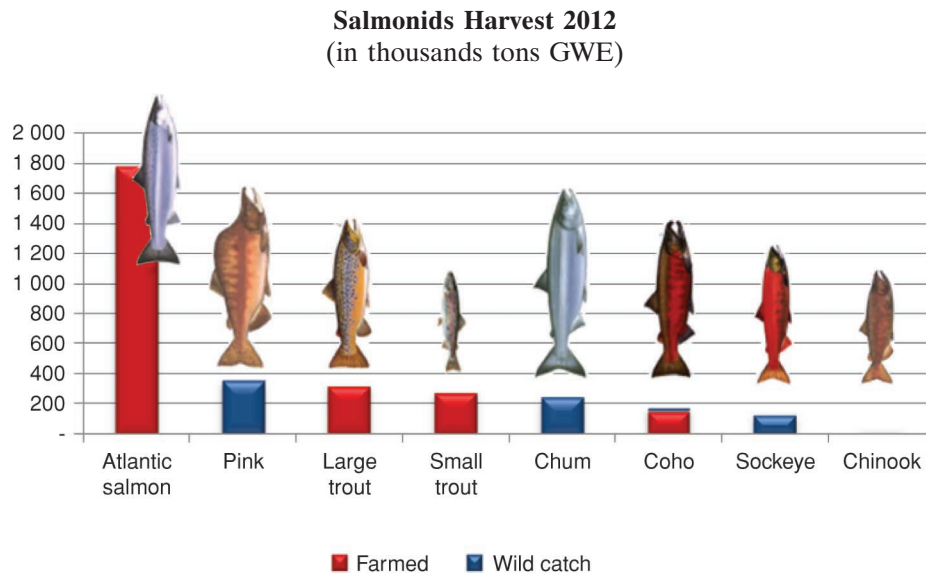
(1) “Pelagic for consumption” includes herring, horse mackerel, capelin and sardines.

Source: Salmon Farming Industry Handbook 2013

Our main product is farmed salmon. Salmon consumption is considered to be healthy because of its high content of protein and omega-3 fatty acids. Salmon is a small but growing part of the global protein supply. Even with an increase in production of Atlantic salmon by more than 600% since 1990, according to the Food and Agricultural Organization, total global supply of salmon is still marginal compared to most other major seafood categories. Whitefish harvest is approximately ten times larger and consists of a much larger number of species, including cod, hake and pollack. Farming of whitefish is less industrialized than farming of salmon and is mostly done in Asia.

Salmon is the common name for several species of fish of the family *Salmonidae*. Within the *Salmonidae* family are the genus *Salmo*, which contains Atlantic salmon, or *Salmo salar*, and the genus *Oncorhynchus*, which contains Pacific salmon, trout and char. According to the Food and Agricultural Organization, the total global consumption of salmon in 2012 was 3.6 million tons WFE. Approximately three quarters of the world’s total salmon harvest is farmed. Production of farmed Atlantic salmon occurs in the Atlantic Ocean, where Atlantic salmon is commonly found, and the Pacific Ocean, where native species of salmon include Chinook, Coho, Chum, Pink, Sockeye, Masu and Rainbow trout—these species are sometimes collectively referred to as Pacific salmon. Most species of trout are sub-species of salmon.

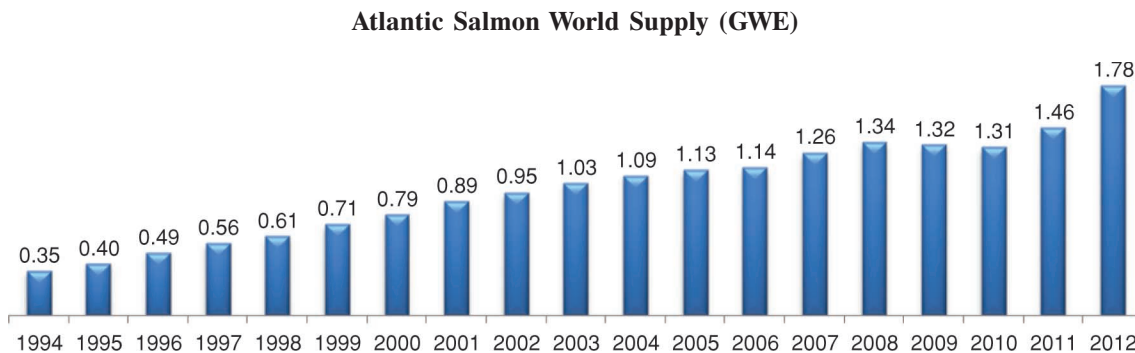
The following chart shows farmed and wild catch of salmon, in thousands of tons GWE in 2012:



Source: Salmon Farming Industry Handbook 2013

Although several of these salmon species are available from both wild and farmed sources, almost all commercially available Atlantic salmon is farmed. Atlantic salmon farming started on an experimental level in the 1960s, and became an industry in Norway in the 1980s and in Chile in the 1990s. Salmon farming consists of raising juvenile salmon, or smolt, to fully grown salmon in large nets in areas of the sea, fjords and bays. Salmon farming also includes raising smolt from salmon eggs, which takes place in freshwater, typically lakes or in tanks on land. Most farmed salmon comes from Norway, Chile, Scotland, Canada, the Faroe Islands and Australia.

The supply of farmed Atlantic salmon has been growing rapidly since 1994. The chart below shows the farmed Atlantic salmon harvest in millions of tons GWE for the periods indicated below:



Source: Kontali Database

Market Drivers of Salmon Production

Historically, growth of farmed salmon harvest volume has been principally driven by increasing human population, increasing per capita gross domestic product, or GDP, particularly in emerging markets, limitations on wild catch, consumer appeal of salmon and the sustainability of salmon farming.

Increasing Human Population

The last half century has seen a rapid growth in global population from 2.5 billion in 1950 to 6.1 billion in 2000. The global population is forecast to grow by a further 3.5 billion to 9.6 billion between 2000 and 2050, and most of this growth is expected to come from the developing world. This increase in population is expected to result in growth in total protein demand.

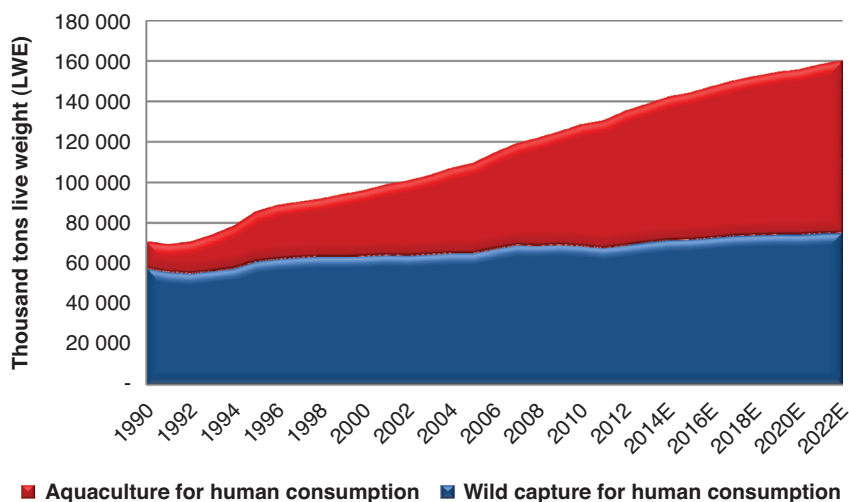
Increasing Wealth

Animal protein consumption levels generally increase with growth of disposable income. Annual per capita fish consumption rose from 9.9 kilograms in the 1960s to 18.4 kilograms in 2009. This effect is particularly significant where pre-tax GDP per capita ranges between USD 2,000 and USD 20,000. Many major emerging markets, such as China, Brazil, Russia and India, have average per capita GDP in this range. Thus, consumption of animal protein as a percentage of overall protein consumption has the potential to increase in these emerging markets.

Limitations on Wild Catch

Wild fish harvests for human consumption has been relatively stable since the 1990s, increasing approximately 1% per year. This is likely due to wild harvests reaching the maximum long-term sustainable potential of the world's marine capture fisheries. We believe that today, up to three-quarters of the major marine fish stocks are either depleted, overexploited or being fished at their biological limit. With wild catch stagnating, the growth in fish production to meet expected growth in demand is expected to come from aquaculture. According to the Organisation for Economic Co-operation and Development (“OECD”)-FAO Agricultural Outlook 2013, aquaculture production for human consumption will increase by 26% from 2012 production of 66.2 million tons, to 83.5 million tons per annum by 2021.

The following chart shows the volume of seafood produced from wild catch and aquaculture in thousands of tons LWE for the years indicated for the periods indicated below:



Source: OECD-FAO Agricultural Outlook 2013

The supply of salmon has generally followed the global trend in seafood, as consumption of both salmon and other seafood have shifted more towards aquaculture due to the stagnating supply of many species of wild catch in several regions. For the last decade, wild catch of salmon has varied between 700,000 and 1,000,000 tons LWE, whereas farmed salmon has increased from 790,000 tons GWE in

2000 to 1,800,000 tons GWE in 2012. Harvest volume of farmed salmon exceeded the volume of wild caught salmon for the first time in 1999. Since then, the share of farmed salmon has increased to become the dominant source of salmon supply.

Consumer Appeal of Salmon

The health benefits of salmon help drive a strong consumer appeal. In light of the increasing global obesity rates, governments and food and health advisory bodies in Europe and the United States are encouraging people to consume more fish. The U.S. National Institute of Health, the UK National Health Service, the Norwegian Ministry Directorate of Health and several other national health organizations recommend eating fish at least twice a week.

Protein provides essential amino acids for the body that are a vital source of energy and important during growth and development, and fish is one of the best sources from which the body can obtain these. The following table shows protein content across various sources of food, including Atlantic salmon:

<u>Food type</u>	<u>Protein content</u>	<u># of Recommended Dietary Allowances</u>
Milk (semi-skimmed)	3 grams	6%
Cereal (corn flakes)	8 grams	15%
Cooked soybean	12 grams	22%
Egg (fried)	14 grams	26%
Sea bass	18 grams	33%
Tilapia	20 grams	37%
Atlantic salmon	20 grams	37%
Chicken	21 grams	39%

Source: USDA National Agriculture Library. Protein content is per 100 grams.

Atlantic salmon has a high-protein content and a favorable fat composition, which provide a range of health benefits. Atlantic salmon as well as white-fleshed fish, such as cod, pangasius and tilapia, is low in saturated fat compared to other sources of animal protein, especially red meat. A high intake of saturated fat can lead to an increased risk of cardiovascular disease, cancer and other related disorders. Fish, such as salmon, are also rich in omega-3 fatty acids, in contrast to other protein sources, and healthy sources of omega-3 fatty acids have been shown to help reduce the risk of various diseases.

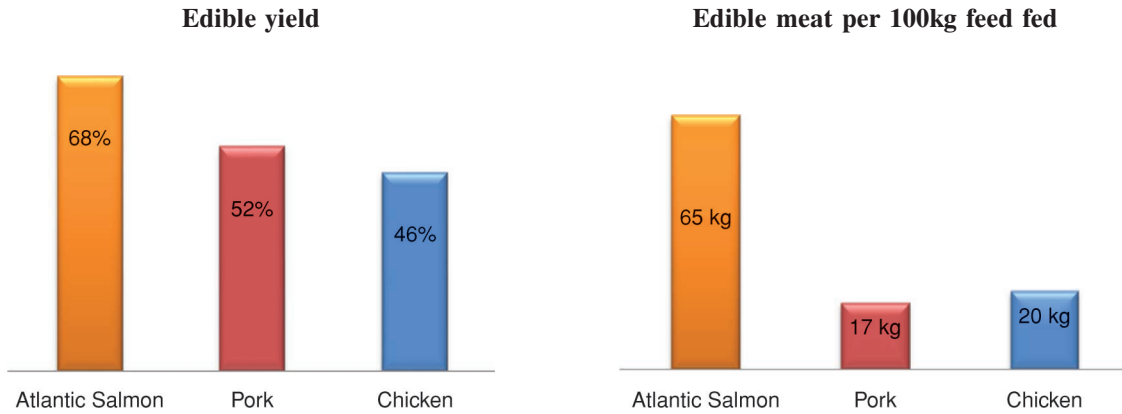
Sustainability

Our industry’s operations and long-term profitability ultimately depend on sustainability and environmental responsibility. Economic and resource efficiency of animal protein production are frequently measured in terms of feed conversion ratio and edible yield. Both of these measures indicate that Atlantic salmon has a competitive advantage compared to other farmed animals. As a result, we believe that aquaculture is an important and sustainable future source of protein.

Feed conversion ratio measures the number of kilograms of feed needed to increase an animal’s bodyweight by one kilogram. For farmed salmon, the ratio is approximately 1.2 kilograms of feed per one kilogram of body weight, which is below other animals such as pigs and chickens, which have feed conversion ratios of approximately three and two kilograms, respectively.

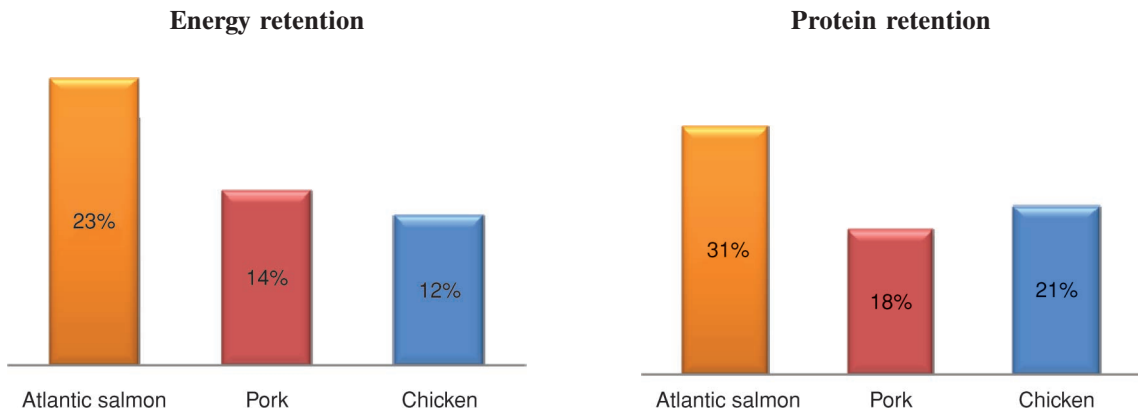
Edible yield measures the percentage of an animal that can be consumed by humans. Once harvested, the yield out of one kilogram of salmon is 68% of edible meat. This is significantly higher than pork or chicken.

Another measure of resource efficiency of Atlantic salmon is the edible meat produced by 100 kilograms of feed. The following charts show the edible yield as a percentage of an animal's body weight and edible meat per 100 kilograms of feed fed:



Source: Norwegian University and Life Sciences 2002. Edible yield is the ratio of body weight normally eaten.

Salmon retain a high degree of the protein they consume because salmon are cold-blooded, and thus do not need to spend energy maintaining their body temperature. Salmon are also almost weightless in water and do not need to build a strong skeleton nor spend significant energy keeping their bodies upright. As a result, the percentage of protein retained in the edible parts of the salmon is much higher than in pork and chicken, as demonstrated by the charts below, which show the percentage of gross energy and crude protein retained in the edible product by protein source:



Source: Ytrestoyl et al 2011. Energy retention is measured as the energy in edible parts (measured in kilojoules or calories), divided by gross energy in feed. Protein retention is measured as kilograms of protein in edible parts divided by kilogram of protein fed.

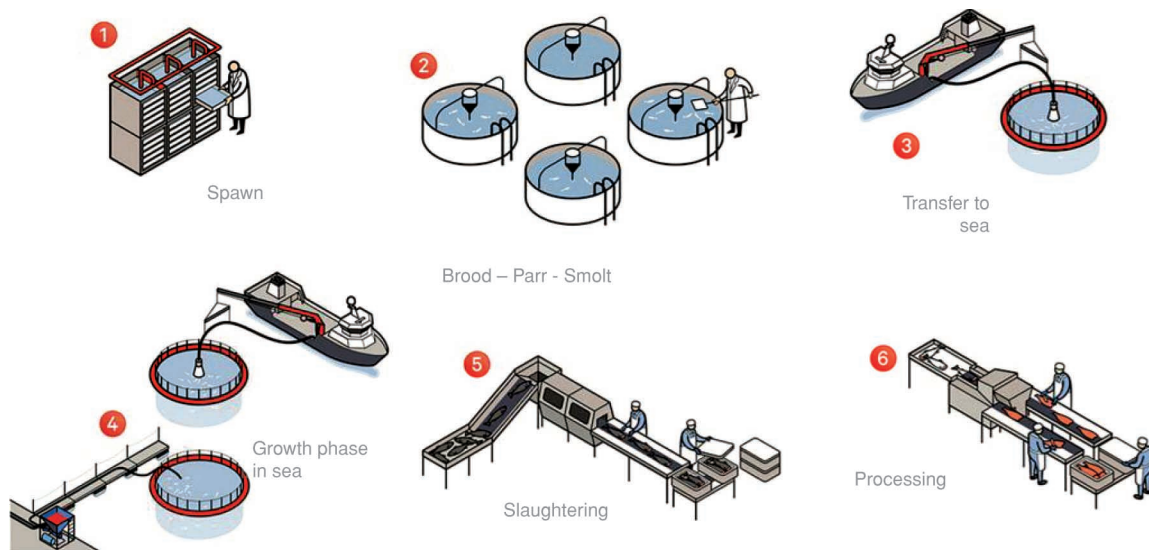
Farmed fish is a climate friendly protein source, and is expected to become an important solution to providing the world with vitally important proteins with limited negative effects on the environment going forward. The carbon footprint of farmed salmon is 2.9 carbon equivalents per kilogram of edible product whereas corresponding numbers are 5.9 kilograms and 30 kilograms of edible product for pork

and beef, respectively, according to Eurostat Aquaculture and Wild Catch and the Norwegian Seafood Export Council.

In addition, farmed Atlantic salmon requires only 1,400 liters of freshwater per kilogram of produced salmon, compared to the production of one kilogram of beef, which requires 15,400 liters of freshwater consumption.

Salmon Farming

Salmon farming entails cultivation of salmon from spawn to adult and harvesting the salmon. The figure below illustrates the aquaculture value chain, from eggs to smolt to adult fish, and finally the primary and secondary processing of the harvested fish. Primary and secondary processing is further discussed in “—Business—Product—How We Create Tasty and Heathy Seafood—Processing”



Production Phases

Salmon farming entails transforming salmon eggs to smolt to a full-grown salmon of typically four to five kilograms. Salmon farming follows the same cycle as takes place naturally for wild salmon. The overall life cycle of salmon typically takes between 24 and 36 months, starting in freshwater and involving several stages in freshwater before the young salmon, or smolt, is ready for the sea.

Freshwater phase

The salmon farming production cycle begins with the freshwater phase, which takes approximately ten to 16 months. The salmon freshwater growth sequence is: broodstock, egg, alevin, fry, parr and smolt. This initial stage of production occurs in hatcheries (pools on land) or in freshwater lakes. This phase requires a continuous flow of clean, oxygenated water, which limits the number of suitable locations.

Initially, broodfish, which are salmon selected for breeding purpose, are stripped for eggs. Some producers have their own broodstock, while others acquire eggs in the market. There are several suppliers of eggs to the industry: Aquagen AS and Salmobreed AS are some of the most significant third-party providers of eggs.

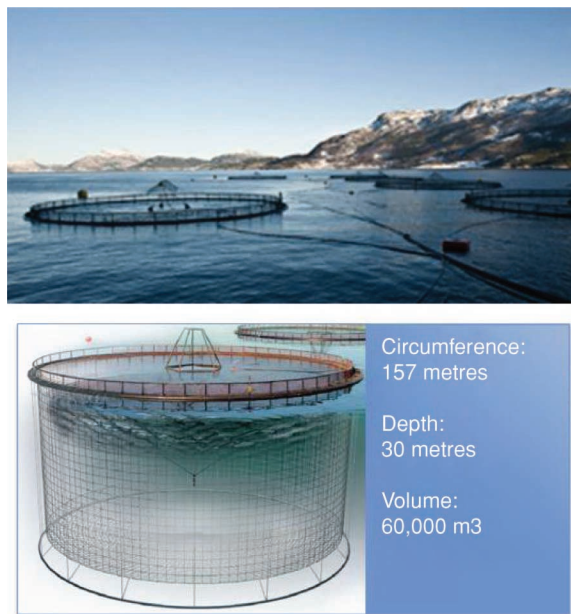
The eggs are then fertilized under controlled conditions, or spawned, and then transferred to hatching trays. Once the eggs hatch into alevins, they grow in the hatching trays until they become fry

and are ready to be moved into freshwater tanks on land (outdoor or indoor) or to cages in freshwater lakes. The fry grows until it becomes smolt, a stage at which the fish is normally between 60 to 120 grams and is ready to transition into the seawater phase, a process called smoltification.

Seawater phase

After the freshwater phase, smolt are transferred to seawater in large tanks on trucks and in boats known as well boats. During the journey, the salinity of the water is gradually increased to approach the natural salinity of seawater. The smolt are then transferred to net pens in seawater.

The seawater phase lasts until salmon reaches a harvest weight of typically four to five kilograms over a period of 14 to 20 months. Salmon must be harvested before it reaches reproductive maturity, or maturation. Upon maturation, the salmon's color and meat quality changes which results in product downgrade. The growth of the fish is heavily dependent on the seawater temperatures, which varies by time of year and across regions. In Chile, the cycle is slightly shorter as seawater temperatures are closer to optimal. The following images show a typical seawater cage used to cultivate adult salmon:



The grow-out facilities used for fish at sea are circular or square pens (either steel or plastic), equipped with a series of floating docks, walkways, moorings, nets, cameras, feed barges and boats. The pens are anchored to the seabed. The sites of these facilities are selected carefully for good water flow, oxygen concentration, shelter from rough waters, depth beneath the pens, distance from other sites, water temperature and salinity. Throughout the farming sequence, from closed tanks on land to cages in open water, it is important to maintain high standards of hygiene and fish welfare.

Harvest phase

When salmon reaches market weight, it is harvested. Harvesting of fish—stunning, bleeding and gutting—is done in different ways, depending on the production region. Fish ready for harvest may be transported to the harvest station in a well boat, which has a large, aerated tank of water in which the fish are free to move around. Alternatively, a mobile harvesting station may travel to the farm. The fish may be gutted at the time of harvesting or at a central point prior to preparing the fish for sale. Fish

not yet gutted are transferred to primary processing plants. Fish gutted on site are transported to secondary processing facilities or to the market.

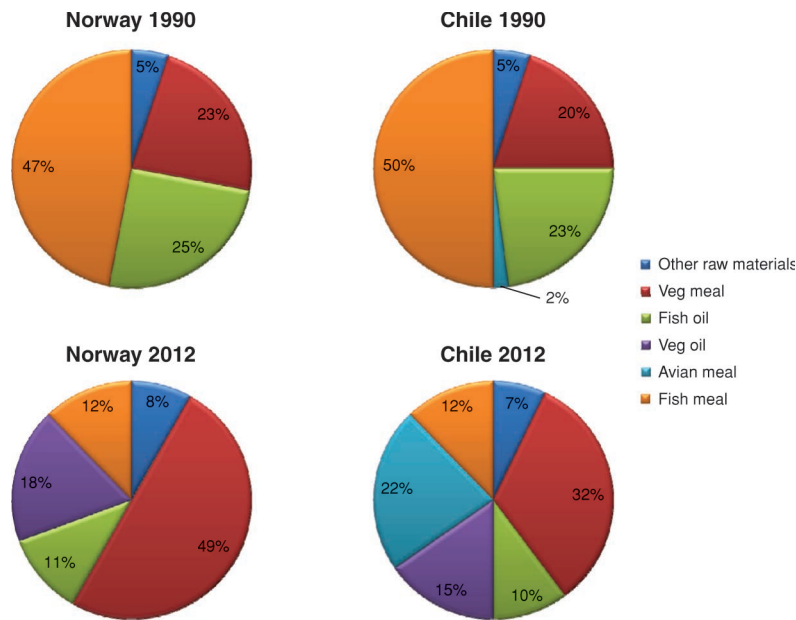
Fish Feed

High quality fish feed is essential for the performance and quality of the fish. Fish feed is produced by combining various raw materials such as fish oil and meal, vegetable oil and meal and, in some cases, animal proteins along with binding agents such as wheat. A paste is produced by adding water and the mixture is shaped into pellets, which are then transported to the fish farms. The major cost elements in producing salmon feed are cost of raw materials used in the fish feed and the production cost. Fish feed for salmon typically contains a combination of some of the following ingredients:

- Fish oil: important for content of omega-3 fatty acids
- Fish meal: valuable source of protein; may be replaced by other sources of protein such as processed soya and legumes (a species of plant that includes peanuts, peas, beans, lentils and alfalfa)
- Canola oil: used as a substitute for fish oil
- Soya protein concentrate: used as a substitute for fish meal
- Wheat gluten: high protein raw material substitute for fish meal
- Wheat and peas: carbohydrates for binding
- Minerals and vitamins: trace substances that are vital to the fish performance
- Pigment: Astaxanthin from different sources; the same molecule is found in crustaceans making the flesh of wild Salmonid pink

Historically, fish feed producers have relied heavily on fish meal and fish oil as ingredients for fish feed. In order to reduce dependency on marine ingredients and improve the sustainability of fish feed production, fish feed producers have put significant efforts into substituting other fish feed stocks such as agricultural crops and other oils for fish meal and fish oil. Raw materials for fish feed are widely available on the open market.

The following series of charts shows the evolution of fish feed components since 1990:

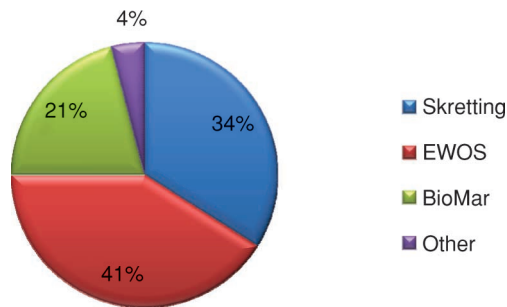


Source: Holtermann 2013

Production of fish feed is a specialized industry, currently dominated by a few key producers. Fish feed producers have in recent years enjoyed significant growth, driven by increased demand from salmon farmers. Furthermore, capacity has been stretched in recent years, which has allowed fish feed producers to earn high returns.

The three largest companies in the global fish feed sector are EWOS, Skretting and BioMar. The following chart shows the estimated market share for fish feed producers in 2013, by volume sold:

Feed producers' market share 2013E



Source: Holtermann 2013

Skretting (Netherlands): Skretting has reported that it is the world leader in the production and supply of fish feed for farmed fish and shrimp. Skretting reported that it has operations on five continents that produce and deliver fish feed for more than 60 species of farmed fish and shrimp. Skretting reported that it delivered 1.7 million tons of fish feed in 2012.

EWOS (Norway): EWOS has reported that it produces feed for the fish farming industry, primarily producing feed for salmon and trout, and that it is the world's largest supplier of salmon feed by volume. EWOS reported that it delivered 1.2 million tons of fish feed in 2012. EWOS reported that it has facilities in all key salmon farming regions, including Norway, Chile, Canada and Scotland. From these operations, EWOS exports fish feed to a range of countries in Europe, South America, Asia, Russia, and to the United States.

BioMar (Denmark): BioMar has reported that it is the world's third-largest manufacturer of feed for industrial fish farming. BioMar reported that it has production in Norway, Scotland, Denmark, France, Spain, Greece and Chile. BioMar reported that it delivered 980 thousand tons of fish feed in 2012.

Fish Health

Fish farming includes several biological risks. Biological risks include diseases, algae or jelly fish bloom. Prevalence rates in our farming territories vary. Common conditions include:

- *Sea lice*, which are controlled through biological cleaner fish such as wrasse that eat the parasites off the fish's skin, medicinal treatments, bath treatments and in-feed treatments.
- *Amoebic Gill disease*, or *AGD*, which is a gill pathology disease caused by infectious agents and treated by hydrogen peroxide or freshwater baths.
- *Infectious Salmon Anemia*, or *ISA*, which is a viral disease controlled through husbandry practices, and in some areas, vaccines.
- *Pancreas Disease*, or *PD*, which is a viral disease controlled through husbandry practices and vaccines.
- *Heart and skeletal muscle inflammation*, or *HSMI*, which is a viral disease for which no vaccines are yet developed.
- *Cardiomyopathy syndrome*, or *CMS*, which is a viral disease for which no vaccines yet are developed.
- *Salmonid Rickettsial Septicemia*, or *SRS*, which is a bacterial disease controlled with vaccines and in some instances antibiotic treatment.

For more on these and other diseases affecting production, see “*Item 3. Key Information—D. Risk Factors—Risks Related to Our Fish Farming Operations—Our fish stocks can be adversely affected by various diseases.*” Today there exist vaccine or medicinal treatment possibilities for many of these diseases, but the efficacy can still vary.

Seawater Temperatures, Algae and Sea Blooms

Salmon is cold-blooded and temperature plays an important role in its growth rate. Unexpected warm or cold temperatures and altered oxygen levels in the sea can have a significant impact on feed consumption and growth rates. The optimal temperature range for Atlantic salmon is eight to 14 degrees Celsius (46 to 57 degrees Fahrenheit).

The seawater temperatures vary throughout the year in all salmon production regions. The band of permissible temperatures ranges from 0 degrees Celsius (32 degrees Fahrenheit) and upwards to 18 degrees Celsius (64 degrees Fahrenheit). Temperatures below -0.7 degrees Celsius (30.7 degrees Fahrenheit) can lead to mass mortality while disease risk increases with high seawater temperatures. Production countries in the Northern hemisphere typically experience low seawater temperatures during the beginning of the year and high temperatures in autumn, with seawater temperatures varying on average ten degrees Celsius (18 degrees Fahrenheit). Annual seawater temperature in Chile is more

stable, varying between ten and 14 degrees Celsius (50 and 57 degrees Fahrenheit). The stable seawater temperature suitable for salmon is one of the most important natural competitive advantages of Chile compared to other production regions, which reduces the production time by a few months compared to other salmon producing regions. Chile has the highest average seawater temperature of 12 degrees Celsius (54 degrees Fahrenheit), while Ireland has an average seawater temperature of 11 degrees Celsius (52 degrees Fahrenheit) and the three other production regions have an average seawater temperature of about 10 degrees Celsius (50 degrees Fahrenheit).

Very high or low water temperatures, too little phosphorous or imbalanced mineral content in the diet, light manipulation (simulation of daylight) to speed up the rate of growth, acidic water, too much carbon dioxide in the water during the freshwater phase and too rapid growth in the freshwater phase can all impact the health of salmon. In addition, extreme weather conditions along coastlines, such as storms or floods, could lead to incidents of fish escape, loss of biomass, loss of feeding days and repair costs relating to damage of facilities. Farmed salmon may also be exposed to contamination by undesirable substances through raw materials and ingredients in the feed and polluted waters.

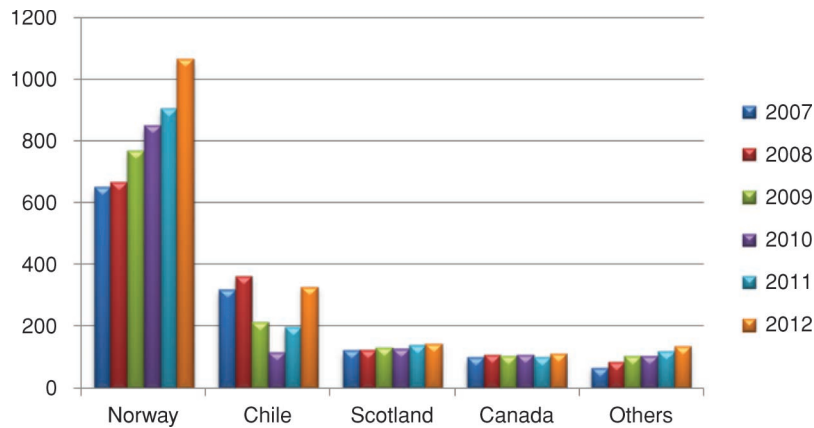
Under certain conditions, algae or jelly fish populations can grow rapidly into a bloom and accumulate near the surface of the water. Algae can reduce the available oxygen in the water leading to reduced growth of the fish and in some cases to death from suffocation. Some algae species clog the gills, leading to damage on the fish, and a few species produce potent toxins such as neurotoxin. Harmful algae represent a particular risk in fish farming because the fish cannot swim away as they may do in the wild. Jelly fish may accumulate on the net pens affecting the water flow and oxygen level. Some types of jelly fish can damage skin or gills and cause mortality. Blooms of algae and jelly fish are largely dependent on local marine, weather and temperature conditions. Algae and jelly fish have from time to time led to losses at individual sites, and represent a general threat to any open net cage facility. No uniform response is suitable for all types of algae and jelly fish and fish losses due to harmful algae and jelly fish blooms are difficult to predict and prevent.

Key Production Regions

Location is of great importance for salmon farming, as seawater temperature and currents have a major impact on the well-being and growth of salmon. As a result, the production of farmed salmon takes place in countries that have relatively low and stable seawater temperatures as well as an extensive shoreline (longer shorelines offer a greater number of potential farming sites), such as

Norway, Chile, Scotland, Canada and Australia. The following chart shows the harvest of Atlantic salmon by year and by country of origin in thousand tons of GWE for the years 2007 through 2012:

Harvest of Atlantic salmon
(in thousand tons GWE)

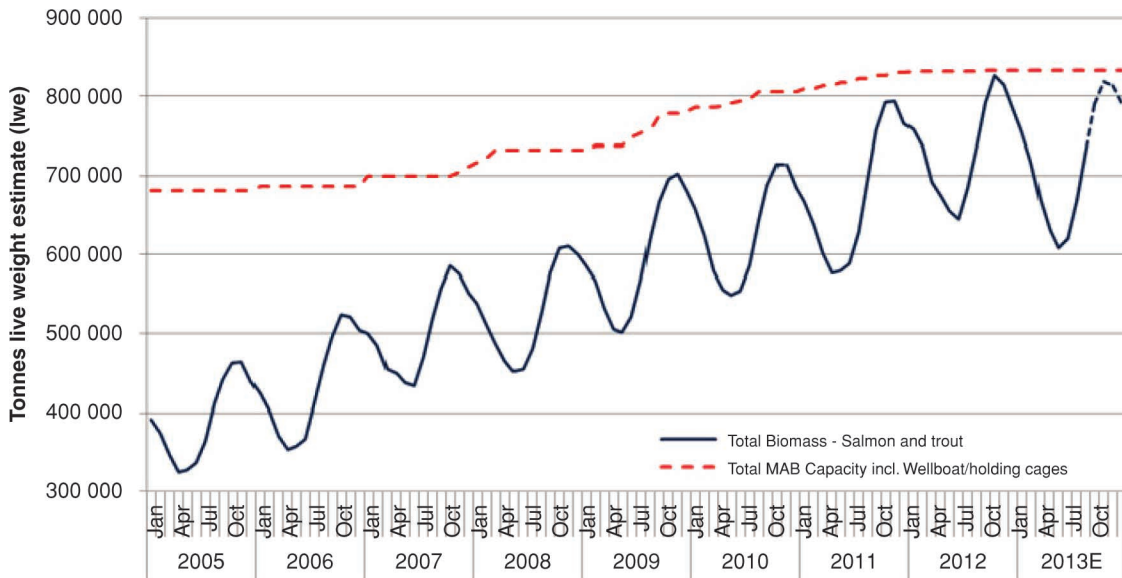


Source: Kontali Database. "Others" include Australia, Ireland, the Faroe Islands, Russia and Iceland.

Norway

Norway is the largest producer of farmed salmon globally and has the most developed aquaculture industry. Harvest of salmon in Norway has grown by on average 10% annually since 2007 and was 1,065,000 tons GWE in 2012. The main driver of the increased harvest was improved utilization of each license. Utilization of each license is regulated through the maximum allowed biomass, or MAB, which stipulates that the biomass for a license should at no point exceed 780 tons LWE (945 tons LWE in the regions of Troms and Finnmark). Norwegian salmon farmers have in recent years significantly increased their utilization of each license, and are now reaching the limit of MABs. The number of licenses has increased from 929 in 2007 to 963 in 2012. Norwegian authorities are in the process of issuing 45 new

licenses. The following chart shows MAB compared to the total biomass by tons of LWE in Norway for the years indicated:



Source: Salmon Farming Industry Handbook 2013

With limited room for continued improvement of the utilization of each license, growth is generally expected to slow in the near future and be primarily driven by issuances of new licenses. Markets for salmon farmed in Norway include Norway, the European Union, Russia and Asia.

Chile

Over the last 20 years Chile has developed into one of the most important aquaculture producers globally and is now the second-largest producer of salmon in the world. Atlantic salmon is the main specie, but there is also significant production of Coho salmon and Rainbow trout. Chilean production has in recent years been significantly impacted by challenging biological conditions. Disease problems in Chile started escalating after 2005, with disease and sea lice problems resulting in poor biological performance. Mortality increased rapidly as a result of appearance of the ISA virus and the growth of fish was reduced, sharply affecting yields (kilogram harvested per stocked smolt). As a result, there was a 68% drop in the Atlantic salmon harvest in Chile between 2008 and 2010. In response to the biological challenges, Chilean authorities have sought to revamp the regulation of the Chilean salmon farming industry. Since 2010, the Chilean salmonid industry has rebounded, growing by 29% in 2011 and 30% in 2012, with farmed Atlantic salmon harvests growing by 71% and 65%, respectively in 2011 and 2012. Markets for salmon farmed in Chile include the United States, South America and Asia.

Scotland

Scotland is the third-largest producer of salmon in the world, after Norway and Chile. While harvest volumes have more than doubled in Norway and Chile over the last 10 years, the volume harvested in Scotland has remained relatively stable. The main factors that limited growth of farmed salmon in Scotland are a lack of availability of suitable sea sites and the limited number of new licenses. Despite these limitations, the harvest of Scottish salmon grew by 3.6% annually from 2007 to 2012, driven by high market prices following the ISA crisis in Chile. Even though harvest growth in Scotland has not kept pace with Chile and Norway, the market is well managed with strong

infrastructure and strict regulatory control. Although Scotland has a strong home market, a global market exists for Scottish salmon including the United States, the European Union and China.

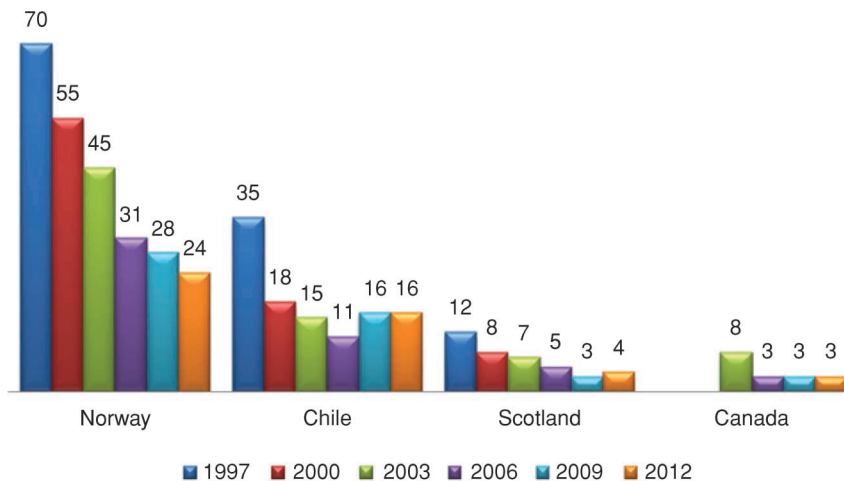
Canada

Canada is the world's fourth-largest producer of Atlantic salmon, with harvests growing by 2.4% annually from 2007 to 2012. Canadian production has been impacted by events causing elevated mortality (e.g., algae blooms). The market for salmon farmed in Canada includes Canada, the West coast of the United States and Asia.

Other locations for production of farmed salmon include the Faroe Islands, Ireland, Australia, Iceland and Russia and some very limited production in France, Denmark, Spain and Turkey.

Farming Industry Structure

Historically, the salmon industry has been made up of many, small companies, particularly in Norway, and to a lesser degree in Scotland and in Chile. During the last decade the salmon farming industry went through a period of consolidation. The following chart shows the number of companies comprising 80% of the industry's harvest volume for the periods indicated below:



Source: Kontali Database.

The four largest salmon farmers by volume are Marine Harvest, Lerøy, Cermaq and SalMar.

Marine Harvest (Norway): We are the world's largest salmon farmer, with a 2012 harvest of 392,306 tons GWE. We are present in all key production regions, but the bulk of our harvest is in Norway. In 2012, 65.1% of our sold volume was derived from Norway, 10.3% from Chile, 10.3% from Scotland, 10.3% from Canada and the remaining 4% from the Faroe Islands and Ireland.

Lerøy (Norway): Lerøy is the world's second largest salmon farmer, with a reported 2012 harvest of 153,403 tons GWE. In 2012, Lerøy reported that 100% of its sold volume derived from Norway. Lerøy also has a 50/50 joint venture with SalMar in Scotland, called Scottish Sea Farms. In 2012, Scottish Sea Farms reported a harvest of 13,600 tons GWE of salmon. Including the joint venture, 92% of Lerøy's volume is reportedly derived from Norway and 8% from Scotland.

Cermaq (Norway): Cermaq is the world's third largest salmon farmer, with a reported 2012 harvest of 119,600 tons GWE. In 2012, Cermaq reported that 42% of its sold volume derived from Norway, 42% from Chile, and 16% from Canada.

SalMar (Norway): SalMar is the third largest salmon farmer in Norway and the world's fourth largest salmon farmer, with a reported 2012 harvest of 102,600 tons GWE. In 2012, SalMar reported that 100% of its volume derived from Norway. SalMar has a 50/50 joint venture with Lerøy in Scotland, and in addition owns 14.9% of P/F Bakkafrost, a fish farming company in the Faroe Islands. Including the joint venture, reportedly, 88% of SalMar's volume is derived from Norway and 12% from Scotland.

Secondary Processing and Industry Structure

Salmon processing can be divided into primary and secondary processing, with secondary processing including value-added processing, or VAP. Primary processing includes slaughtering and gutting and is typically undertaken by the salmon farmer. Secondary processing entails removing the head, filleting, fillet trimming and portioning, as well as further processing of the fish, including marinating, smoking or cooking the salmon. Secondary processing requires different processing facilities than primary processing and is often undertaken by dedicated salmon processing companies.

Salmon processors acquire salmon from salmon farmers like us. The salmon processing industry is fragmented, with more than 4,000 companies in Europe alone. Most of the companies are fairly small, but there are also several companies of significant size involved in the secondary processing of salmon and other seafood species. The largest secondary processors of salmon are Marine Harvest, Morpol (which we recently acquired) and Labeyrie.

Marine Harvest (Norway): In Europe, we produced approximately 56,000 tons of finished secondary products from facilities in France, Belgium, the Netherlands, the Czech Republic, Ireland and Poland in 2012. In addition approximately 50% of the 41,265 tons of fillets produced in Norway were sold to third parties. In the Americas, we produced 35,300 tons of secondary products in 2012 from plants in the United States, Canada and Chile. In Asia, we produced 2,100 tons of finished products at our processing plants in Japan in 2012.

Morpol (Poland): The European Commission approved our acquisition of Morpol, a world leading salmon processor, on September 30, 2013. Morpol processed 68,213 tons of secondary processed products from facilities in Poland, United Kingdom and Vietnam in 2012. Morpol's main markets are Poland, Germany, France and the United States.

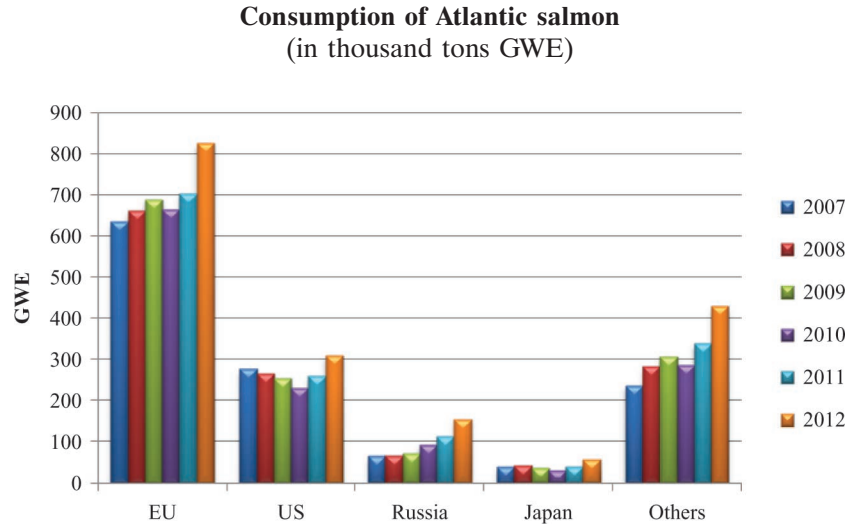
Labeyrie (France): Labeyrie reports that it is the world's second-largest salmon processor, selling most of its products in France, but Labeyrie products are also found in the United Kingdom, Spain, Italy and Belgium.

Other renowned companies in the secondary processing industry include Alfesca (Iceland), Meralliance (France), Suempol (Poland) and Friedrichs (Germany). Most of the largest processors base their processing on Atlantic salmon, producing smoked salmon, portions or ready to eat and ready to heat meals.

Key Markets and 2012 Trends

The market growth in the consumption of Atlantic salmon has been substantial for many markets with Russia, Japan and Brazil having the highest percentage growth rates. The European Union, the

United States, Japan and Russia are the largest markets for Atlantic salmon. The following chart shows the consumption of Atlantic salmon by markets and year in thousand tons of GWE:



Source: Kontali Database

Geographically, growth has been observed in both traditional and in new salmon markets. The strong growth in Brazil is linked to the growing supply of salmon from Chile. The supply of farmed salmon to Japan in 2012 was up 39.0% compared to 2011, a result of strong demand in 2012. In general, the Asian market was stimulated by very attractive prices for salmon of Chilean origin.

European Union

The European Union is the world's largest market for Atlantic salmon. The bulk of the salmon supplied to the EU market is exported from Norway and Scotland. In the European Union, the supply of Atlantic salmon increased from 634,100 tons GWE in 2007 to 825,700 tons GWE in 2012, constituting an average annual increase of 5%. Growth was especially significant in 2012, driven by a drop in the salmon price and high promotional activity by retail chains.

United States

The United States is the world's second largest market for Atlantic salmon. The supply of Atlantic salmon to the U.S. market was approximately 310,600 tons GWE in 2012, up by an average of 2% annually from 2007. Growth was negative from 2007 to 2010, due a significant drop in the supply of salmon from Chile. The U.S. market is predominantly supplied by the Chilean and Canadian salmon farmers.

Russia

Russia has recently increased its importance as a major market for Atlantic salmon. Consumption experienced a long period of exceptional growth followed by slower growth rates towards the end of 2012. The total supply of Atlantic salmon to the Russian market was approximately 154,500 tons GWE in 2012, up from 65,200 tons GWE in 2007, constituting an average 19% annual increase over a five-year period. Norway is the largest supplier of Atlantic salmon to the Russian market.

Japan

Japan is another key market for salmon. The supply of Atlantic salmon to Japan has increased by 7% annually from 2007 to 2012. Japan has traditionally had much higher seafood consumption per capita than any other country in the world. However, the major part of Japanese seafood consumption are fish species other than salmon, and, even within salmonids, Atlantic salmon constitutes a relatively small segment in the Japanese market compared to large trout and coho. The main suppliers of Atlantic salmon to Japan are Norway and Chile.

Other markets

Other markets include Eastern European countries other than Russia that are not part of the European Union, Asian countries and Brazil. Some of these markets are experiencing substantial population and income growth, and these markets have grown by 13% average annual increase in the period from 2007 to 2012.

BUSINESS

Overview

We are a leading seafood company and the world's largest producer of farmed salmon, offering fresh salmon, processed salmon and other processed seafood to customers in more than 50 markets worldwide. We engage in two principle types of activities:

- fish farming and primary processing of fish in Norway, Scotland, Canada, Chile, Ireland and the Faroe Islands, and
- secondary processing of seafood in Norway, Chile, Ireland, the United States, France, Belgium, the Netherlands, Poland, the Czech Republic, Japan, Taiwan and South Korea.

Our fish farming operations consist of raising farmed salmon throughout their life cycle, from egg to adult, in a controlled environment and subsequently harvesting and primary processing the fish. The primary processing of fish involves slaughtering and gutting operations. Our customers of our primary processed salmon include our own secondary processing operations, distributors and other secondary processors of salmon.

Our secondary processing entails using the gutted fish to prepare products such as fillets, steaks and other portions of fish for retail and catering. Secondary processing activities include packaging the products and further preparation to create ready-to-heat or ready-to-eat products. Our customers of secondary processed salmon include other secondary processors of salmon, retailers such as grocery stores and food service providers such as hotels and other service and catering entities.

In 2012, 65.1% of our sold volume derived from Norway, 10.3% from Chile, 10.3% from Scotland, 10.3% from Canada, and the remaining 4.0% from the Faroe Islands and Ireland.

In 2012, we began transforming ourselves from a production-driven fish farming company into an integrated marine protein producer, expanding into fish feed and broadening our secondary processing operations. To this end, in 2012 we broke ground on a fish feed plant in Norway, which we expect to supply up to 65% of our Norwegian fish feed requirements by 2015 (representing approximately 40% of our global fish feed needs), based on 2012 production. Also, in 2012 and 2013, we acquired Morpol ASA, or Morpol, a world leading secondary processor of salmon with processing facilities in Poland, United Kingdom and Vietnam. We acquired 100% of Morpol on November 12, 2013.

We harvested 159,473 tons of salmon gutted-weight equivalent, or GWE, for the six months ended June 30, 2013 and 392,306 tons and 342,820 tons of salmon GWE for the years ended December 31, 2012 and 2011, respectively. Our EBIT was NOK 1,795.0 million for the six months ended June 30, 2013 and NOK 1,009.8 million and NOK 406.0 million for the years ended December 31, 2012 and 2011, respectively. Our Group Operational EBIT was NOK 1,383.3 million for the six months ended June 30, 2013 and NOK 643.4 million and NOK 2,717.3 million for the years ended December 31, 2012 and 2011, respectively. Our return on capital employed, or ROCE, was 15.6% for the six months ended June 30, 2013 and 3.9% and 16.8% for the years ended December 31, 2012 and 2011, respectively. Group Operational EBIT and ROCE are non-IFRS financial measures. See "*Item 3. Key Information—A. Selected Financial Data*" for a description of how we define and calculate Operational EBIT and ROCE and for a reconciliation of Group Operational EBIT to EBIT.

Corporate Foundation

Our foundation is based upon the belief that through cultivating seafood we can produce healthy, nutritious and affordable food for the wider society. The Food and Agricultural Organization estimates that only approximately 2% of the world's food supply (including farmed and wild fish harvest) comes

from the ocean. We believe that global consumption of seafood will increase in the future, both in terms of overall volumes and as a percentage of global food supply, for the following reasons:

- *Global population growth*—the global population is expected to grow from over seven billion in 2013 to over nine billion by 2050, resulting in an increased global demand for food, including proteins;
- *Increasing per capita income in emerging markets*—as populations in emerging markets become wealthier, their disposable income and consumption of proteins is expected to increase;
- *Health benefits of seafood*—a diet that includes fish one to two times per week helps address obesity and forms part of a healthy lifestyle, according to the American Health Organization;
- *Carbon efficiency of aquaculture*—we believe that aquaculture can provide healthy proteins in a carbon efficient way. On the basis of the feed conversion ratio, which measures kilograms of feed needed to increase an animal’s bodyweight by one kilogram, and edible yield, which measures the percentage of the animal that can be consumed, Atlantic salmon provides a more carbon efficient source of proteins than beef, pork or chicken.

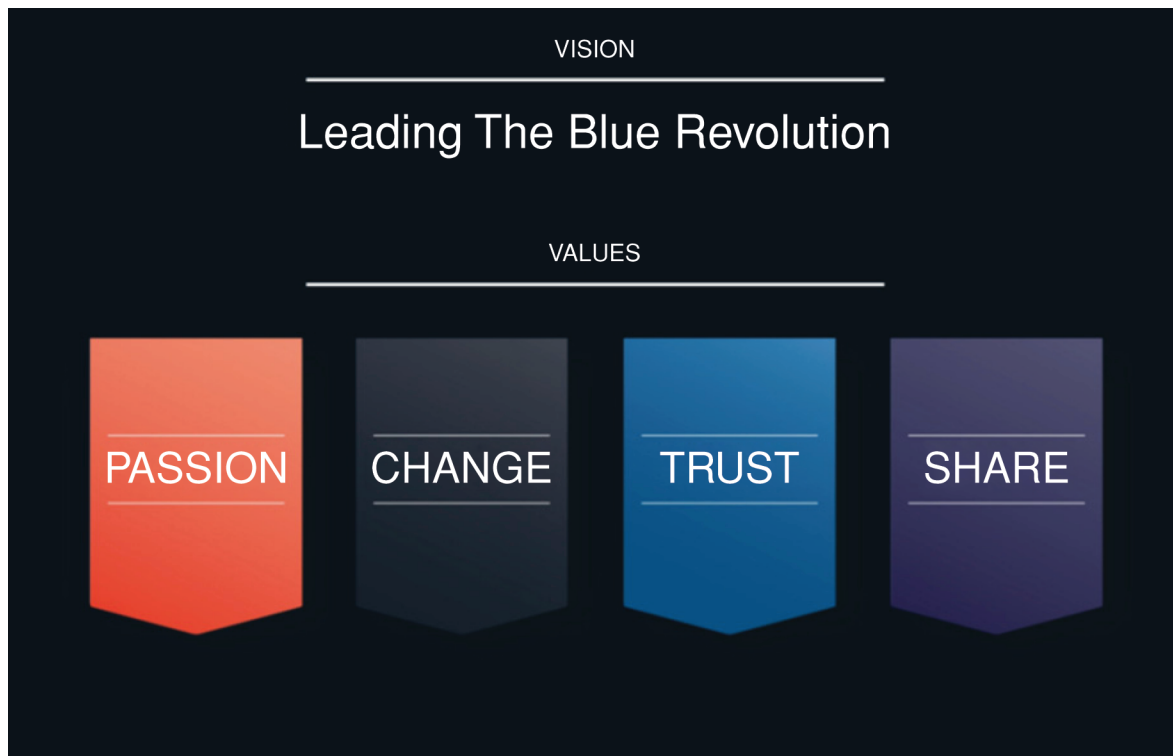
The wild fish supply is not expected to meet the increased demand for fish driven by the global population growth. According to the Food and Agricultural Organization, the wild fish harvest has been relatively stable since the late 1980s. However, as the global population has increased, the wild fish catch per person has dropped from 17 kilograms per person at its height in 1988 to 13 kilograms in 2012, a 37-year low (in each case including fish not used for human consumption). In contrast, the output from fish farming has increased from 24 million tons per year in the mid-1990s to an estimated 65 million tons in 2012. Fish farming is the only way of securing access to fish protein at an affordable price for the increasing population.

Our goal is to be the leader in the three key fields of the salmon aquaculture value chain: salmon feed, salmon farming and salmon processing. By integrating the full value chain, we can control our products from feed to fork, which will enable us to be a more efficient producer of salmon and salmon products and allow us to be proactive in addressing challenges related to sustainable feed, farming and processing.

The seafood industry must be environmentally and socially sustainable to be profitable over the long term. Our growth must be sustainable from an environmental, social and financial perspective. We need attractive financial results to have the financial strength to drive the sustainable development of our operations. This interdependency has led us to develop four equally important guiding principles for our business—Profit, Planet, Product and People.

- **Profit:** Our profits hinge on our ability to provide customer value from healthy, tasty and nutritious seafood, farmed both cost-effectively and in an environmentally sustainable way that maintains the aquatic environment and respects the needs of the wider society.
- **Planet:** Our operations and the long-term profitability ultimately depend on sustainable and environmentally responsible interactions with the natural environment. We rely on qualified personnel to maintain fish health, avoid escapes and minimize the environmental impact of our operations.
- **Product:** We aim to continually deliver assuredly healthy, tasty and responsibly produced seafood to our customers to deliver long-term financial profitability.
- **People:** Employee safety and employees’ self-respect and personal pride in their work cannot be compromised if we are to succeed as a company with good relationships with the local communities.

Our mission is to produce and sell seafood for a better life for our customers (Product), shareholders (Profit), our colleagues (People), all other stakeholders and for the world (Planet). We seek to farm in the ocean through a sustainable model so that fish harvests can grow over time and we aim to be a leader in the continued development of sustainable protein production. These goals are embodied in our vision: “Leading the Blue Revolution.” Closely linked to our vision are our common values: “Passion,” “Change,” “Trust” and “Share.”



- Passion for the company and product: Passion is the key to our success and how we make a difference
- Change is the new “normal”: We are ready for change and continuously work to improve our operations.
- Trust is essential in everything we do: Our operations provide safe, good and healthy food and we deliver on our promises.
- Share is the backbone of our 10,000 employees (including Morpol): We share knowledge and experiences, we are open and transparent and we cooperate with key stakeholders globally.

Profit—Strengths & Strategies

As a leading seafood company and the world's largest producer of farmed salmon, we are well-positioned to take advantage of the attractive dynamics in the seafood industry globally, and in particular the salmon farming industry. The key strategies of our business include the following:

Strengths

Our leading market position allows us to benefit from economies of scale and our geographic diversity reduces our exposure to regional trends

We are the largest producer of farmed salmon and, with the acquisition of Morpol, the largest salmon processor in the world. We have salmon farming and primary processing activities in Norway, Chile, Scotland, Canada, Ireland and the Faroe Islands and secondary processing activities in the United States, France, Belgium, the Netherlands, the Czech Republic, Poland, Norway, Chile, Ireland, Japan, Taiwan and South Korea. In the year ended December 31, 2012, we harvested 392,306 tons of salmon GWE, compared with 342,820 tons in 2011.

Our size and scale allow us to benefit from economies of scale in farming and processing of fish, as well as to leverage expertise and production methods across our operations, which make us an economically efficient producer of premium quality Atlantic salmon and secondary processed seafood. In addition, our size and scale reduce our exposure to regional trends in salmon prices, disease cycles and other issues with salmon farming that tend to be manifested at a regional rather than a global level.

We expect demand for farmed fish, in particular farmed Atlantic salmon, to increase in the coming years and we are well positioned to benefit from an increase in demand

We believe that demand for protein, and fish protein in particular, will increase in the future due to an increasing global population and an increasing per capita income in emerging markets. We believe that the health benefits of eating salmon and the carbon efficiency of salmon farming (more efficient feed conversion ratio and edible yield compared to other protein sources such as beef, pork and chicken) will result in an increase in demand for farmed salmon. Because wild catch harvest has remained constant in recent decades as wild catch harvest has reached the natural capacity of the ocean for sustainable harvest, farmed fish production will need to increase to meet this anticipated increase in demand. As the world's largest producer of farmed salmon, we believe that we are well-positioned to benefit from increases in demand in future years.

We have established fish farming and processing facilities in a number of countries across four continents

We have fish farming operations and primary and secondary processing activities across four continents, enabling us to farm, harvest and process fish closer to our customers, limiting the time required to bring our product to market and expanding our potential customer base.

Our vertically integrated business model reduces our exposure to input costs fluctuations and gives us greater control over our operations

We believe that there are significant benefits associated with being an integrated producer of salmon, from fish feed production and salmon farming to secondary processing of the fish. These benefits include the following:

- Our farming operations ensure a consistent supply of high quality salmon as input for our secondary processing operations and reduces our exposure to the volatility in prices of farmed salmon.

- With the importance of food safety to the consumer, our vertically integrated platform will provide increased traceability from feed to consumption of the salmon product.
- Controlling the full spectrum of the fish farming process from feed to fork will allow us to meet varying customer specifications—for example, many of our customers demand differentiated products, including organic salmon, and with control over the entire production processes, we will be well-positioned to meet that demand.
- By producing our own fish feed, we will be able to control the quality of the fish feed, and also the margins that currently goes to the fish feed producers.

Our Research and Development promotes fish health and welfare, environmental safety and product quality and food safety

Our research and development activities are conducted by experienced technical personnel within our operating segments: Farming, Markets, VAP Europe and Fish Feed. R&D activities within these operating segments are supervised by our Global R&D Department. Our R&D activities include research in the areas of biometrics, fish feed and nutrition, fish health and welfare, food safety and product quality, technology and the environment as well as breeding and genetics.

Our research and development efforts help us solve operational challenges faced by our farming and processing operations. We view research and development as crucial for further development and strengthening of the relatively young salmon farming industry. Our technical staff is involved in government and industry-led research projects and programs, and we believe this reflects the strength of our R&D staff. In addition to collaboration with and outsourcing of R&D activities to external research institutions, we own and operate three research facilities: Center for Aquaculture Competence AS (owned together with two other parties), or CAC, operated by us in Norway, Ardnish, operated by us in Scotland, and a smaller research facility in Chile.

Examples of our achievements within the sustainability area include identification of a major gene controlling *Infectious Pancreatic Necrosis* or IPN resistance, in-house production of Ballan wrasse to control lice, reduced mortality in seawater and reduced dependency on marine feed raw materials.

Our experienced management team and technicians maintain institutional knowledge and increase efficiency

Our management team consists of highly experienced professionals in the seafood industry, with backgrounds across all disciplines of seafood cultivation and processing and significant experience managing a vertically integrated platform. We believe that our emphasis on research and development, nutrition, health and quality assurance has made us a technological leader in the industry. Some of our accomplishments include the identification of the major gene controlling IPN resistance in the Mowi strain broodstock and farming our own wrasse, a cleaner fish used to combat sea lice. We have also started a trial project for land-based post-smolt production.

Our chairman, Ole Eirik Lerøy, and CEO, Alf-Helge Aarskog, aspire to be pro-active in their management of our business by identifying opportunities in the markets we serve. We continue to look and position ourselves for future growth. Recently, our management team has positioned us for vertical integration through the introduction of fish feed production and expansion within secondary processing through the acquisition of Morpol and the construction of more facilities.

We also have a vast network of highly trained, knowledgeable technicians who manage our farms and processing facilities. We believe that such institutional knowledge and human resource capital enable us to operate our farms and processing facilities more efficiently.

Strategies

Maintain rigorous controls over our operations help to ensure safe, quality Products

We believe that we deliver healthy, tasty and responsibly produced seafood to our customers through our quality assurance systems and controls. These controls include monitoring programs for microbiology, residue and nutritional value. We also continue to invest in research and development projects and activities to improve product quality-related parameters. Production and processing of fish is a complex and heavily regulated process. Strict adherence to regulations, license terms and best practices is necessary to ensure that the seafood we produce meets our rigorous safety and quality standards as well as regulatory standards. To this end, we have established Group-wide standards and controls to help us comply with applicable regulations and best practices. For example, we adhere to the Best Aquaculture Practices and the Aquaculture Stewardship Council's guidance on environmentally responsible salmon farming. We are also implementing a new standard for sustainable salmon farming, called the ASC Salmon Standard, promulgated by Salmon Aquaculture Dialogue with an ambition to have all of our farms certified by 2020.

Lead sustainability and environmental movement in aquaculture to help preserve our Planet

Sustainability is necessary for long-term value creation in salmon farming. We are focused on reducing our carbon footprint by optimizing our use of energy throughout our value chain. Efficient use of fish feed is a key variable in reducing our carbon footprint. By reducing the animal content of the fish feed and replacing it with more carbon efficient sources, we are reducing our own carbon footprint and improving sustainability of our operations. Fish feed is one of the main sources of greenhouse gas emissions in the fish farming value chain, and the cost of feed represented more than half of our "cost in box" in 2012. The efficient use of fish feed is therefore key to both profitability and improving our carbon footprint.

Climate change poses a potential challenge to our industry. Fish farming is dependent on thriving aquatic ecosystems which are particularly vulnerable to the effects of a warming planet. Rising ocean temperatures and ocean acidification are the two main threats our business may face due to climate change. As climate change could potentially entail detrimental effects for our industry, it is important that we do our part to contribute to reducing greenhouse gases in the atmosphere, both through providing a more climate friendly protein alternative and by reducing our own emissions.

Furthermore, we remain focused on energy consumption in our operations and seafood processing. We monitor energy use and work on identifying steps in our value chain to improve energy efficiency. We recently achieved a position of leadership with regard to the climate change data we submitted to the global marketplace through the Carbon Disclosure Project, or CDP. CDP tracks how the world's largest listed companies are acting in response to the changing climate. Our score placed us in the top 10% of companies assessed as part of CDP Nordic 260 Climate Change Report 2013.

Upstream and downstream integration to deliver Profit, improve the quality of our Product, lower the impact on our Planet and ensure development of our People

We refer to activities occurring after farming (i.e., secondary processing) as downstream operations and activities occurring prior to farming (i.e., feed production) as upstream operations. We plan to complete our first fish feed production facility in 2014, with full capacity expected to be reached by 2015 and we have begun integrating Morpol into our operations. We continuously evaluate other opportunities to become a more integrated operator, including potential acquisitions of fish feed producers, fish farms or fish processors and greenfield expansion projects in any of these fields.

Integrated production helps us stabilize our costs, control quality of our products and improve efficiency. With upstream integration into fish feed production and a world-leading farming and

secondary processing platform, we are well-positioned to become a leading, global, integrated protein producer. Over time, upstream and downstream integration is expected to result in more stable earnings and unlock future growth. We will be less exposed to the cyclical nature of salmon prices and better able to control the quality of our products. Although our primary focus is on salmon, with approximately 90% of our revenue derived from salmon products in 2012, we also produce halibut and we may expand into other fish species in the future.

Promote upstream integration—by establishing our first fish feed production facility

Fish feed is the single most significant cost in the production of Atlantic salmon. Fish feed is also important with regards to sustainability and quality of the end product. We are currently constructing a 220,000 ton per annum fish feed plant located in Bjugn, Norway, which at full capacity is expected to account for approximately 65% of our Norwegian fish feed needs (representing approximately 40% of our total global fish feed needs), based on our 2012 production. We selected the location and the size of the plant, based on the location of the majority of our farming sites in Norway. We expect the plant to reach full capacity by 2015. Fish feed production is a new field of operation for us, and, by establishing our first factory, we seek to increase our knowledge of fish feed ingredients and better understand how to adapt the feed to our fish. We believe the fish feed plant will strengthen the production side of our business model, secure access to high quality fish feed and improve our ability to control, trace and understand the key input of our product. We continue to explore other alternatives in expanding our fish feed operations.

Promote downstream integration by constructing greenfield secondary processing facilities and acquisition of Morpol

In line with our strategy to expand our secondary production capacity, our new greenfield secondary processing facility in Boulogne Sur Mer, France commenced operations in May 2012. The 8,000 square meter processing and packing plant engages in secondary processing of salmon and white fish. In addition, in 2012 we opened a small processing line in the Czech Republic and a new greenfield factory in Osaka, Japan to produce secondary processed products close to our customers. In 2013, we opened secondary processing facilities in South Korea and Taiwan.

On September 30, 2013, the European Commission approved our acquisition of Morpol, subject to divestment of Morpol's Scottish farming capacity on Shetland and the Orkneys of approximately 18,000 GWE. We acquired 100% of Morpol on November 12, 2013. Morpol is a leading value-added producer of salmon, and the acquisition is part of our strategy to further integrate our production process and expand our sales in markets where we previously have not been very active. Morpol was founded in 1996 and has secondary fish processing operations in Poland, the United Kingdom and Vietnam, as well as distribution, sales and marketing operations in a number of countries. Morpol is the world's largest secondary processor of salmon as measured by volume of salmon produced in 2012 and its fish processing plant in Ustka, Poland is the largest in Europe as measured by processing capacity in 2012, with 753,000 square foot of space. In 2012, Morpol processed approximately 70,000 tons of salmon GWE. In addition to its secondary processing activities, Morpol has fish farming operations and harvested a total of 29,768 tons GWE of salmon in 2012 from sites in Norway and Scotland. Morpol sells primary and secondary processed fish in more than 30 countries in the world and its main markets are Germany, France, the United Kingdom and Italy. Morpol's 2012 revenues were NOK 3,724 million and its operational income was NOK 198 million.

Product—How We Create Tasty and Healthy Seafood

We farm Atlantic salmon and engage in primary and secondary processing of salmon and other seafood. Our main product is Atlantic salmon, with salmon sales accounting for 89.8% and 91.6% of the total revenue for the years ended December 31, 2012 and 2011, respectively. Our non-salmon

products include cod, Alaska pollack, shrimp, plaice, redfish and pangasius. We produce an average of 4.8 million meals of salmon every day.

Salmon Farming Operations

We farm our salmon in Norway, Chile, Scotland, Canada, the Faroe Islands and Ireland.

Salmon farming entails transforming salmon eggs to smolt to a full-grown salmon of typically four to five kilogram. The salmon production cycle has five linked phases: freshwater, seawater, harvesting, processing and distribution. Salmon farming follows the same cycle as takes place naturally for wild salmon. The overall life cycle of salmon typically takes between 24 and 36 months, starting in freshwater and involving several stages in freshwater before the young salmon, or smolt, is ready for the sea.

The freshwater phase occurs in hatcheries (pools on land) or in freshwater lakes. Initially, broodfish, which are salmon selected for breeding purpose are stripped for eggs. The eggs are then fertilized under controlled conditions, or spawned, and transferred to hatching trays. Once the eggs hatch into alevins, they grow in the hatching trays until they become fry and are ready to be moved into freshwater tanks on land (outdoor or indoor) or to cages in freshwater lakes. The fry grows until it becomes smolt, a stage at which the fish is normally between 60 and 120 grams and is ready to transition into the seawater phase, a process called smoltification.

In the seawater phase smolt are transferred to seawater in large tanks on trucks and in boats known as well boats. During the journey, the salinity of the water is gradually increased to approach the natural salinity of seawater. The smolt are then transferred to net pens in seawater. The seawater phase lasts until salmon reaches a harvest weight of typically four to five kilograms over a period of 14 to 20 months. The grow-out facilities used for fish at sea are circular or square pens (either steel or plastic), equipped with a series of floating docks, walkways, moorings, nets, cameras, feed barges and boats. The pens are anchored to the seabed.

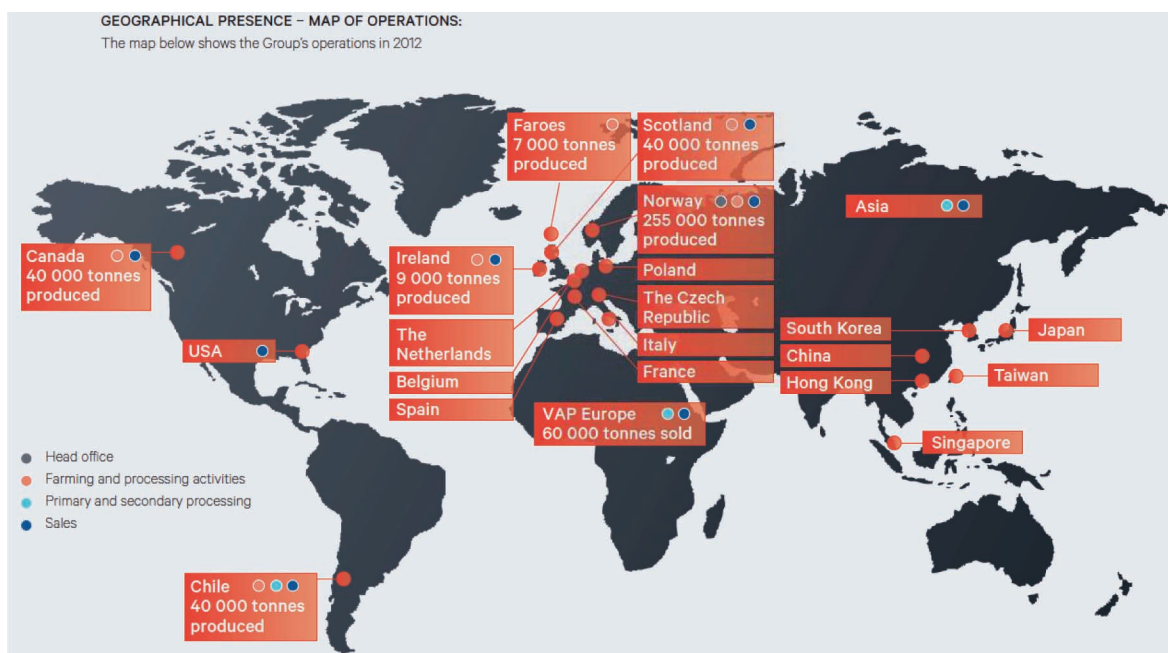
Our ambition is to apply best production practices across geographies to optimize production in a sustainable way. Managing all of our farming activities in one business area facilitates the transfer of knowledge and best practices within the Group. Close cooperation with our R&D department contributes to improvements in fish health, feeding efficiency and use of medicines. Each geographic operation is fully integrated, with operating units in each country where we farm salmon having full control of the value chain from smolt production and farming, via processing to packaging activities.

When salmon reaches market weight, it is harvested. The fish may be gutted at the site at the time of harvesting or at a central point prior to preparing the fish for sale. Fish not yet gutted are transferred to primary processing plants. Fish gutted on site are transported to secondary processing facilities or to the market.

In 2012, 65.1% of our sold volume derived from Norway, 10.3% from Chile, 10.3% from Scotland, 10.3% from Canada and the remaining 4.0% from the Faroe Islands and Ireland. The following chart shows harvest volume of salmon in tons GWE in 2012, 2011 and 2010 by region of origin:

Region of Origin:	Year ended December 31,		
	2012	2011	2010
	(in tons gutted weight)		
Norway	255,306	217,510	202,455
Scotland	40,261	50,174	33,136
Canada	40,217	33,917	33,576
Chile	40,222	25,960	9,868
Ireland	9,407	9,332	10,556
Faroe Islands	6,893	5,927	5,419
Total harvested volume of salmon	392,306	342,820	295,010

The following graphic shows our global farming operations by harvest volume in 2012 as well as the locations of our primary and secondary processing facilities:



Processing

Seafood processing is divided between primary and secondary processing.

Primary processing entails slaughtering and gutting of the fish. The salmon we harvest is processed by our own primary processing facilities, except for the Faroe Islands where the primary processing is done by third parties. In addition, we primary process some salmon that is farmed or harvested by other companies. The majority of our primary processed salmon is sold to third parties, while the remainder goes to our secondary processing facilities. We also purchase from third parties some gutted salmon and other seafood for secondary processing by us. In all processing plants, we operate with high

levels of quality and hygiene, meeting rigorous specifications of relevant authorities and leading retailers around the world.

Our secondary processing operations entail using the gutted fish to prepare products such as fillets, steaks, and other portions of fish for retail and food service. Secondary processing activities include packaging the products and further preparation to create ready-to-eat and ready-to-heat products. Our secondary processing activities take place in our own processing facilities in Norway, France, the Czech Republic, Poland, Ireland the Netherlands, Belgium, Chile, the United States, Japan, Taiwan and South Korea. Some of the secondary processing takes place in our primary processing facilities. Following the acquisition of Morpol, secondary processing will also take place in Vietnam and England. The main products produced by our secondary processing facilities are fillets, steaks, portions and loins of salmon and white fish, coated seafood, smoked seafood and elaborated seafood. We offer a wide range of value added products of approximately 60 different seafood species; the main species used in our secondary processing operations are Atlantic salmon, cod, pangasius, Alaska pollack, redfish, plaice, haddock, shrimp and halibut. Atlantic salmon comprised the large majority of the inputs used by our secondary processing facilities in 2012 and nearly all of it was produced in our farming operations. Other input used in secondary processing are purchased from third parties.

The following table shows our processing facilities by location and their 2012 production, broken down between primary processing and secondary processing facilities:

<u>Country</u>	<u>Harvest Volume 2012</u> <small>(in GWE tons)</small>	<u>Secondary Processing Production 2012⁽¹⁾</u> <small>(in tons)</small>
Norway	255,306	41,265
Scotland	40,261	—
Ireland	9,407	1,000
Chile	40,222	19,300
Canada	40,217	2,000
Faroe Islands	6,893	—
France	—	25,400
Netherlands	—	7,500
Belgium	—	12,700
Poland	—	7,600
Japan	—	2,100
United States of America	—	14,000
Czech Republic	—	1,666
Total	<u>392,306</u>	<u>134,531</u>

(1) In Norway, the secondary processing performed is limited to producing filets, both for sales to end customers and as raw material for internal and external industrial processors. About 50% of the filet volume produced in Norway in 2012 was sold to VAP Europe for further processing, and as such this volume is counted twice in the above table. Similarly the volume processed in the USA includes Chilean fillet volume further processed in the USA.

We are continuously exploring possibilities of expanding our downstream operations to capture the total value in our value chain. By insourcing fish feed, egg and smolt production as well as secondary processing, we not only control the quality of our product but we also internalize the profit from those activities within our organization. Such vertical integration, particularly the production of secondary processed salmon, helps us mitigate our exposure to fluctuations in salmon prices. Primary processed salmon is a fresh product with limited shelf life, and it should be sold within as few days as possible after harvest, while the shelf life of the secondary processed salmon can be extended through modified

atmosphere packaging, or MAP, a process used to extend the shelf life of fresh food products by substituting the atmospheric air inside a package with a protective gas mix. In addition, secondary processed salmon often has different end consumers, a different price point and is less subject to price fluctuations. For example, the price of smoked salmon tends to move less than the price of fresh salmon.

During 2012, we opened a new processing facility in Boulogne, France with focus on MAP products, a small processing line in the Czech Republic and a new greenfield factory in Osaka, Japan to produce value added products closer to our customers. The Osaka plant is our second in Japan. In addition, in 2013, we started secondary processing activities in Taiwan and South Korea.

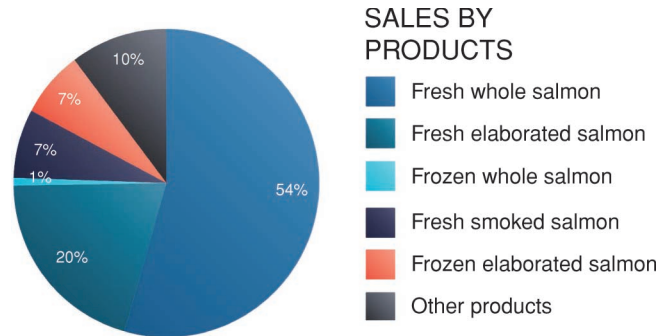
In 2013, we began restructuring our VAP Europe segment as part of our effort to become more cost efficient. The plan includes reducing the number of processing sites in Europe from 13 to eight, affecting sites in France, Belgium, the Netherlands and Poland. Of the approximately 2,400 employees in our VAP Europe segment, about 450 will be affected by the restructuring plan. We are in the process of engaging in consultations with employee representatives at affected sites. In addition, in 2013 we closed our secondary processing facility for smoked salmon in Chile.

Product Offering

The following are the main categories of the products that we sell:

- Primary Processed Fish
 - *Whole salmon, fresh or frozen*: our own farmed salmon; the fish is gutted, head on and sold boxed on ice.
- Secondary Processed Fish
 - *Processed salmon, fresh or frozen*: our own farmed salmon (as well as a limited amount of salmon produced by third parties) that has gone through secondary processing; and includes salmon fillets, steaks, portions, loins and elaborated salmon products. Elaborated salmon products include salmon tartar, stuffed salmon, terrines and brochettes as well as ready-to-heat and ready-to-eat meals such as marinated salmon, salmon roast and salmon in mustard sauce.
 - *Smoked salmon*: our farmed salmon (and salmon produced by third parties), either cold or hot smoked.
 - *Non-salmon species and ingredients*: includes our white fish products such as marinated barbeque cod, plaice cordon bleu, dusted pangasius and cod loin, marinated shrimp skewers, fresh fish sticks, marinated cod loin, shrimp limone as well as ingredients such as fish oil.

The following chart shows our sales by product as percentages of our overall sales by value in 2012:



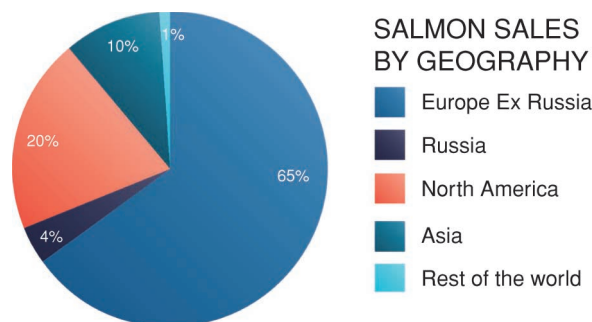
For comparable figures for 2011 and 2010, see “*Item 5. Operating and Financial Review and Prospects.*”

Marketing and Distribution

Our customers of primary processed salmon include our own secondary processing operations distributors and other secondary processors of salmon. We sell salmon and other seafood directly to retailers, hotels, restaurants as well as to third party processors and distributors in over 50 countries. Some of our sales occur pursuant to contracts, which generally have a duration of three to twelve months, and in the past have covered between 15% and 40% of our global harvest volume for the upcoming quarter. Our goal is that our contract coverage ratio should remain between 20% and 50%. Contracts mitigate our exposure to fluctuations in salmon prices, but can also result in us selling our products at prices that are lower than spot prices.

Although the market price of salmon is established through supply and demand for the product, in the short term, salmon producers are expected to be price takers. The long production cycle and a short time window available for harvesting, leave salmon farmers with limited flexibility to manage their short term supply. In addition, salmon is generally sold as a fresh commodity with a limited product life span, further limiting producers’ ability to control short term supply.

The following chart shows our sales of salmon by geographic region by value in 2012:



For further description and comparable figures for 2010 and 2011, see “*Item 5. Operating and Financial Review and Prospects—Key Factors Affecting Revenue—Prices.*”

Factors affecting market price for Atlantic salmon include:

- global supply (absolute and seasonal variations);

- global demand (absolute and seasonal variations);
- globalization of the market (arbitrage opportunities between regional markets);
- sales contracts, which reduces quantity available for the spot market;
- flexibility of market channels; and
- quality.

The Markets segment is responsible for developing markets for our products, maximizing price achievement and margins, and optimizing logistics. Our Markets segment includes sales and marketing operations in the Americas, Asia and Europe. As of December 31, 2012, we had sales and marketing operations in nine countries. Our customers include retailers, hotels, restaurants and third party processors. Although our products generally are sold under private label, we have a few brands including Kendall Brook and Kritsen for smoked salmon.

Distribution

We distribute the majority of our product through secondary processors and distributors. The secondary processed products produced by our European VAP operations are mainly private label products, branded by our customers, or first price products. We distribute our products to customers, by a combination of road, rail, ship and air freight. Our priority is to maintain the freshness and quality of our products by ensuring effective packaging and an unbroken cold chain. We generally rely on third party distributors for our logistics.

Morpol Acquisition

In the fourth quarter of 2012 and the first quarter of 2013, we completed the acquisition of 87.1% of the shares in Morpol ASA. The acquisition was subject to approval by the EU Commission, and the clearance was received on September 30, 2013 subject to divestment of Morpol's Scottish farming capacity on Shetland and the Orkneys of approximately 18,000 GWE. The total purchase price was NOK 1,683 million, NOK 425 million of which was paid through issuance of ordinary shares in Marine Harvest ASA and the remainder was paid in cash—NOK 513 million in 2012 and NOK 745 million in the first quarter of 2013. After clearance from the European Commission on September 30, 2013, we acquired shares from three Morpol shareholders and put forward an offer to acquire the remaining shares in Morpol at NOK 11.85 per share. Following the expiration of the offer on November 6, 2013, we owned 99.7% of the outstanding shares in Morpol and resolved to exercise our right to make a compulsory acquisition of the remaining outstanding shares in Morpol at NOK 11.85 per share. The compulsory acquisition was effective as of November 12, 2013, and we now own 100% of the outstanding shares in Morpol. The shares acquired through the acquisition from the three shareholders, the offer and the compulsory acquisition from September 30, 2013 to November 12, 2013 were acquired for a total purchase price of NOK 256.8 million. Payment for 10,200 shares remains outstanding.

Seasonality

Historically, sales of salmon have been higher in the fourth quarter driven by the December holiday season. In addition, fish grow fastest in the third quarter of each year in the northern hemisphere due to ideal seawater temperatures, but this growth does not affect our harvest.

Quality and Control

Our products must conform to the legal standards, our technical quality specifications as well as the specifications we have agreed with our customers. Technical quality specifications and quality grading cover parameters such as nutrient content (e.g., omega-3 content), visual appearance, size

grades, trim, the content of fat and pigment and the specifications for packaging conditions and packaging material. These specifications also cover microbiological quality criteria, which determine the shelf life of fresh products as well as ensuring the food safety.

Fish may be classified as superior, ordinary or production quality. Superior quality fish is a product without damage or defect that provides a positive overall impression. Ordinary quality fish is a product with limited external or internal faults, damage or defects. Production quality fish is a product that does not satisfy the requirements of either superior or ordinary quality due to product faults, damage or defects. In Norway, downgraded fish is normally priced based on standard rates of deduction compared to a superior quality fish. For fish classified as ordinary, the standard rate of reduction is NOK 1.50 - NOK 2.00 per kilogram GWE. For fish classified as production grade, the standard rate of reduction is NOK 5.00 to NOK 15.00 per kilogram GWE depending on the reason for downgrading. In other countries the price deductions related to quality are not as standardized, but the same general principles apply.

The following chart describes our certifications by business unit and activity in 2012. Some of the plants and sites within each business unit may not adhere fully or at all to all the described standards.

Business Unit	Activity	Certification
Ireland	Broodstock and juveniles	ISO 9001, ISO 14001, OHSAS 18001, GlobalGAP, Naturland Organic, BioSuisse, Organic, EU Organic Aquaculture, Freedom Food, Irish Certified Quality Salmon Organic, Friend of the Sea
	On-growing	ISO 9001, ISO 14001, OHSAS 18001, Naturland Organic, BioSuisse Organic, EU Organic Aquaculture, Irish Certified Quality Salmon Organic, GlobalGAP
	Primary Processing	ISO 9001, ISO 14001, OHSAS 18001, BRC, Naturland Organic, BioSuisse, Organic, EU Organic Aquaculture, Irish Certified Quality Salmon Organic, GlobalGAP
Chile	Broodstock and juveniles	SalmonGAP/GlobalGAP
	On-growing	SalmonGAP/GlobalGAP
	Primary Processing	BRC(third party)
Norway	Broodstock and juveniles	ISO 22000, ISO 9001, ISO14001 and GlobalGAP
	On-growing	ISO 22000, ISO 9001, ISO 14001, GlobalGAP
	Primary Processing	ISO 22000, ISO 9001, ISO 14001, GlobalGAP
Canada	Primary Processing	GAA BAP
	Broodstock and juveniles	ISO 14001, GAA BAP
	On-growing	ISO 14001, GAA BAP
Scotland	Juveniles	Label Rouge, ISO 9001, ISO14001, GlobalGAP, Product Certification Scheme for salmon smolt, PGI, Freedom Food, COGP
	On-growing	Label Rouge, ISO 9001, ISO 14001, GlobalGAP, PGI, Freedom Food, COGP
	Primary Processing	BRC, ISO 9001, ISO 14001, GlobalGAP, PGI, Freedom Food, Label Rouge, COGP
Faroes	Broodstock and juveniles	GlobalGAP
	On-growing	GlobalGAP
	Primary Processing	GlobalGAP
VAP Europe . .	Secondary processing	IFS, BRC, BIO, GlobalGAP, ISO 22000, ASC (Tilapia & Pangasius), Icelandic responsible fisheries (IRF)
Americas	Secondary processing	Marine Stewardship Council (MSC), Safe Quality Foods (SQF) Certification level 2 & 3, Kosher
Asia	Secondary processing	SQF level 3

Planet—Sustainable and Environmentally Responsible Development

Quality fish feed, fish health and research and development are essential to the performance of our fish and the quality of our end product.

Fish Feed

Fish feed accounted for more than half of our “cost in box” of harvested fish in 2012. We currently source all of our fish feed from third party suppliers, but have recently initiated construction of a fish feed production facility in Norway, which we expect to supply 65% of our Norwegian feed requirements by 2015 (representing approximately 40% of our global fish feed needs), each based on the 2012 production. The remaining 35% will be sourced from external suppliers, providing the ability to benchmark our own operations with the rest of the industry.

We procure our fish feed from a limited number of feed suppliers globally, primarily Skretting and BioMar. Our arrangements with fish feed suppliers generally provide that we acquire the fish feed at prices tied to the market prices for raw materials used in producing the feed, such as fish meal, fish oil, vegetable oils and meals. The arrangements are subject to a minimum fee per kilogram of fish feed, structured to cover the suppliers’ operational costs and margins. Our arrangements generally do not contain minimum or maximum fish feed purchase quantities. We are working continuously with our fish feed suppliers to alter feed recipes, based on the relative prices of raw materials, to secure the lowest possible cost of fish feed without compromising the quality, growth, health benefits and biological robustness of our fish. Due to market demands, regulation and different availability of raw materials, the ingredients used in fish feed today are different from country to country, giving higher raw material flexibility in certain regions such as Chile and Canada. This has an impact on the fish feed price.

Over the past decade, the salmon feed industry has consolidated. Today, the three largest salmon feed producers control a large majority of the output. The three largest salmon feed producers are BioMar, EWOS, and Skretting, which operate globally. Additionally, there are some smaller local producers who are only present in their regional markets.

Feeding farmed salmon with sustainably sourced fish feed is good resource management and it reduces our dependence on scarce resources. We support the International Fishmeal and Fish oil Organization standard for responsibly sourced fishmeal and fish oil, or IFFO RS, ensuring that the limited marine resources are managed in a responsible way. We work with our fish feed suppliers with the aim of constantly increasing the proportion of IFFO RS certified raw materials used in our fish feed. Our feed contracts provide that all content of fish meal and fish oil must be certified by IFFO RS.

We seek to expand the portfolio of raw materials that may be used in our fish feed. For example, by-products from livestock food manufacturing processes have been used in salmon diets in North and South America for several years as alternatives to marine and vegetable feed raw materials. These products, which are food grade raw materials, are highly nutritious and represent an important resource from a sustainability perspective. We believe that these raw materials will play an even more important role in the future in ensuring sustainable growth of our industry.

Fish Health

Fish health is very important to our farming operations. Fish are affected by factors including disease, sea lice, predators and others, which may have adverse effects on fish survival, health, growth and welfare and result in reduced harvest weight and volume, downgrading of products and claims from customers. We strive to manage the exposure to these and other biological risk factors through high focus on internal procedures for animal husbandry, mitigating actions and countermeasures. Our goal to rear healthy fish entails good management practices to provide our fish with conditions that satisfy

their biological needs for food, clean water, space and habitat. Our efforts include continuous monitoring of water quality parameters, stocking of fish at densities that consider fish welfare and practicing of site fallowing. We also have biosecurity programs and veterinary health plans, and all our fish are vaccinated against diseases.

Diseases

Diseases are a challenge to us, since they represent a cost (in terms of lost revenues and treatment costs) and also a threat to the wellbeing of the fish and the environment. We focus on preventing infectious diseases and limiting their spread. If fish become infected, they are treated with approved medicines, prescribed and supervised by authorized fish health professionals. We aim to limit the use of antibiotics in our operations by expanding biological and non-medicinal control tools.

In 2012, our four most important causes of mortality were:

- *Amoebic Gill Disease, or AGD*, which was our most prevalent cause of biomass mortality, resulting in a loss of 1,645 tons of fish (or 1.9 million fish in numbers). AGD is a naturally occurring type of gill infection caused by a ubiquitous, microscopic marine amoebic parasite. The amoeba affects the gills and can result in reduced performance and fish mortality. In 2012, we experienced a high prevalence of AGD outbreaks in our Scottish and Irish operations.
- *HSMI, or heart and skeletal muscle inflammation*, which was our second most prevalent cause of biomass mortality, resulting in a loss of 1,629 tons (or 784,000 fish in numbers). HSMI is an emerging viral disease and is considered to be caused by a novel Atlantic salmon reovirus. Primary symptoms of HSMI include myocardial and skeletal muscle necrosis indicating a severe inflammatory process. During 2012, clinical disease and loss related to this disease was observed in Norway and Scotland.
- *CMS, or Cardiomyopathy Syndrome*, which was the third most prevalent cause of biomass mortality, resulting in a loss of 1,574 tons (408,000 fish in numbers). CMS primarily affects the heart of the fish while also causing circulation failure and liver damage. CMS affects farmed salmon in the seawater phase and during transport of the fish to the processing plant. Because the disease normally affects the fish at the end of the production cycle, when the fish is ready for harvest, the economic losses can be substantial even though the total mortality is not high.
- *Pancreas Disease, or PD*, was our fourth most prevalent cause of biomass mortality, resulting in a loss of 1,217 tons (655,000 fish in numbers). PD is an infectious viral disease caused by a salmonid alphavirus. The disease affects the pancreatic tissue, heart and skeletal muscles of the fish and results in reduced appetite, lethargy, reduced health and increased mortality. The scars can cause downgrading and make the product unsuitable for smokehouses.

For more on these and other diseases affecting production, see “*Item 3. Key Information—D. Risk Factors—Risk related to Our Fish Farming Operations—Our fish stock can be adversely affected by various diseases.*” Today there exist vaccine protections or cures for many of these diseases, but the efficiency can still vary, see “*—Industry Overview—Salmon Farming and Processing—Fish Health.*”

Sea lice management

Sea lice is controlled through specific anti-lice agents, hydrogen peroxide baths in well boats or enclosed cages, and biologically by using “cleaner fish,” which are fish species that eat the parasites directly from the fish’s skin. Cleaner fish are caught wild or reared commercially and released into the salmon cages. Our efforts to improve sea lice management also include continuous monitoring of infestation levels, fallowing routines, stocking density management, cleaning of nets, and further commitment to invest in research on other cleaner fish species and sea lice R&D.

Authorities in each of the regions where we operate have limits on the maximum number of lice per fish. These limits vary based on type of lice, time of year and region. If lice levels reach these limits (trigger levels), fish must be treated. Our ambition is to maintain sea lice below trigger levels, although we exceed them at times, for example during a period of elevated water temperatures when lice levels change rapidly.

The following table presents average monthly percentage of sites above the relevant maximum sea lice levels per country (number of sites above trigger level is recorded at month's end) for the years ended December 31, 2012, 2011 and 2010:

	Year ended December 31,		
	2012	2011	2010
Norway	8.3%	7.5%	15.2%
Scotland	15.1%	11.7%	9.8%
Ireland	19.9%	13.0%	6.2%
Faroe Islands	7.6%	15.8%	6.2%
Canada	5.5%	1.5%	5.5%
Chile	23.7%	14.1%	4.8%
Marine Harvest average	12.2%	11.9%	8.2%

Escapes and Predation

In addition to reducing our fish count, escaped salmon presents a challenge to the environment as they may impact the wild salmon population by genetic interaction and risk of transferring disease. Human error in connection with reception, grading, sampling and handling of salmon, damage to cages and net failure, as well as natural phenomena such as extreme weather conditions may contribute to fish escape. Our target is zero escapes. We systematically analyze escape events to help us address the risk of escape.

The number of escape incidents and the number of escaped fish have shown a declining trend since 2010. Fifteen incidents and 144,512 escaped fish in 2010 have been reduced to six incidents and 3,150 escaped fish in 2012. We believe that our systematic approach to reviewing and analyzing our escape pattern significantly contributed to this development. The following table shows the number of escape incidents and number of fish lost by business unit:

<u>Business unit</u>	2012		2011		2010	
	Number of escape incidents	Number of fish lost	Number of escape incidents	Number of fish lost	Number of escape incidents	Number of fish lost
Ireland	0	0	0	0	2	85,073
Chile	1	400	0	0	0	0
Norway	2	2	6	71,514	4	1,170
Canada	1	7	1	1	4	43,623
Scotland	0	0	0	0	3	11,111
Faroes	2	2,741	0	0	2	3, 535
Total	6	3,150	7	71,515	15	144,512

Our salmon are also subject to predation, from predators such as otters, herons, shags, gulls, seals, sea lions and minks. We strive to protect our salmon against the risk of predation. Our efforts to mitigate predation include new net materials and farming equipment.

Research and Development

Our research and development efforts help us solve operational challenges faced by our farming and processing operations. We view research and development as crucial to further development and strengthening of the relatively young salmon farming industry. Our effort within this area is recognized by the industry, our competitors, the authorities and other external parties, reflected by the significant involvement of our technical staff in statutory and industry-led research projects and programs.

In addition to collaboration and purchasing of services from external research institutions, we own and operate three research facilities: CAC (co-owned with AKVA group and Skretting), operated by us in Norway, Ardnish, operated by us in Scotland, and Huenquillahue, operated by us in Chile. We manage CAC, a commercial scale research and development site in Norway. Since 2003, Skretting and Marine Harvest, through CAC, have tested new formulations of fish feed, aiming for reduced use of marine raw materials and operate without compromising fish performance and quality, fish health or welfare. This systematic large scale testing has delivered valuable information, contributing significantly towards our commercial diets being historically low in inclusion of marine raw materials.

Our main research priorities are within the areas of fish performance, food safety, product quality and fish health and welfare. During the last decade, increased research and development resources have been invested within the area of sustainability. Limiting the impact of our farming activities on the environment, ensuring that marine feed raw materials are derived from responsibly managed fish stocks and reducing our dependency on marine raw materials for feed production are central issues which receive considerable attention.

Our research and development activities are conducted at our operations across the globe by experienced technical personnel. Our Global R&D Department is responsible for coordinating the research and development activities and running projects of global relevance. The global R&D Department consists of 11 highly qualified specialists within the areas of biostatistics, fish feed and nutrition, fish health and welfare, food safety and product quality, sustainability, technology and environment as well as breeding and genetics, an area incorporated into Global R&D during 2012.

We have increased our research and development efforts to enable further growth and profitability of the industry, grounded on a solid sustainability framework. In addition, we pay a fee of 0.3% of Marine Harvest Norway export value, or NOK 19.4 million in 2012, to The Norwegian Seafood Research Fund, which conducts R&D on behalf of the salmon farming industry as a whole.

During 2012, our on-going research and development projects delivered valuable new information within our prioritized areas. In addition, new projects have been established. Examples of our recent achievements within the sustainability area include:

- Major gene controlling IPN resistance identified in our Mowi-strain, which is a strain of salmon owned by us;
- Salmon lice laboratory established in Marine Harvest Chile;
- Optimized post-smolt production, co-led by us and funded by the Norwegian Research Council;
- 300,000 Ballan wrasse produced in-house to control sea lice;
- Reduced seawater losses, with special focus on the relationship between seawater loss and viral diseases;
- Reduced dependency on marine feed raw materials; and
- Developed and implemented tools for improved genetic selection within our own breeding program.

Biodiversity

The influence of our operations on biodiversity and the environment are being debated by different scientific groups. We concentrate on ensuring that our operations do not leave a lasting footprint on the environment. We believe that our impacts are reversible, but the duration of the effect will depend on the nature of the impact. Nutrient and organic waste from production decomposes within a short time, while chemical components may decompose more slowly, which is why we monitor the possible impact closely.

Realizing that our operations may impact the environment in general and sensitive areas in particular, we have developed partnerships with third parties to protect and/or restore protected areas. These partnerships include a cooperation agreement in Chile for our freshwater hatchery located at the edge of a national park. In Canada, we have partnerships with organizations and societies that enhance and restore rivers, salmonid stocks, riparian habitat and wetlands. In Norway, we are engaged in a wild salmon enhancement and cultivation program for river Vosso, a river that experienced collapse in the late 1980s. Our partnerships and programs for improving biodiversity are important to us both in facilitating improvements, but also in order to challenge our thinking on how to best protect sensitive areas.

People—Providing Safe and Meaningful Jobs

Employee safety and employees' self-respect and personal pride in their work cannot be compromised if we are to succeed as a company with good relationships with the local communities. The following table shows our employees by subsidiary:

Number of Full-Time Employees		2012		2011		2010	
		Permanent	Temporary	Permanent	Temporary	Permanent	Temporary
MH Norway	Male	1,046	277	947	277	997	293
	Female	259	103	229	103	254	87
MH Scotland	Male	394	14	382	34	353	30
	Female	47	1	47	1	49	2
MH Canada	Male	341	—	351	28	430	20
	Female	78	—	84	10	101	19
MH Chile Farming	Male	375	41	356	56	388	30
	Female	82	4	67	10	64	2
MH Ireland	Male	119	88	118	95	115	73
	Female	18	29	19	32	21	24
MH Faroes	Male	22	3	22	3	23	1
	Female	3	1	3	—	3	2
Sales Europe	Male	867	298	916	275	934	237
	Female	861	211	913	228	912	234
MH Americas	Male	216	80	195	106	180	5
	Female	176	86	133	109	133	4
MH Asia	Male	44	31	27	12	18	4
	Female	30	69	21	46	18	16
MH Corporate/Other	Male	61	—	55	2	53	2
	Female	15	—	12	—	12	—
MH Group	Male	3,485	832	3,369	888	3,491	695
MH Group	Female	1,569	504	1,528	539	1,567	390
MH Group	Total	5,054	1,335	4,897	1,427	5,058	1,085

As of December 31, 2012, we had 5,054 permanent employees of which 3,485 were male and 1,569 were female. As of December 31, 2012, we also had 1,335 temporary employees of which 832 were male and 504 female. There were no incidents of discrimination reported during 2012.

We follow the laws with regards to compensation and no employee is paid less than the official national minimum wage. Our personnel review system and representatives of workers unions ensure that all employees are fairly compensated. Generally, our base start salary is set above the national minimum wage limits to attract competent people to our organization.

We recognize the right of all employees to freely form and join groups for promotion and defense of their occupational interests including the right to engage in collective bargaining. The number of employees that are members of workers unions and participating in collective bargaining agreements varies across countries in which we operate from almost zero in Ireland and Scotland to almost all employees in VAP Europe. Farming and processing employees are represented by labor unions in Chile, Norway, Canada and VAP Europe (France, Belgium and Holland). Our administrative employees are normally not members of a union, the only exception being VAP Europe where management is represented by unions.

Labor union representation varies by region and type of position:

- In Norway approximately 40% of the employees are represented by a union. Marine Harvest Norway is a member of NHO, the Confederation of Norwegian Business and Industry for Employers. NHO has a collective agreement with LO, the Norwegian Confederation of Trade Unions, which applies to all employees of Marine Harvest Norway.
- In VAP Europe, close to 100% of the employees including management are represented by a union.
- Only a few of our Chilean employees participate in a union.
- In the Canadian operations, the Port Hardy Processing Plant is represented by the United Steelworkers. The functions that are represented include general labor, trades, and processors. Collective bargaining generally occurs on a two to three year basis with wage increases being a core component of the bargaining process. There has never been a strike or significant labor dispute at the Port Hardy Processing Plant. All other employees in Canada are non-union.
- There are no collective bargaining agreements in Scotland, Ireland, the United States or in Asia.

The different unions represent different types of functions. The terms of the collective bargaining agreements vary in accordance with each union. Where unions are present, salary negotiations are generally conducted annually between the unions and the company (with the exception of our Canadian operations, which is further described above). The agreement reached with the local or regional union that negotiates the applicable collective bargaining agreement is binding on all employees in the relevant functional area, whether or not they are members of the union. In general, collective bargaining agreements are applicable to all employees of that union or region, respecting the different professional categories.

Legal Proceedings

Early 2011 Marine Harvest Chile S.A. terminated a rearing contract with Salmenes Sur Austral S.A. and claimed that the contract was null and void because it was fraudulently organized and implemented by former Managing Director of Marine Harvest Chile S.A., Mr. Álvaro Jiménez, with the aid of representatives and shareholders in Salmenes Sur Austral S.A. Marine Harvest Chile S.A. has taken legal action against Salmenes Sur Austral S.A. to have the rearing contract declared null and void. Salmenes Sur Austral S.A. has countersued Marine Harvest for breach of contract and indemnification of damages, which were valued at USD 42 million. In June 2013, we lost an arbitration

case and were ordered to pay USD 12.3 million as indemnification for breach of contract. We are currently appealing that decision.

Marine Harvest Norway AS is under investigation for production of smolt exceeding the formal permit level. Marine Harvest Norway AS has recognized a minor provision in the financial statements for a potential fine.

In addition to these cases, we have other pending legal issues, which are not considered to be material.

Regulation

Our farming and primary and secondary processing operations as well as our sales and distribution of seafood products are subject to various laws and regulations (including licensing regimes) administered by national, provincial and regional bodies and other governmental entities in each of the jurisdictions where we operate. Set forth below is a summary of the main regulations that apply to our business operations.

Regulation of Fish Farming Operations

All of our farming operations are subject to licensing and operational authorizations issued by the relevant governmental authorities. Such authorities typically regulate fish farming operations through restrictions set out in the licenses and authorizations. Non-compliance with license and authorization terms and conditions may result in license/authorization revocation and other sanctions, including, in some cases, criminal charges.

Norway

Fish farmers in Norway are subject to several regulations, including the Food Safety Act (December 19, 2003) and the Aquaculture Act (June 17, 2005) and regulations promulgated thereunder. The Directorate of Fisheries and the Food Safety Authority are the aquaculture industry's main regulatory bodies in Norway.

A salmon farming license may be issued for salmon farming operations in freshwater (i.e., for smolt/fingerling production) or for salmon operations at sea.

Freshwater licenses

Freshwater licenses are issued by the Directorate of Fisheries. The number of available freshwater licenses is not capped. On October 28, 2013 there were 231 freshwater licenses for hatchery production of salmon or trout outstanding.

Freshwater licenses are issued upon consent of the Food Safety Authority, the Coastal Administration, the relevant county governor (environmental approval) and the Norwegian Water Resources and Energy Directorate, or NWE. Although local municipalities' approval is not required, they are invited to comment on all license applications. Obtaining or amending a license is a time-consuming process and may take up to six to seven years. The process can be expedited for farms that use recycled water.

Freshwater licenses are not subject to time limitations and may be traded between fish farmers. There are no limitations on the number of freshwater licenses that a single company may have.

There are no periodic license fees associated with freshwater licenses.

Although, historically, freshwater licenses have not been subject to Maximum Allowable Biomass, or MAB regulations, some newer licenses include such limitations. MAB regulations set forth the

maximum volume of fish in the water at any time. MAB limitations are determined by county governors' offices and fluctuate greatly amongst regions. Additionally, emission, utilization and freshwater permits issued by environmental authorities in connection with the freshwater license issuance processes indirectly limit fish production as they include limitations on the maximum quantities of feed that may be used at a given site. Certain older licenses are also subject to annual limitations on the number of fish produced.

The approval from NWE typically limits the maximum utilization of freshwater (i.e., how much water can be used in the production out of a given river or a lake) and the environmental approval typically includes a limitation on the waste disposed into the sea, either in terms of maximum use of feed per year or maximum number of fish produced.

If a license is not used for a period exceeding two years, it may be withdrawn.

Farming operations in freshwater are subject to inspections by the Norwegian Water Resources and Energy Directorate, the environmental authorities, the Food Safety Authority and the Directorate of Fisheries.

Seawater licenses and permits

Seawater licenses are issued by the Norwegian Ministry of Fisheries and are administered by the Directorate of Fisheries.

The number of seawater licenses outstanding at any time is subject to a cap. At the end of 2012, there were 963 seawater licenses for production of salmon or trout. Since 1982, new licenses were awarded only in the following years: 1985, 1988, 1999, 2001, 2002 and 2009. Norwegian authorities are in the process of issuing 45 new licenses and we (together with Morpol) have applied for 29 of them.

Acquisition of more than 15% of the production capacity for salmon and trout in seawater requires application to and approval by the Norwegian Ministry of Fisheries. Various ownership thresholds (15%, 20%, 25%, 30%, 35% and 40%) are accompanied by specific minimum requirements for R&D spending, secondary processing activities and contribution to the education of young talents. Only in exceptional circumstances may the Norwegian Ministry of Fisheries approve acquisitions of licenses resulting in a company exceeding 40% of the total production capacity. We currently hold permission to own up to 25% of the total production capacity, and our total production in 2012 was just below this limit. The ownership limitations and requirements have been subject to several amendments over the last decade due to shifting political circumstances, and until July 2013, no company was allowed to own more than 25% of the total concessionary biomass in Norway. In addition, a single company is prohibited from controlling more than 50% of the production capacity in any one Directorate of Fisheries region.

A seawater license may typically be used to produce salmon at up to four farming sites.

Generally, seawater licenses do not expire, but may be withdrawn in case of a material breach of license conditions or Norwegian aquaculture or environmental laws and regulations. Licenses are typically not time limited, except for certain specialized licenses, such as R&D licenses and broodstock license.

Seawater licenses are freely transferable. The licenses are subject to an annual fee.

Seawater licenses are subject to MAB regulations. In general, one license currently has a MAB of 780 tons LWE (945 tons LWE in Troms and Finnmark).

Pursuant to license terms, in order to prevent the spreading of lice and diseases and to restore seabed, fish farmers are required to systematically fallow production sites. In addition, production sites are subject to maximum sea lice counts and maximum net cage fish count (currently, 200,000 fish).

Farming operations are subject to inspections by the environmental authorities, the Directorate of Fisheries and the county authority.

In addition to a seawater license, salmon farmers must obtain a site permit to operate a fish farm at any particular site. While seawater licenses are company-specific and may be used at any site, a site permit is tied to a particular production site. Permits are issued by the relevant county authority with a consent from the Food Safety Authority, the Coastal Administration, the relevant county governor (environmental approval) and the local municipality. Each site permit includes a MAB limitation for the site. MAB is typically set between 2,340 (a combination of three seawater licenses) and 4,680 (a combination of six seawater licenses) tons LWE, with such MAB limitations being separate from and in addition to the seawater license MAB limitations. Site permits are typically not subject to time limitations.

To obtain a site permit, an applicant must prepare measurements of the ocean current and examinations of the seabed below the site. The results must show that the ocean current is strong enough to disperse waste (fish farm emissions) and that the bottom fauna can cope with the planned production. In addition, the area must be reserved for aquaculture purposes per the relevant municipal development plan and cannot obstruct existing maritime traffic. The site area must be sufficiently removed from other aquaculture sites and from preserved wild salmon areas.

If two thirds or more of a capacity included in a site permit remains unused for a period exceeding two years, the site permit may be withdrawn.

Site permits are transferable. There are no regional/per company limitations on the number of site permits. Some site permits are of limited duration.

Certain other laws and regulations applicable to the Norwegian aquaculture industry

Farming operations are subject to a number of regulations, including with respect to sea lice control, fish escapes and prevention of spreading of fish diseases. Regulations are meant to protect fish health, the environment and wild salmon. Key regulations include sea lice management, fish escape prevention and fish disease prevention. Violations of aquaculture regulations are subject to various penalties, including monetary fines, license revocation and, in case of negligence or gross negligence of a fish farmer, criminal prosecution.

Pursuant to the sea lice management regulation, our sites are subject to precautionary limits for the maximum number of lice per fish. These limits vary based on type of lice and time of year. If lice levels reach these limits (trigger levels), fish must be treated.

Fish farmers are obliged to take measures to prevent fish escapes. Any suspicion of escape has to be reported to the Directorate of Fisheries, who refer the matter to the police for further investigation and possible prosecution.

The Food Safety Authority is in charge of the disease control regulations and fish health requirements. Specific regulations are adopted to prevent spreading of diseases, including heavy restrictions on transporting fish between farming areas.

Chile

In Chile, aquaculture activities are subject to different governmental regulations depending on whether they are carried out in private freshwater inland facilities (i.e., hatcheries) or in facilities built on public waterways such as lakes or rivers (freshwater licenses) or sea (seawater licenses).

Private freshwater inland facilities

Governmental authorization is not required to operate private freshwater aquaculture facilities in Chile. Instead, such activities must be recorded with the National Aquaculture Registry.

Operation of private freshwater aquaculture requires ownership of the water use rights and holding of environmental permits issued by the relevant Regional Environmental Commission (*Comisión de Evaluación Ambiental Regional*), which is a Chilean regulator responsible for overseeing compliance with environmental laws and regulations. Environmental permits are issued when operators demonstrating that their facilities comply with the applicable environmental regulations, including: Law N° 19.300, General Environmental Law, which defines the activities that may impact the environment and thus require environmental assessment. Environmental assessment must be performed for all private freshwater inland facilities built or modified after 2001. Facilities may also voluntarily submit to an environmental assessment. The scope of environmental assessments vary depending on the type of activities and their potential impact on the environment of the particular site.

Private freshwater inland facilities that have undergone an environmental assessment are subject to production limits. They may produce fish up to the MAB (determined by the number of fish and their average weight) registered in their technical operational plan submitted in connection with the environmental assessment. Freshwater inland facilities that have not been subject to an environmental assessment (i.e., those constructed prior to 2001 that have not been modified after 2001 and have not voluntarily submitted to an environmental assessment) are not subject to a MAB.

Private freshwater inland facilities must be located not less than three kilometers away from any other inland aquaculture facility.

The following authorities oversee private freshwater inland facilities:

- Superintendency of the Environment (*Superintendencia del Medio Ambiente*), which is the environmental enforcement agency.
- National Bureau of Fishing and Aquaculture (*Servicio Nacional de Pesca y Acuicultura*), which is the regulatory body in charge of enforcing aquaculture regulations.
- Water Rights Agency (*Dirección General de Aguas*), which is in charge of supervising the use of the water rights used in this type of facilities.

Facilities built on public waterways

Pursuant to the General Fishing and Aquaculture Act No. 18,892 and the related rules and regulations, aquaculture activities in lakes, rivers and seawater require an aquaculture license (*concesión de acuicultura*) issued by the Undersecretary of Armed Forces (a governmental body that is part of the Ministry of National Defense). On September 3, 2013 there were 1,267 seawater aquaculture licenses outstanding. Licenses can only be granted on areas that were declared suitable for aquaculture activities and only to Chilean residents or companies incorporated under the Chilean law. Non-Chilean investments into such companies must be authorized by the Chilean foreign investment agency.

During a five-year period starting on April 8, 2010, no additional aquaculture licenses may be granted in Regions 10 and 11 in Chile (administratively, Chile consists of 15 Regions, with most salmon production concentrated in Regions 10, 11 and 12). After April 8, 2015, new aquaculture licenses in Regions 10 and 11 can only be granted in areas newly designated as suitable for aquaculture or in lieu of previously abandoned or revoked licenses.

Licenses for aquaculture activities in lakes, rivers and seawater are granted based on an application, which must contain description of the proposed operations, including a plan for complying with environmental and other applicable regulations. Each license request is reviewed and must be

approved by the corresponding Regional Environmental Commission. Regulations applicable to each license differ based on such factors as facilities' location, facilities' layout, the technical and operational plan, etc. Once the approval is obtained, the Environmental Commission issues a resolution known as Environmental Qualification Resolution (*Resolución de Calificación Ambiental*), or RCA, which contains terms and conditions for the license, non-compliance with which may result in a license revocation.

Licenses granted after April 8, 2010 are granted for a period of 25 years and are renewable for additional 25-year terms. Licenses granted before April 8, 2010 were granted for indefinite periods. All of our licenses were granted prior to April 8, 2010. However, amended licenses and licenses that are relocated become subject to the 25-year limitation period. We are currently in process of relocating some of our Chilean licenses.

License holders must begin operation within one year of receiving a license and once the operation has started, the license holder cannot stop or suspend production for a period exceeding two consecutive years. Subject to certain exceptions, license holders must maintain minimum operational levels of not less than 5% of the yearly production specified in the RCA.

A license holder cannot produce more than the MAB authorized in its RCA. License holders are also subject to the limitations on stocking density that differ among Regions. Stocking density depends on environmental, sanitary and productive factors and applies to each license individually and to a group of licenses that are located within the same geographic area.

License holders must pay annual license fees to the Chilean government and may sell, encumber or otherwise dispose of their license.

The following authorities oversee public waterways:

- Superintendency of the Environment (*Superintendencia del Medio Ambiente*), which is the environmental enforcement agency.
- National Bureau of Fishing and Aquaculture (*Servicio Nacional de Pesca y Acuicultura*), which is the regulatory body in charge of enforcing aquaculture regulations.

Certain other laws and regulations applicable to the Chilean aquaculture industry

Pursuant to the regulation on Measures for Protection, Control and Eradication of High-Risk Diseases affecting Hydro-Biological Species, fish farmers must take necessary actions to control fish diseases, observe sanitary provisions set forth in license requests, observe cultivation density limitations and comply with vaccination requirements.

The Environmental Regulation on Aquaculture prohibits disposal of any liquid or solid waste produced by aquaculture activities or any other substance that may negatively impact the seabed and the surrounding environment and requires establishment of contingency and management plans by fish farmers (with such plans being submitted to the governmental regulators). In addition, the regulation requires submission of certain environmental information concerning farming sites to relevant regulators and the existence of Contingency Plans and Operational Manuals on each site in order to prevent or mitigate potential environmental damage.

In addition, regulations apply to importation of some aquatic organisms species into Chile and operation of seafood storage and processing centers.

Scotland

Salmon farmers in Scotland must obtain, and comply with the terms of, an Aquaculture Production Business Authorization, a Crown Estate Lease/Planning Permission, a Controlled Activities

Authorization and a Marine License. In addition, fish farmers must comply with the relevant fish health and fish disposal regulations.

Aquaculture Production Business Authorization

Under the Aquatic Animal Health (Scotland) Regulations 2009 an Aquaculture Production Business Authorization must be obtained from Marine Scotland prior to commencement of fish farming operations. Authorizations are issued per geographical site not per company. There is no cap on the number of authorizations that may be issued by Marine Scotland. Marine Scotland may impose such conditions as it sees fit before granting an authorization. The authorization and any conditions imposed are published on the Aquaculture Scotland website.

MAB for individual sites is determined based on the environmental concerns, namely the capacity of the local marine environment to accommodate the fish farm. As a consequence, MAB for sites is not uniform and varies between 100 tons to 2,500 tons depending on site characteristics and its geographic location.

In addition, where an operator is involved in transportation of aquaculture animals, it must keep and make available to Marine Scotland records concerning such transportation and ensure that the applicable disease prevention requirements are met.

Planning permission/Crown Estate lease

Under the Town and Country Planning (Marine Fish Farming) (Scotland) Order 2007, subject to certain limited exceptions, establishment or modification (e.g., changes in species farmed or expansion of the existing facilities) of fish farming operations require planning permission. An Environmental Impact Assessment may be required before planning permission is issued. Assessments are a time-consuming process, involving submission to the local authority of an environmental statement. The environmental statement sets out the effects of the proposed site on the environment. A planning permission attaches to an area of foreshore/seabed and is not company-specific. Permissions are generally granted without a time limit. As with Aquaculture Production Business Authorizations each application for planning permission will be determined on an individual basis.

In addition, where the foreshore/seabed is owned by the Crown Estate, the right to occupy the site is subject to a lease from the Crown Estate as the landowner. All of our operations are in possession of the necessary lease agreements.

Certain of our Scottish fish farm operations are currently undergoing a review of their compliance with the applicable environmental and nature conservation regulations. Operations that are found to be compliant with such regulations will be issued a permanent planning permission. For each fish farm, a planning permission is needed for operations after March 31, 2014 or following the expiry of the current Crown Estate lease, whichever is later. None of our Scottish sites were denied a planning permission based on the review.

Marine License

Under the Marine (Scotland) Act 2010, a Marine License from the Scottish Government is required where obstruction or danger to navigation may be caused by a fish farm. A Marine License would also be required where any object or materials were to be deposited on or removed from the seabed. We are in possession of the necessary Marine Licenses.

Controlled Activities License

Fish farm operations must obtain a license from the Scottish Environment Protection Agency, or SEPA, under the Water Environment (Controlled Activities) (Scotland) Regulations 2011. SEPA is

responsible for monitoring and inspecting fish farms for compliance with the regulations. SEPA sets limits upon the scale and rate of discharges from fish farm sites into the environment. It requires any effluent to be assimilated and broken down by natural processes, ensuring no lasting impacts or lasting accumulation of pollutants. Each site is assessed with annual charges calculate based on, amongst other factors, the maximum weight of fish held at the site and the amount of effluent discharged. SEPA will inspect sites regularly and fish farmers must report to SEPA details of discharges from each of their sites. Farm operators are also required to commission regular studies of the impact of the farms on the seabed and submit such studies to SEPA.

Fish health regulations

Fish farm management in Scotland is regulated by the Aquaculture and Fisheries (Scotland) Act 2007 as amended by the Aquaculture and Fisheries (Scotland) Act 2013. The legislation covers the control of parasites and disease in fish, fish escapes and recovery of escaped fish.

Fish farms must have a farm management agreement or maintain a farm management statement, which sets forth arrangements for management of fish health and parasites, the movement of live fish to and from the farm and the harvesting of fish. A farm management agreement or farm management statement must be reviewed at least every two years. The Scottish government can take enforcement action against fish farms that do not have these arrangements in place.

Scottish government inspectors can carry out inspections on farms with regard to parasites and their control.

Fish disposal

The Animal By-Products (Enforcement) (Scotland) Regulations 2011 require fish that died but which were not slaughtered for human consumption, to be disposed of by rendering, incineration or, in exceptional circumstances, burial. The organization carrying out the incinerating/rendering activities (whether the fish farm itself or a third party) must have approval from the local authority's animal health department and hold a pollution prevention and control permit.

Canada

In Canada, our operations are subject to provincial and federal licenses.

Federal licenses

Canadian federal government regulates fisheries and is responsible for most aspects of the aquaculture industry in British Columbia, including site licenses, production volumes, species to be produced, fish health, sea lice management, fish containment and waste control.

The Fisheries Act (Canada) and the regulations promulgated thereunder, namely the Pacific Aquaculture Regulations, establish the statutory framework for fisheries, including salmon farming operations. The Fisheries Act (Canada) is primarily enforced by the Canadian Department of Fisheries and Oceans, or DFO. Pursuant to the Act, a Finfish Aquaculture License is required to operate a salmon farm in Canada. The current practice of the DFO is to issue Finfish Aquaculture Licenses for a one year period. Licenses are site-specific, and accordingly, a multiple-site operator must obtain a separate license for each site. Additional licenses are required for specific aquaculture activities, such as the importation of eggs and the transfer of fish within certain geographic areas.

All Finfish Aquaculture License applications require public consultation, which is most often conducted via an open house session in a local community near the area that is the subject of the application. The applicant may also be required to conduct feasibility studies, environmental assessments or other assessments (at the applicant's expense) as may be requested by the DFO.

Applications for Finfish Aquaculture Licenses must also include a Management Plan and supporting materials. A Management Plan sets forth the applicant's site operation plan.

When issuing a license for a new aquaculture site or making a substantial amendment to an existing license, the DFO considers several factors, including:

- fish habitat: benthic habitat, water quality, algae and primary production;
- fish resources: wild fish populations and population health, including finfish, marine mammals, sharks and invertebrate populations;
- species at risk;
- ecosystem effects per departmental guidance;
- wild fishery activities; and
- First Nations use of land to identify the potential for aboriginal rights or title over the subject property and to determine whether infringement of either might occur.

There is no legislated cap on the number of Finfish Aquaculture Licenses that may be issued nor on the number of licenses that may be held by a company. As of August 2013 there were 125 Finfish Aquaculture Licenses issued and outstanding.

The Finfish Aquaculture Licenses establish operational conditions and production parameters that a fish farmer must observe, such as the MAB, the use of equipment at the site and environmental impact of the operation on the site. A typical site license authorizes operations ranging in size from 2,000 metric ton to 5,000 metric ton of MAB.

Environmental laws and regulations applicable to fish farms (including waste discharge) are administered through Finfish Aquaculture Licenses and failure to comply with the relevant laws and regulations may result in license revocation.

Site-specific conditions of a Finfish Aquaculture License vary based on geographic location, the species being cultivated and the facility type. Each site's compliance with its license conditions are monitored by DFO and enforced under the Fisheries Act (Canada). Fish farms are subject to inspection by the DFO for compliance, enforcement and monitoring purposes and are also subject to inspection by a Canadian Food Inspection Agency, or CFIA, officer for the purpose of detecting diseases or toxic substances or ensuring compliance with the Health and Animals Act (Canada) and the Feeds Act (Canada) and the regulations thereunder.

In addition to a Finfish Aquaculture License, salmon farmers are required to obtain a Navigable Waters Protection Act approval to occupy navigable waters for marine transportation in Canada (all of our Canadian seawater operations are located in such waters and maintain the necessary approvals). The Act is enforced by Transport Canada. Approvals granted pursuant to the Act are perpetual provided that the site maintains a Finfish Aquaculture License, but may be revoked for non-compliance with the terms of the approval. Licenses for aquaculture facilities that substantially interfere with navigation are also assessed under the Canadian Environmental Assessment Act at the time of issuance.

Provincial licenses

All of our Canadian operations are located on Provincial Crown lands in British Columbia and are subject to its regulation, including requirement to obtain a provincial tenure license to occupy the ocean bottom. The license is issued pursuant to the Land Act (British Columbia) and the regulations adopted thereunder. The Act is enforced by the Ministry of Forests, Lands and Natural Resources. Licenses typically have a tenure of ten to 20 years and such tenure cannot be less than five years. An

annual fee is charged depending on the size of the land plot occupied. Licenses may be revoked for non-compliance with the terms of the license.

Certain other laws and regulations applicable to the Canadian aquaculture industry

Pacific aquaculture facilities must be operated in compliance with key environmental and health legislation such as the Health and Animals Act (Canada), Feeds Act (Canada), Food and Drugs Act (Canada), Pest Control Products Act (Canada), Canadian Environmental Assessment Act (Canada) and the Species at Risk Act (Canada) and the regulations thereunder.

Under these Acts, Canada ensures that aquatic animal health matters (disease prevention, detection and control, feed, medication and biologics) are addressed. The Acts are generally enforced by the DFO, the CFIA and Health Canada.

Regulation of Secondary Processing Facilities

Most of our secondary processing facilities require operational licenses and are subject to regulatory requirements, including food safety regulations, violations of which are subject to civil and criminal sanction. In some cases, non-governmental entities may also have the right to sue to enforce compliance.

The following discussion concentrates on license and regulatory requirements of our secondary operations in France and Belgium, which comprise the majority of our secondary processing activities prior to consolidation of the Morpol operations.

France

Pursuant to article L. 233-2 of the French Rural and Maritime Fishery Code, implementing European regulation n°852/2004 of April 29, 2004, all establishments handling, processing, preparing and stocking products of animal origin must be authorized by the French Ministry of Agriculture. The authorization is granted upon establishing that the production site is in compliance with the relevant hygiene and sanitary requirements. Such requirements typically include adequacy of a food safety control system, which primarily provides for training of employees and implementation of self-monitoring procedures. A producer may also have to ensure traceability of the products it sells (e.g., the producer must be able to identify its suppliers and commercial customers and products that were delivered to such customers).

The initial authorization is granted for a provisional three-month term, during which time the site operator provides information on hygiene and sanitary conditions at the site to the governmental authorities. If an administrative review carried out during that period confirms that the relevant hygiene and sanitary requirements are well implemented, a permanent authorization is granted. If not, the provisional agreement may be terminated or extended by not more than three months.

In addition, secondary processing operations are subject to declaration, registration or authorization with the French environmental authorities pursuant to articles L.511-1 of the French Environment Code. The nature and the volume of the secondary processing activities determine whether such activities must be declared or registered or require governmental authorization. All of our French operations are subject to governmental authorizations. The authorizations contain stringent requirements concerning the facility and its operating conditions. Such requirements include emergency protocols and existence of analytical and measurement equipment necessary to operate the facility and monitor its effects on the environment. Operational results of our facilities are reported to the classified facilities general inspectorate and the service in charge of water quality monitoring, both of which are units or departments of the Ministry of Sustainable Development.

Belgium

The Belgian Royal Decree of January 16, 2006 sets forth rules for authorizations, approvals and registrations of food chain operators in Belgium. The Decree is administered by the Federal Agency for the Safety of the Food Chain, or FASFC. Pursuant to the Decree, all food chain operators must be registered with the FASFC and all activities relating to manufacturing, packaging or re-packaging of processed fishery products must be authorized by the FASFC.

To receive an FASFC authorization, an operator must comply with all relevant European Regulations and Belgian laws and regulations. These include, Regulation (EC) No 852/2004 on hygiene of foodstuffs, Regulation (EC) No 853/2004 on specific hygiene rules for food of animal origin, the Belgian Royal Decree of December 22, 2005 on hygiene of foodstuffs, the Belgian Royal Decree of December 22, 2005 on hygiene rules for food of animal origin and the Belgian Royal Decree of November 14, 2003 on the self-monitoring, reporting and traceability.

Regulations relevant for our Belgian operations may be categorized into three main categories: infrastructure regulations (e.g., rules on the layout, design, construction and size of our processing facilities), equipment conditions (e.g., use of ventilation systems, drainage facilities, fittings and equipment that comes into contact with food) and operating conditions (e.g., hygiene measures, removal of food waste, personal hygiene and packaging of foodstuffs).

The FASFC authorizations are not time limited. However, the FASFC can suspend an authorization if it finds irregularities that can be fixed within a reasonable timeframe. The FASFC can also revoke an authorization in cases involving more egregious violations. These include infrastructure and equipment's non-compliance with the relevant regulations if such non-compliance cannot be remedied within reasonable time, non-compliance with the operating conditions, hindering or refusing of inspections by the FASFC and non-compliance with the FASFC conditions imposed in connection with a suspension of an authorization.

Our Belgian operations have obtained all necessary authorizations for the following activities: cold store, processing plant and fresh fishery products plant.

Food Safety Regulation

We work to ensure our products meet or exceed the relevant regulatory standards for food safety and quality. They are strictly monitored and controlled through a set of operating standards and procedures as defined by our global quality system Qmarine, ensuring that we can provide healthy and safe seafood for our customers and consumers. Because we are a global food company with farming operations in six countries and a global distribution network, we are subject to food safety requirements established by local food safety authorities in various jurisdictions.

In the United States, our products are subject to inspection by the U.S. Department of Agriculture and the U.S. Food and Drug Administration, or FDA. The FDA enacts and enforces regulations relating to the manufacturing, distribution, and labeling of food products.

Within the European Union, our products are subject to inspection by the European Food Safety Authority, or EFSA. EFSA is an agency of the European Union that provides independent scientific advice and communication on existing and emerging risks associated with the food chain. EFSA is not responsible for the European food safety legislation nor for its enforcement. The European Commission, the European Parliament, the Council of the European Union and the national authorities in each European Union Member State are responsible for decisions on the European Union food safety legislation.

Our products distributed in the United States must comply with the applicable FDA regulations and our products distributed in the European Union must comply with the applicable EFSA standards.

Our failure to comply with such regulations or standards may result in regulatory actions taken against us by a regulator, voluntary or mandatory recalls of our products, damage to our reputation and other negative consequences to us and our business.

Our products distributed outside the United States and the European Union are subject to similar regulations.

Regulatory and Other Proceedings

From time to time, we receive notices and inquiries from regulatory authorities and others asserting that we are not in compliance with particular laws and regulations. In some instances, litigation ensues. In addition, individuals may initiate litigation against us.

In 2012 *Listeria monocytogenes* was detected in our cold smoked salmon sold in the US and processed at our factory in Chile. A voluntary recall was carried out in agreement with the FDA. No illness was reported in relation to the incident and the recall was carried out as a precautionary measure to prevent any risk of food borne disease.

In the second quarter 2013, one container of our fresh salmon shipped from our third party processor in Chile to the US was stopped by the FDA due to detection of trace amounts of crystal violet in a product sample. Crystal violet is a dye with many applications and is often found in textile and ink pens and printers and it is not an approved drug for use in salmon. Marine Harvest and Primar, the third party processing plant, carried out a root cause analysis and investigation of the case. The root cause analysis identified the most likely source being contamination of a small number of products from CV-containing ink at the processing plant Primar, even though no positive product samples were found. Corrective actions have been taken at Primar and reported to FDA with a request for release from the import alert. Sernapesca (Chilean authorities) have carried out investigation in Marine Harvest Chile and concluded with no sources of CV or CV use detected. Marine Harvest is currently processing fresh products for the US through the internal processing plant Caicaen in Chile.

Marine Harvest Norway AS is under investigation for production of smolt exceeding the formal permit level. Marine Harvest Norway AS has recognized a minor provision in the financial statements for a potential fine.

Environmental Control Systems and Certifications

We have implemented an environmental policy based on ensuring that our activities and growth are developed in harmony with the environment. We have an Environmental Coordination Committee composed of members from different functions within our company that oversees implementation of our environmental policy and monitors our environmental practices.

We use internationally recognized management systems to manage many of our regulatory programs. For example, we use the International Organization for Standardization, or ISO, 22000, 9001, 14001 standards to manage and optimize environmental performance. ISO guidelines require a long-term management plan integrating regular third-party audits, goal setting, corrective action, documentation and executive review. Our farms are also certified through GlobalGAP, Naturland Organic, BioSuisse Organic, EU Organic Aquaculture, Freedom Food, Label Rouge, PGI and COGP. We use ISO 22000 standards to manage our secondary processing facilities. Our secondary processing facilities are also certified through IFS, BRC, BIO, GlobalGAP, ASC, the Marine Stewardship Council, Safe Quality Food Certificate, Kosher.

Our Environmental Management System, or EMS, which conforms to the ISO 14001:2004 standard, addresses the significant environmental aspects of our operations, provides employee training programs and facilitates engagement with local communities and regulators. Most importantly, the EMS

allows the collection, analysis and reporting of relevant environmental data to facilitate our compliance with applicable environmental laws and regulations.

We are also aware of the need to increase and expand our environmental control systems in line with the pace of growth and diversification expected over the next few years. All new investments involving an increase in production must meet standards already reached elsewhere and, if possible, improve these standards.

C. Organizational Structure

Our primary subsidiaries are Marine Harvest Norway AS, Marine Harvest Canada Inc., Marine Harvest Chile S.A., Marine Harvest Pieters NV, Marine Harvest Kritsen SAS, Marine Harvest (Scotland) Ltd. and Morpol ASA.

D. Property, Plants and Equipment.

We are headquartered in Bergen, Norway, located at Sandviksboder 77 A/B, 5035 Bergen, Norway. We lease our headquarters. We also have offices in Oslo, Norway, located at Tordenskoldsgt 8-10, where we lease our offices.

For further information on our farming and processing facilities, including on capacity and utilization, see “—B. Business Overview.”

ITEM 4A. Unresolved Staff Comments

Not Applicable.

ITEM 5. Operating and Financial Review and Prospects

You should read the following operating and financial review and prospects together with our consolidated financial statements and related notes included elsewhere in this registration statement. Certain statements in this section are “forward-looking statements” and are subject to risks and uncertainties, which may cause actual results to differ materially from those expressed or implied by such forward-looking statements. Please see “Special Note Regarding Forward-Looking Statements” and “Item 3. Key Information—D. Risk Factors” for more information.

Overview

We are a leading seafood company and the world’s largest producer of farmed salmon, offering fresh salmon, processed salmon and other processed seafood to customers in more than 50 markets worldwide. We engage in two principle types of activities:

- fish farming and primary processing of fish in Norway, Scotland, Canada, Chile, Ireland and the Faroe Islands, and
- secondary processing of seafood in Norway, Chile, Ireland, the United States, France, Belgium, the Netherlands, Poland, the Czech Republic, Japan, Taiwan and South Korea.

Our fish farming operations consist of raising farmed salmon throughout their life cycle, from egg to adult, in a controlled environment and subsequently harvesting and primary processing the fish. The primary processing of fish involves slaughtering and gutting operations. Our customers of our primary processed salmon include our own secondary processing operations, distributors and other secondary processors of salmon.

Our secondary processing entails using the gutted fish to prepare products such as fillets, steaks and other portions of fish for retail and catering. Secondary processing activities include packaging the products and further preparation to create ready-to-heat or ready-to-eat products. Our customers of secondary processed salmon include other secondary processors of salmon, retailers such as grocery stores and food service providers such as hotels and other service and catering entities.

In 2012, 65.1% of our sold volume derived from Norway, 10.3% from Chile, 10.3% from Scotland, 10.3% from Canada, and the remaining 4.0% from the Faroe Islands and Ireland.

In 2012, we began transforming ourselves from a production-driven fish farming company into an integrated marine protein producer, expanding into fish feed and broadening our secondary processing operations. To this end, in 2012 we broke ground on a fish feed plant in Norway, which we expect to supply up to 65% of our Norwegian fish feed requirements by 2015 (representing approximately 40% of our global fish feed needs), based on 2012 production. Also, in 2012 and 2013, we acquired Morpol ASA, or Morpol, a world leading secondary processor of salmon with processing facilities in Poland, United Kingdom and Vietnam. We acquired 100% of Morpol on November 12, 2013.

We harvested 159,473 tons of salmon gutted-weight equivalent, or GWE, for the six months ended June 30, 2013 and 392,306 tons and 342,820 tons of salmon GWE for the years ended December 31, 2012 and 2011, respectively. Our EBIT was NOK 1,795.0 million for the six months ended June 30, 2013 and NOK 1,009.8 million and NOK 406.0 million for the years ended December 31, 2012 and 2011, respectively. Our Operational EBIT was NOK 1,383.3 million for the six months ended June 30, 2013 and NOK 643.4 million and NOK 2,717.3 million for the years ended December 31, 2012 and 2011, respectively. Our return on capital employed, or ROCE, was 15.6% for the six months ended June 30, 2013 and 3.9% and 16.8% for the years ended December 31, 2012 and 2011, respectively. Group Operational EBIT and ROCE are non-IFRS financial measures. See “Item 3. Key Information—A. Selected Financial Data” for a description of how we define and calculate Operational EBIT and ROCE and for a reconciliation of Group Operational EBIT to EBIT.

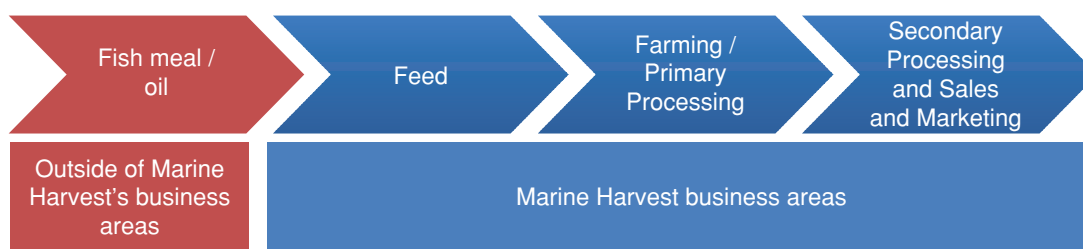
Business Areas and Segments

We are organized into two business areas: Farming and Sales and Marketing.

- *Farming* is composed of a single operating segment representing our farming operations in Norway, Scotland, Canada, Chile, Ireland and the Faroe Islands. This segment also includes primary processing activities and some filleting activities (a secondary processing activity).
- *Sales and Marketing* is composed of two operating segments:
 - *Markets*: the segment comprises activities relating to sales of our primary processed products obtained from the Farming business and, to a lesser extent, purchased from third parties. It also includes logistics and delivery of our products to third-party customers as well as to our internal secondary processing operations (including VAP Europe) and secondary processing activities outside Europe; and
 - *VAP Europe*: the segment includes our European secondary processing and value added operations, as well as end-product sales, including logistics.

In addition to our principal operating segments, we have a group of “other” activities, consisting of corporate functions and our white halibut farming operations. In 2012, we established a new business area, Fish Feed, representing our first feed plant which is located in Bjugn, Norway, and is expected to start production in June 2014. Fish Feed will constitute a new operating segment for us.

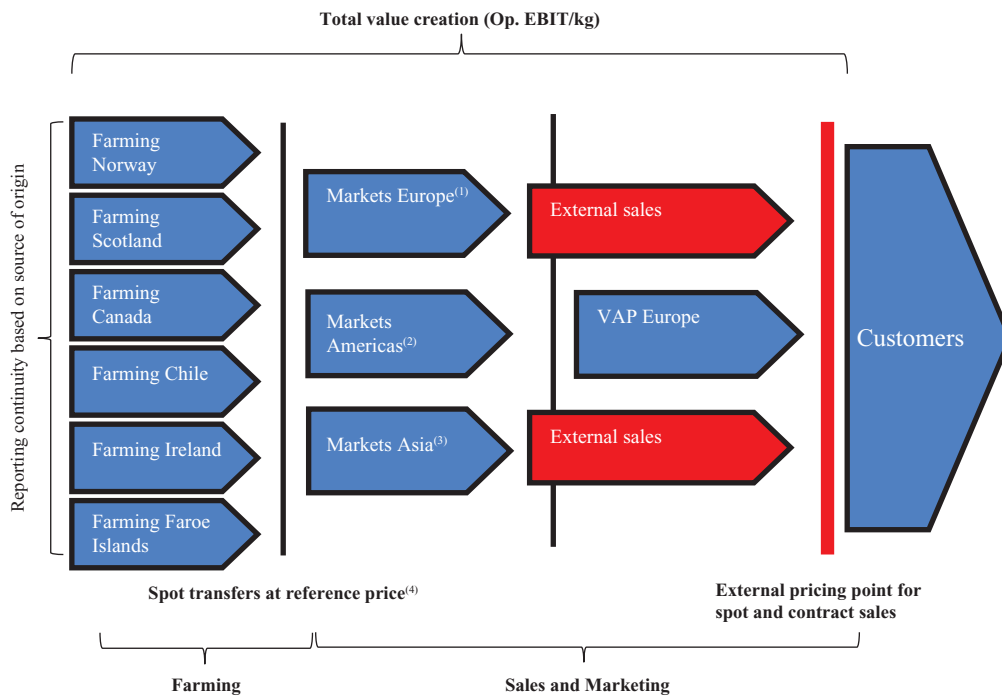
The following diagram demonstrates activities that will be conducted by our business areas after our Fish Feed segment begins production.



Our Farming business is engaged in the production, harvesting and primary (and some secondary) processing of fish. For reporting purposes, Farming sells its main products (i.e., primary processed fish) to the Markets segment at prices quoted by NOS Clearing ASA (NOS price) or similar salmon pricing indices (refer to “—Key Factors Affecting Results of Operations—Key Factors Affecting Revenue—Prices—Reference price for salmon” section below for a further discussion of pricing indices). Where Markets enters into medium or short term contracts with third parties, salmon is sold from Farming to Markets at prices reflected in such contracts. The Markets segment resells some of the primary processed salmon to (i) third parties or (ii) VAP Europe for further processing. Markets also includes secondary processing activities outside Europe. VAP Europe secondary processes salmon purchased from Markets, together with other seafood products purchased from third parties (with third party purchases comprising approximately 40% of VAP Europe’s total production inputs by value in 2012) and sells those products to third parties.

We assess the overall value creation of our operations based on salmon’s source of origin, using Operational EBIT per kilogram of fish harvested as a key measure of performance. For this reason, salmon-related Operational EBIT in Markets and VAP Europe is allocated back to the salmon’s country of origin.

The relationship between our functional segments and our operational reporting per country of origin is illustrated by the following diagram:



- (1) Includes secondary processing operations in the Czech Republic.
- (2) Includes secondary processing operations in the United States and Chile.
- (3) Includes secondary processing operations in Japan, China, Taiwan and South Korea.
- (4) Where Markets enters into medium or short term sales contracts with third parties salmon is sold from Farming to Markets at prices reflected in such contracts. See “—Key Factors Affecting Results of Operations—Key Factors Affecting Revenue—Prices—Contracts and Derivative Instruments” for a discussion of such contracts.

The table below sets forth our Operational EBIT by country of origin of our salmon for the six months ended June 30, 2013 and 2012, and the years ended December 31, 2012, 2011 and 2010:

	Six months ended June 30,		Year ended December 31,		
	2013 (unaudited)	2012 (unaudited)	2012 (unaudited)	2011 (unaudited)	2010 (unaudited)
	(in NOK millions)				
Operational EBIT—salmon of Norwegian origin ⁽¹⁾	1,056.9	425.6	823.5	1,990.6	2,462.2
Operational EBIT—salmon of Scottish origin ⁽¹⁾	255.9	132.0	153.0	519.3	313.3
Operational EBIT—salmon of Canadian origin ⁽¹⁾	211.0	−44.6	−140.1	39.6	224.4
Operational EBIT—salmon of Chilean origin ⁽¹⁾	−110.6	27.5	−90.9	110.6	67.8
Operational EBIT—salmon of Irish origin ⁽¹⁾	28.0	18.7	13.6	74.4	99.5
Operational EBIT—salmon of Faroese origin ⁽¹⁾	49.9	−7.7	12.1	60.9	66.6
Operational EBIT—other ⁽²⁾	−107.8	−44.9	−127.8	−78.1	−42.5
Operational EBIT for the Group⁽¹⁾	1,383.3	506.6	643.4	2,717.3	3,191.3

(1) Operational EBIT by country of origin and at Group level is a non-IFRS financial measure. See “Item 3. Key Information—A. Selected Financial Data” for how we define and calculate Operational EBIT and for reconciliation of Operational EBIT to EBIT.

(2) Includes corporate functions, our white halibut operations and items not related to salmon of a specific origin.

The table below sets forth our EBIT by country of origin of our salmon for the six months ended June 30, 2013 and 2012, and the years ended December 31, 2012, 2011 and 2010:

	Six months ended June 30,		Year ended December 31,		
	2013 (unaudited)	2012 (unaudited)	2012 (unaudited)	2011 (unaudited)	2010 (unaudited)
	(in NOK millions)				
EBIT—salmon of Norwegian origin	1,311.2	561.9	1,421.1	240.5	3,622.7
EBIT—salmon of Scottish origin	358.1	73.3	151.8	300.5	559.6
EBIT—salmon of Canadian origin	436.0	6.8	−159.6	−275.2	325.0
EBIT—salmon of Chilean origin	−63.7	9.7	−158.4	37.2	177.2
EBIT—salmon of Irish origin	62.1	29.8	−21.8	62.1	118.4
EBIT—salmon of Faroese origin	55.5	−8.4	18.7	8.0	112.0
EBIT—other ⁽¹⁾	−364.1	−119.7	−242.0	32.9	−40.0
Group EBIT	1,795.1	553.4	1,009.8	406.0	4,874.9

(1) Includes corporate functions, our white halibut operations and items not related to salmon of a specific origin.

The table below sets forth our Operational EBIT per kilogram harvested by country of origin of our salmon for the six months ended June 30, 2013 and 2012, and the years ended December 31, 2012, 2011 and 2010:

	Six months ended June 30,		Year ended December 31,		
	2013	2012	2012	2011	2010
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	(in NOK per kg)				
Operational EBIT—salmon of Norwegian origin ⁽¹⁾	10.48	3.36	3.23	9.15	12.16
Operational EBIT—salmon of Scottish origin ⁽¹⁾	11.18	6.42	3.80	10.35	9.45
Operational EBIT—salmon of Canadian origin ⁽¹⁾	9.97	−2.10	−3.48	1.17	6.68
Operational EBIT—salmon of Chilean origin ⁽¹⁾	−13.40	1.42	−2.26	4.26	6.87
Operational EBIT—salmon of Irish origin ⁽¹⁾	9.79	4.27	1.45	7.97	9.43
Operational EBIT—salmon of Faroese origin ⁽¹⁾	14.50	−2.15	1.76	10.27	12.29
Operational EBIT—other ⁽¹⁾⁽²⁾	−0.68	−0.23	−0.33	−0.23	−0.14
Group Operational EBIT⁽¹⁾	8.67	2.59	1.64	7.93	10.82

(1) Operational EBIT by country of origin and at Group level is a non-IFRS financial measure. See “Item 3. Key Information—A. Selected Financial Data” for how we define and calculate Operational EBIT and for reconciliation of Operational EBIT to EBIT.

(2) Includes corporate functions, our white halibut operations and items not related to salmon of a specific origin, divided by total harvested volume.

The table below sets forth our EBIT per kilogram harvested by country of origin of our salmon for the six months ended June 30, 2013 and 2012, and the years ended December 31, 2012, 2011 and 2010:

	Six months ended June 30,		Year ended December 31,		
	2013	2012	2012	2011	2010
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	(NOK per kg)				
EBIT—salmon of Norwegian origin	13.00	4.43	5.57	1.11	17.89
EBIT—salmon of Scottish origin	15.64	3.57	3.77	5.99	16.89
EBIT—salmon of Canadian origin	20.60	0.32	−3.97	−8.11	9.68
EBIT—salmon of Chilean origin	−7.71	0.50	−3.94	1.43	17.95
EBIT—salmon of Irish origin	21.69	6.82	−2.31	6.66	11.22
EBIT—salmon of Faroese origin	16.11	−2.34	2.72	1.36	20.67
EBIT—other ⁽¹⁾	−2.28	−0.61	−0.62	0.10	−0.14
Group EBIT	11.26	2.83	2.57	1.18	16.52

(1) Includes corporate functions, our white halibut operations and items not related to salmon of a specific origin, divided by total harvested volume.

Key Factors Affecting Results of Operations

Key Factors Affecting Revenue

Our primary source of revenue is sales of primary and secondary processed seafood (including VAP). Revenue generated by our products is the factor of volumes sold and the price that we achieve for our products. As our products are shipped long distance by road, air and water, our revenues include a substantial freight element since the freight cost is paid by customers.

Sales of salmon and salmon-derived products represented 89.8%, 91.6% and 89.8% of our revenue for the years ended December 31, 2012, 2011 and 2010, respectively. Fresh whole (i.e., primary processed) salmon represented 54.4%, 55.0% and 51.2% of our total revenues for the years ended December 31, 2012, 2011 and 2010, respectively, while the sale of secondary processed salmon accounted for 34.6%, 35.6% and 37.8%, respectively, of our revenue for the same periods.

The following table sets forth a breakdown of our sales of seafood by product type for the six months ended June 30, 2013 and 2012, and years ended December 31, 2012, 2011 and 2010:

	Six months ended June 30,		Year ended December 31,		
	2013 (unaudited)	2012 (unaudited)	2012 (unaudited)	2011 (unaudited)	2010 (unaudited)
	(in thousands of NOK)				
Fresh whole salmon	4,615,514	4,280,050	8,353,954	8,609,922	7,755,309
Fresh elaborated salmon	1,984,615	2,045,049	4,171,500	4,477,409	4,096,436
Frozen whole salmon	226,703	58,254	117,483	160,003	119,111
Frozen elaborated salmon	528,581	571,921	1,135,615	1,097,007	1,629,560
Other products	748,229	775,228	1,564,186	1,321,413	1,551,529
Total Revenues	8,103,643	7,730,501	15,342,737	15,665,753	15,151,945

We sell salmon and other seafood directly to retailers, hotels, restaurants as well as to third party processors and distributors in over 50 countries. The following table sets forth a breakdown of our sales of seafood by geographic region for the six months ended June 30, 2013 and 2012, and years ended December 31, 2012, 2011 and 2010:

	Six months ended June 30,		Year ended December 31,		
	2013 (unaudited)	2012 (unaudited)	2012 (unaudited)	2011 (unaudited)	2010 (unaudited)
	(in thousands of NOK)				
Europe ex Russia	5,330,621	5,245,569	10,501,875	10,987,615	9,880,541
Russia	406,707	278,387	626,829	541,101	569,959
Americas	1,555,640	1,469,692	2,737,979	2,870,697	3,623,300
Asia	732,511	688,393	1,371,729	1,141,280	945,900
Rest of the world	78,164	48,459	104,325	125,061	132,245
Total Revenues	8,103,643	7,730,501	15,342,737	15,665,753	15,151,945

Volume

Primary processed products

The following table sets forth the volume of salmon harvested by us by country of origin for the six months ended June 30, 2013 and 2012, and years ended December 31, 2012, 2011 and 2010:

	<u>Six months ended</u> <u>June 30,</u>		<u>Year ended December 31,</u>		
	<u>2013</u>	<u>2012</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
			(in tons GWE)		
Salmon of Norwegian origin	100,847	126,764	255,306	217,510	202,455
Salmon of Scottish origin	22,896	20,561	40,261	50,174	33,136
Salmon of Canadian origin	21,164	21,210	40,217	33,917	33,576
Salmon of Chilean origin	8,259	19,365	40,222	25,960	9,868
Salmon of Irish origin	2,864	4,375	9,407	9,332	10,556
Salmon of Faroese origin	3,443	3,586	6,893	5,927	5,419
Total harvested volume of salmon	<u>159,473</u>	<u>195,861</u>	<u>392,306</u>	<u>342,820</u>	<u>295,010</u>

Harvested volume primarily depends on (i) the quantities of smolt introduced into our operations, which are determined by us one-to-two years prior to harvesting, (ii) fish growth rates and (iii) our harvest schedule.

The quantities of smolt introduced into our operations are based on our expectations for the demand for finished product at harvest time, anticipated product prices and our organic growth ambitions in light of regulatory restraints (e.g., maximum standing biomass in production established by our farming licenses).

Fish growth rates are affected by water temperature, disease and other biological issues. As salmon is a cold-blooded animal, seawater temperature plays an important role for its growth rate. With high seawater temperatures, disease risk increases, while temperatures below freezing causes mass mortality. Similarly, biological factors, disease, sea lice and stress of fish each negatively impact the rate of growth of our fish and may result in fish mortality. Frequent disease and sea lice treatments have a negative impact on fish as they result in fish stress (caused by the disease or treatment) and may reduce the rate of growth of the fish subjected to treatments.

Volumes in a period are also affected by our harvest schedule, i.e., when we decide to harvest fish from a particular location. Our harvest window is effectively limited by fish age, as fish must be harvested prior to maturation, but we have a limited ability to accelerate or delay harvest (typically, by a matter of weeks) to optimize price achievement.

Secondary processed products

The majority of our secondary processing occurs in our VAP Europe segment, while some secondary processing also occurs in our Markets segment in Americas, Asia and Europe. Some filleting activities are also carried out by our Farming operations. The volume of secondary processed salmon, including VAP, produced by us depends on the market demand for our secondary processed seafood and the production volumes of our operations. In 2012, approximately 60% of the fish used in our secondary processing business in VAP Europe, as measured by value, was produced by our fish farms. We have a constant supply of raw materials used in production and can vary our volume of secondary processed seafood based on the projected customer demand. Sales of salmon-based products accounted for 66% of the total sales of VAP Europe in 2012, with the remaining 34% representing sales of products based on other fish species, such as cod, Alaska pollack, shrimp, plaice, redfish and pangasius, a type of catfish native to Asia.

Prices

The price received for our products is determined by the relevant market prices. Our achieved prices may deviate from market prices due to differences in quality of our product, our use of contracts, which typically fix the sales price for a period of three to 12 months and our ability to place our products efficiently in the market. We aim to sell our products at or above market prices and we measure our ability to do so through price achievement, which measures the prices at which we sell our products against the relevant salmon price index or reference price.

We are actively pursuing strategies to reduce our dependence on market prices for salmon by increasing our capacity for producing more value added products, which are generally associated with more stable consumer prices. In line with this strategy, we have acquired Morpol, a world leading secondary and value added processor of salmon. During 2012, we also opened a major new secondary processing facility in Boulogne, France, a small secondary processing line in the Czech Republic and a small new greenfield secondary processing factory in Osaka, Japan. In 2013, we opened processing facilities in Asia, with South Korea and Taiwan. We also expanded our smoked salmon production capacity at our facilities in Belfast, Maine. In order to further strengthen our competitiveness in the production of value added products, we have initiated a restructuring of our operations in VAP Europe, reducing the number of production facilities from 13 to eight. This restructuring is expected to be completed in 2014.

Reference prices for salmon

Several price indices for salmon are publicly available. The two most important indices for Norwegian salmon are NOS/Fish Pool provided by NOS Clearing ASA, a subsidiary of NASDAQ OMX Group Inc., and the official statistics of Norway by Statistics Norway, or SSB, a Norwegian governmental entity. Urner Barry in the United States provides a reference price for Chilean salmon in Miami and North American salmon in Seattle. Price correlation across regional markets is generally strong for Atlantic salmon.

The following table sets forth salmon reference prices per kilogram, based upon source of origin, for six months ended June 30, 2013 and 2012, and years ended December 31, 2012, 2011 and 2010:

Prices in NOK

	Six months ended June 30,		Change Six months ended June 30, 2013 vs. 2012	Year ended December 31,			Change 2012 vs. 2011	Change 2011 vs. 2010
	2013	2012		2012	2011	2010		
Norwegian origin ⁽¹⁾	38.45	26.54	44.9%	26.15	30.22	37.46	-13.5%	-19.3%
Chilean origin ⁽²⁾	24.42	20.45	19.4%	18.88	25.78	29.92	-26.8%	-13.9%
North American origin ⁽³⁾	17.46	14.37	21.5%	13.07	16.99	19.01	-23.1%	-10.6%

Prices in the currency of the index

	Six months ended June 30,		Change Six months ended June 30, 2013 vs. 2012	Year ended December 31,			Change 2012 vs. 2011	Change 2011 vs. 2010
	2013	2012		2012	2011	2010		
Norwegian origin (EUR) ⁽¹⁾	5.11	3.50	45.9%	3.50	3.88	4.68	-9.8%	-17.1%
Chilean origin (USD) ⁽²⁾	4.27	3.50	21.9%	3.24	4.60	4.95	-29.4%	-7.1%
North American origin (USD) ⁽³⁾	3.05	2.46	24.0%	2.25	3.03	3.15	-25.9%	-3.7%

(1) Average superior price per kilogram gutted weight (NOS FCA Oslo).

- (2) Average C trim price per kilogram (Urner Barry Miami two to three pounds). C trim refers to a trim of salmon fillet with (a) backbone off, (b) belly bone off, (c) back fin off, fin tissue on and (d) collarbone off.
- (3) Average superior price per pound gutted weight (Urner Barry Seattle 10 to 12 pounds).

Historically, reference prices for salmon have been subject to significant fluctuations, as demand for salmon has been growing steadily, whereas industry supply has been fluctuating strongly due to variations in factors such as smolt release and biological factors, including disease.

Although the market price of salmon is established through supply and demand for the product, in the short term, salmon producers are expected to be price takers. The long production cycle and a short time window available for harvesting, leave salmon farmers with limited flexibility to manage their short term supply. In addition, salmon is generally sold as a fresh commodity with a limited product life span, further limiting producers' ability to control short term supply.

Global harvest volume of salmon by region for the six months ended June 30, 2013 and 2012, and years ended December 31, 2012, 2011 and 2010 was as follows:

	Six months ended June 30,		Year ended December 31,		
	2013	2012	2012	2011	2010
			(in tons GWE)		
Norway	462,200	495,200	1,064,900	905,000	850,100
Chile	205,400	144,200	327,900	198,900	116,600
Scotland	60,400	68,400	141,500	139,200	127,600
North America	59,200	63,800	128,800	115,700	122,400
Faroe Islands	31,500	30,150	63,300	50,700	37,600
Australia	16,400	16,200	32,900	32,400	29,700
Ireland	4,900	6,750	14,000	14,400	16,000
Other	4,600	4,400	9,500	1,400	1,400
Total global harvest volume of salmon	844,600	829,100	1,782,800	1,457,700	1,301,400

Source: Kontali Database

Between 2010 and 2012, reference prices for salmon declined significantly, primarily driven by the increase in supply of Chilean salmon. The Chilean salmon farming industry was affected by a severe outbreak of Infectious Salmon Anemia between 2007 and 2009, and, as a result, the harvested volume of Atlantic salmon in Chile fell from approximately 350,000 to approximately 117,000 tons of gutted weight from 2005 to 2010. Since 2010, the Chilean industry has been experiencing a recovery, with the harvest volume rising to 327,900 tons of gutted weight in 2012.

During the six months ended June 30, 2013, reference prices for salmon experienced a recovery compared to the same period in 2012, increasing by 45.9% for Norwegian salmon and 21.9% and 24.0% for Chilean and North American salmon, respectively.

As our Irish operation produces mainly organic salmon there is no reference price available for benchmarking our salmon of Irish origin. Salmon from our Irish operations is mainly sold on short- to medium-term contracts.

Prices for the products produced by VAP Europe are primarily driven by customer demand and the cost of the raw materials used in production. Because secondary processed products, including VAP, to some extent are considered to be premium products, demand fluctuates with the state of regional and global economies and the consumers' general wealth. In addition, global trends in consumer tastes affect demand for such products. The cost of raw materials is largely dependent on reference prices, especially Atlantic salmon prices, the majority of which we supply internally from our Farming segment.

Quality

Quality of our fish may greatly affect the price we are able to achieve in comparison to the reference price. Diseases, sea lice, biological issues (such as Kudoa) and stress may all impact the quality of our fish, resulting in fish downgrading and lower achieved prices. In addition, when the fish reaches reproductive maturity, or maturation, its flesh color and meat quality changes, resulting in product downgrade.

Fish may be classified as superior, ordinary or production quality. Superior quality fish is a product without damage or defect and that provides a positive overall impression. Ordinary quality fish is a product with limited external or internal faults, damage or defects. Production quality fish is a product that does not satisfy the requirements of either superior or ordinary quality due to product faults, damage or defects. In Norway, downgraded fish is normally priced based on standard rates of deduction compared to a superior quality fish. For fish classified as ordinary the standard rate of reduction is NOK 1.50 to NOK 2.00 per kilogram gutted weight. For fish classified as production grade the standard rate of reduction is NOK 5.00 to NOK 15.00 per kilogram gutted weight depending on the reason for downgrading. In other countries price deductions related to quality are not as standardized, but the same general principles apply.

The following table sets forth the share of superior quality salmon harvested by us in the six months ended June 30, 2013 and 2012, and years ended December 31, 2012, 2011 and 2010:

	Six months ended June 30		Year ended December 31,		
	2013	2012	2012	2011	2010
Quality—superior share	86%	89%	91%	92%	89%

Contracts and Derivative Instruments

To limit our exposure to short and medium term fluctuations in salmon prices, we enter into sales contracts for future deliveries of our products. Our sales contracts generally have a duration of three to 12 months, and in the past have covered between 15% and 40% of our global harvest volume for the upcoming quarter. Our goal is that our contract coverage ratio should remain between 20% and 50%. The following table sets forth our contract coverage for the six months ended June 30, 2013 and 2012, and years ended December 31, 2012, 2011 and 2010:

	Six months ended June 30		Year ended December 31,		
	2013	2012	2012	2011	2010
Contract coverage ⁽¹⁾	34%	30%	33%	43%	49%

(1) Contract coverage represents the percentage of our products that was sold pursuant to short and medium term (three to 12 months) fixed price contracts.

Contracts mitigate our exposure to fluctuations in salmon prices, but can also result in us selling our products at prices that are lower than reference price.

We also utilize salmon derivatives to hedge our exposure to fluctuations in reference prices of salmon. Salmon derivatives provide the same hedge against exposure to spot price fluctuations as contracts for sale of salmon to customers, so we use hedging instruments as well as contracts to achieve our contract coverage goals described above. Gain and loss recognized by us through our salmon

derivatives, both realized and unrealized, for the six months ended June 30, 2013 and 2012 and the years ended December 31, 2012, 2011 and 2010 were as follows:

	Six months ended June 30,		Year ended December 31,		
	2013 (unaudited)	2012 (unaudited)	2012	2011	2010
	(in NOK million)				
Realized gain/loss ⁽¹⁾	42.2	35.9	79.4	197.7	—
Unrealized gain/loss ⁽²⁾	– 14.5	– 73.3	– 105.8	109.3	—
Financial gain/loss ⁽³⁾	2.5	—	—	12.4	– 42.7

- (1) Recognized in revenue/cost of material.
- (2) Recognized in other income.
- (3) Recognized in other financial items.

Realized operational gains and losses on salmon derivative instruments are recognized within revenues or cost of materials. Unrealized operational gains and losses are included in other income, but we exclude this value when calculating Operational EBIT. In addition to the operational hedging, we also invest in salmon derivatives as a financial activity. Both realized and unrealized gains and losses from such activities are classified as financial items.

Price Achievement

The average price achievement measures the prices that we are able to achieve on our products against a salmon price index. The achievement is measured against NOS for salmon of Norwegian and Faroese origin, a derived NOS (NOS + NOK 2.90 in 2012) for salmon of Scottish origin and Urner Barry for salmon of Canadian and Chilean origin. Our price achievement compared to the reference prices for the six months ended June 30, 2013 and 2012, and years ended December 31, 2012, 2011 and 2010 was as follows:

	Six months ended June 30,		Year ended December 31,		
	2013	2012	2012	2011	2010
Average price achievement	94%	104%	105%	110%	96%

The average price achievement measure demonstrates our ability to sell our products at above market rates and is thus an important measure of our success. Price achievement is primarily affected by contract coverage, fish quality and our ability to place our products efficiently in the market.

Key Factors Affecting Costs

Our costs are primarily affected by the cost of our fish feed, other purchases (including third-party raw material sourcing), salaries, other operational costs and biological factors. We use these cost categories to track our costs at consolidated level.

Costs in our Farming segment are categorized into feed costs, other seawater cost and non-seawater costs and we track these costs per kilogram of fish harvested, where:

- fish feed costs measure the cost of fish feed;
- other seawater costs measure costs relating to smolt, salaries, insurance, medication and other direct and indirect costs attributable to fish production at sea; and

- non-seawater costs are the cost of bringing the fish from the seawater site to the primary processing facility, primary processing costs, administration costs, exceptional mortality costs and other non-seawater costs incurred by our Farming segment.

These costs (fish feed, other seawater costs and non-seawater costs) represent the total cost for one kilogram gutted salmon packed in a standard box for shipping (“cost in box”). The term “cost in box” is widely used by the industry and analyst community as an indicator of operational efficiency in fish farming operations. These costs are included in the following line items in our consolidated statement of operations: cost of materials, salary and personnel expenses, other operating expenses and depreciation. The total of feed cost and other seawater costs is the cost of harvested fish in seawater, before transportation to the processing plant. We refer to these costs as biomass costs.

Costs in our Sales and Marketing business are primarily composed of costs of raw materials (e.g., primary processed salmon), which we predominantly produce internally, and costs associated with running secondary processing operations, such as salaries, utilities, etc. We measure our secondary processing operational efficiency through yield and throughput. Yield measures the number of kilograms of end product we are able to produce from one kilogram of raw materials. Throughput measures our secondary processing cost per kilogram produced.

Because it takes two to three years to bring a salmon to its harvest size, fish feed prices and prices for other costs associated with the farming of fish accumulate over multiple periods (i.e., the entire life of fish) and affect our cost of materials recognized in the period when our fish is harvested and sold. Costs associated with secondary processing are expensed in the period in which the product is sold.

The following table demonstrates the composition of our cost of materials recognized in the year ended December 31, 2012:

	Year ended December 31, 2012
	(in NOK million)
Feed purchases ⁽¹⁾	4,634.4
Other purchases ⁽²⁾	4,467.7
Net to (from) stock/change in inventory ⁽³⁾	– 746.5
Freight and other income reductions ⁽⁴⁾	1,296.3
Other costs of materials	14.6
Cost of materials	<u>9,666.5</u>

- (1) Feed purchases represent the cost of fish feed fed to our fish during the period.
- (2) Other purchases primarily represent seafood raw materials purchased for trading or use in our secondary processing from third parties (i.e., cod, Alaska pollack, shrimp, plaice, redfish and pangasius), packaging material, medications and third party services.
- (3) Net to (from) stock/change in inventory represents movements in our salmon inventory during the period. Effectively, this line item is used to (i) recognize in the current period the cost of fish feed and other materials that were fed/used in prior periods to the fish harvested in the current period and (ii) defer recognition of the cost of fish feed and other materials fed/used in the current period to the fish that was not harvested in the period.
- (4) Primarily represents costs associated with transportation of our products to customers.

Fish feed

Fish feed is our largest expense category and it accounted for approximately 50% of our “cost in box” per kilogram in 2012.

We procure our fish feed from a limited number of suppliers globally, primarily Skretting and BioMar. Our arrangements with the suppliers generally provide that we acquire the fish feed at prices

tied to the market prices for raw materials used in producing the feed, such as fish meal, fish oil, vegetable oils and meals. The arrangements are subject to a minimum fee per kilogram of fish feed, structured to cover the suppliers' operational costs and margins. Our arrangements generally do not contain minimum or maximum fish feed purchase quantities.

The yield generated from our fish feed is affected by the feed conversion ratio, which is the number of kilograms of fish feed needed to increase a fish's bodyweight by one kilogram. Our feed conversion ratio is typically approximately 1.2 kilograms of feed per kilogram of fish produced.

The following table sets forth our fish feed cost per kilogram of fish harvested in the six months ended June 30, 2013 and 2012, and years ended December 31, 2012, 2011 and 2010:

	<u>Six months ended June 30,</u>		<u>Year ended December 31,</u>		
	<u>2013</u>	<u>2012</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
	(in NOK per kg)				
Group feed cost per kilogram ⁽¹⁾	12.21	11.76	11.75	11.56	10.53

(1) Feed cost per kilogram harvested is calculated by dividing our total cost of fish feed for harvested biomass by tons GWE of salmon harvested.

We sourced all of our fish feed needs from external suppliers for the periods under review. During 2012, we initiated a greenfield project of a fish feed production plant in Norway. The plant will vertically integrate our operations and we expect that, at full capacity in 2015, this plant will provide us with an in-house production capacity of up to 65% of our Norwegian fish feed requirements (representing approximately 40% of our total fish feed requirements) based on our 2012 production.

Other seawater costs in Farming

Other seawater costs in Farming represent costs associated with smolt purchases, employee salaries, insurance, medication and other direct and indirect costs attributable to fish production at sea. These costs accumulate over multiple periods (i.e., the entire life of the fish) and are recognized in the period when our fish is harvested and sold.

Non-seawater costs in Farming

In Farming, non-seawater costs represent the cost of bringing the fish from seawater sites to primary processing facilities, primary processing costs, administration costs, exceptional mortality costs and other relevant costs for the fish harvested in the period. As the majority of these costs are fixed, this category is subject to substantial scale effects based on the volumes of salmon harvested.

Other purchases (including purchases for trading/further processing)

Other purchases primarily represent seafood raw materials (e.g, cod, Alaska pollack, shrimp, plaice, redfish and pangasius) purchased from third parties for trading (i.e., for sale to customer by our Markets segment) or use in our secondary processing operations. Third party purchases of raw materials are not affected by our harvest volume. Instead, expense associated with such purchases is driven by market prices of the underlying seafood and the volume of our purchases, which are dependent on our secondary processing volume and our desired levels of trading. Other purchases also include packaging material, medications and third party processing services. Packaging materials include all packaging materials from bulk bins to end consumer wrapping. The processing activity is the main driver for the cost of packaging materials. Medications refer to the cost of vaccines and medicines used in our farming operations and the cost driver is the need for treatments combined with the cost per unit for vaccines and medical treatment.

Biological factors

Biological factors, such as fish mortality, fish escapes, fish diseases and sea lice affect our harvest volumes and therefore our revenue, but also our costs. We may be required to expend resources in connection with mitigating the effects of the foregoing factors (e.g., costs of vaccines) and the cost per kilogram increases if fish die or growth is impaired.

Fish diseases

Farmed salmon is exposed to various infectious and non-infectious diseases. See “*Item 3. Key information—D. Risk Factors—Risks Relating to Our Fish Farming Operations—Our fish stocks can be adversely affected by various diseases.*”

An outbreak of a disease represents a cost for us through direct loss of fish. In addition, disease can result in lost growth of fish, accelerated harvesting and reduced quality of harvested fish which would affect our revenues. In some cases, a disease outbreak may be followed by a subsequent period of reduced production resulting in lower revenues.

We experienced severe outbreaks of AGD in the year ended December 31, 2012, which affected us in both Scotland and Ireland. The disease resulted in increased mortality in our stocks and early harvest.

Fish mortality

Fish mortality rates are affected by a number of factors, including infectious and non-infectious diseases, wounds, predators and fish treatment. We expense extraordinary mortality in the period when incidents occur. The cost associated with normal mortality is included in the value of the remaining inventory, contributing to increased cost of the fish when harvested and sold.

Sea lice management

Sea lice, of which there are several species, are natural occurring seawater parasites. They infect the salmon skin and if not controlled they can cause lesions, secondary infection and mortality. Sea lice can be controlled through good husbandry and management practices, the use of pharmaceutical products, cleaner fish (different wrasse species that eat parasites off the salmon skin) and hydrogen peroxide baths. Lice management is important from a fish wellbeing (to minimize potential skin damage and wounds) and cost perspective (treatment) as well as from an environmental perspective in ensuring that sea lice from farms do not have a negative impact on wild salmonid stocks.

Fair Value Adjustment on Biological Assets and Uplift on Harvested Fish

We measure fair value of our biological assets on a monthly basis. Changes in fair value of our biological assets are recorded in our income statement at the end of the relevant period. We measure biological assets at fair value, unless fair value cannot be measured reliably. In our opinion, broodstock, smolt and live fish below one kilogram cannot be measured reliably, and we therefore measure these biological assets at cost less impairment losses. Live fish over four kilograms are measured to full net value, while a proportionate expected net profit at harvest is incorporated for live fish between one kilogram and four kilograms. The main drivers in the valuation are volume of biomass (and average weight per site) at the relevant reporting date, expected cost at harvest and expected value at harvest (based on externally quoted forward prices where applicable and/or our price estimate for the period in which the fish is expected to be harvested).

At the point of harvest, the fair value adjustment on biological assets is reversed and presented on a separate line as fair value uplift on harvested fish.

The following table presents biological assets adjustment recognized by us in our profit and loss statement and the statement of financial position as of and for the six months ended June 30, 2013 and 2012, and years ended December 31, 2012, 2011 and 2010:

	As of and for the Six months ended June 30,		As of and for the Year ended December 31,		
	2013 (unaudited)	2012 (unaudited)	2012	2011	2010
	(in NOK million)				
In profit and loss					
Fair value uplift on harvested fish	-1,865.9	-850.9	-1,597.5	-3,260.1	-4,370.3
Fair value adjustment on biological assets . .	2,649.0	930.2	1,993.5	949.2	5,882.8
In statement of financial position					
Fair value adjustment on biological assets . .	1,630.0	521.9	835.7	445.9	2,766.1
Biomass at cost	5,413.7	5,085.3	5,372.1	5,793.4	5,268.0
Total biological assets	7,043.7	5,607.2	6,207.9	6,239.3	8,034.0
Carrying amount of biomass opening					
balance	6,207.9	6,239.3	6,239.3	8,034.0	5,688.9
Purchases in the period	3,255.9	3,257.0	7,704.8	7,400.6	6,249.6
Change in fair value biomass in sea	2,640.3	930.3	1,993.5	949.3	5,882.8
Fair value on harvested biomass	-1,865.9	-850.9	-1,597.5	-3,260.1	-4,370.3
Mortality of fish in sea	-22.4	-43.1	-141.4	-163.0	-85.6
Cost of harvested fish	-3,291.9	-3,908.9	-7,879.0	-6,749.0	-5,335.5
Currency translation effects	119.8	-16.4	-111.8	27.4	4.1
Carrying amount of biomass—closing					
balance	7,043.7	5,607.2	6,207.9	6,239.3	8,034.0

Income/loss from Associated Companies

Our income/loss from associated companies is primarily attributable to our share of income of Nova Sea AS, which includes the fair value adjustment on Nova Sea AS's biological assets. We own approximately 48% of Nova Sea AS, which is a salmon producer with fish farming facilities in Northern Norway.

Currency Effects

A substantial part of our sales and operating expenses are incurred in currencies other than NOK, our reporting currency. Such currencies include USD and EUR. In addition, the majority of our interest bearing debt is denominated in currencies other than NOK. As a result, our profit and loss statement is affected by fluctuations in relevant currencies, primarily EUR and USD. In addition to the currency effects in profit or loss, currency translation differences are recognized within other comprehensive income. These effects reflect the exchange differences arising from the translation of results of foreign subsidiaries.

The following table presents net currency effects recognized by us in our profit and loss statement for the six months ended June 30, 2013 and 2012, and years ended December 31, 2012, 2011 and 2010:

	Six months ended June 30,		Year ended December 31,		
	2013 (unaudited)	2012 (unaudited)	2012	2011	2010
	(in NOK million)				
Currency effects on interest-bearing debt	– 275.9	151.9	206.9	56.3	175.7
Currency effects bank, trade receivables/payables	54.3	– 48.3	1.5	– 30.2	– 48.2
Gain/loss on short-term transaction hedges	– 6.9	18.7	38.8	– 8.2	38.4
Realized gain/loss on long-term cash flow hedges	49.0	123.6	276.1	218.5	200.9
Net currency effects	– 179.6	246.0	523.3	236.4	366.7

To mitigate the potential fluctuation effects on our cash flows, we maintain a foreign exchange strategy designated to manage these exposures both in the short and long term, as discussed further in “Item 11. Quantitative and Qualitative Disclosures About Market Risk—Foreign exchange.”

Other Financial Items

The major component of our other financial items is the change in fair value of the conversion liability component of our EUR 225 million convertible bonds issued in 2010 and our EUR 350 million convertible bonds issued in 2013, with the fair value fluctuating both with changes in the exchange rate between EUR and NOK and the market price of our shares. Fluctuations in income/expense recorded in relation to the conversion liability component of the convertible bond, are not taxable, so these fluctuations also affect our tax expense as a percentage of earnings before taxes for a given period. See note 10 to our 2012 consolidated annual financial statements. On November 13, 2013, we announced our intent to exercise our option to call the EUR 225 million convertible bonds and settled such call on December 11, 2013.

Changes in market values of our interest rate swaps were recognized in other financial items in 2010 through 2012. From January 1, 2013, we introduced hedge accounting for our interest rate swaps, with the change in market value of our interest rate swaps being recognized in other comprehensive income. The change in fair value of interest rate swaps which do not qualify for hedge accounting, are recognized as other financial items.

Non-IFRS Measures

Operational EBIT. Operational EBIT at Group level and by country of origin is a non-IFRS financial measure, calculated by excluding each of the following items from earnings before interest and taxes, or EBIT, as set forth in our consolidated statement of income prepared in accordance with IFRS: change in unrealized salmon derivatives (at Group level only), fair value uplift on harvested fish, fair value adjustment on biological assets, provision for onerous contracts, restructuring costs, income/loss from associated companies, impairment losses and other non-operational items (accrual for contingent liabilities and provisions). We exclude these items from our EBIT as we believe they affect the comparability of our operational performance from period to period, given their non-operational or non-recurring nature. Operational EBIT is used by management, analysts, rating agencies and investors in assessing our performance. Accordingly, we believe that the presentation of Operational EBIT provides useful information to investors. Our use of Operational EBIT should not be viewed as an alternative to EBIT or to profit or loss for the year, which are measures calculated in accordance with IFRS. Operational EBIT has limitations as an analytical tool in comparison to EBIT or other profit and loss measures prepared in accordance with IFRS. Some of these limitations are: (i) it does not reflect the impact of earnings or charges that we consider not to be indicative of our on-going

operations, (ii) it does not reflect interest and income tax expense; and (iii) other companies, including other companies in our industry, may calculate Operational EBIT differently than we do, limiting its usefulness as a comparative measure. Refer to “*Item 3. Key Information—A. Selected Financial Data*” for a reconciliation of Operational EBIT to EBIT at Group level and by country of origin.

ROCE. Return on Capital Employed, or ROCE, is a non-IFRS financial measure, calculated by dividing Adjusted EBIT by average capital employed. Adjusted EBIT is calculated as EBIT, as set forth in our consolidated statement of income prepared in accordance with IFRS, adjusted for fair value uplift on harvested fish, fair value adjustment on biological assets, provision for onerous contracts and other non-operational items (accrual for contingent liabilities and provisions). Average capital employed is calculated as average of the beginning of the period and end of the period capital employed. Capital employed is the sum of net interest bearing debt, or NIBD, as of the end of the period plus equity as of the end of the period adjusted for fair value adjustment on biological assets, provision for onerous contracts and, for the six months ended June 30, 2013 and year ended December 31, 2012, investment in Morpol. The investment in Morpol was excluded from the calculation of capital employed as until the acquisition of Morpol was cleared by the relevant competition authorities, we were unable to consolidate Morpol’s financial results into our financial statements. Our NIBD as of the end of a period (for purposes of calculating average NIBD) is equal to our total interest-bearing debt minus our total cash and plus our current interest-bearing debt. We use ROCE to measure the return on capital employed, regardless of whether the financing is through equity or debt. In our view, this measure provides useful information for both management and our investors about our performance during periods under evaluation. We believe that the presentation of ROCE provides useful information to investors because ROCE can be used to determine whether capital invested in us yields competitive returns. In addition, achievement of predetermined targets relating to ROCE is one of the factors we take into account in determining the amount of performance-based compensation paid to our management. Our use of ROCE should not be viewed as an alternative to EBIT or to profit or loss for the year, which are measures calculated in accordance with IFRS or ratios based on these figures. The usefulness of ROCE is also inherently limited by the fact that it is a ratio and thus does not provide information as to the absolute amount of our income, debt or equity. It also excludes certain items from the calculation and other companies may use a similar measure but calculate it differently. Refer to “*Item 3. Key Information—A. Selected Financial Data*” for calculation of ROCE.

NIBD/equity. NIBD/equity is a non-IFRS financial measure. Management employs NIBD divided by total equity, as set forth in our consolidated financial statements, to assess our liquidity and financial position. Our NIBD as of the end of a period is equal to our total interest bearing debt minus our total cash and plus our current interest-bearing debt, in each case as set forth in our consolidated statement of financial position. Management, analysts, rating agencies and investors use NIBD/equity ratio to assess our liquidity and to measure our cash flow. The usefulness of NIBD/equity is inherently limited by the fact that it is a ratio and thus does not provide information as to the absolute amounts of our debt or income. Refer to “*Item 3. Key Information—A. Selected Financial Data*” for calculation of NIBD/equity.

The following table sets forth our Group Operational EBIT, ROCE and NIBD/equity for the six months ended June 30, 2013 and 2012, and years ended December 31, 2012, 2011 and 2010:

	Six months ended June 30,		Year ended December 31,		
	2013 (unaudited)	2012 (unaudited)	2012 (unaudited)	2011 (unaudited)	2010 (unaudited)
Operational EBIT (in NOK million)	1,383.3	506.6	643.4	2,717.3	3,191.3
Group EBIT (in NOK million)	1,795.1	553.4	1,009.8	406.0	4,874.9
ROCE	15.6%	5.6%	3.9%	16.8%	21.7%
NIBD/Equity	47.2%	47.0%	46.0%	59.8%	39.7%

Analysis of Results of Operations

Six months ended June 30, 2013 compared to six months ended June 30, 2012

Marine Harvest ASA Consolidated Amounts

Set out below are our consolidated statements of operations data for the six months ended June 30, 2013 and 2012:

	Six months ended June 30,			
	(in NOK million)		(as percentage of revenue)	
	2013	2012	2013	2012
	(unaudited)	(unaudited)		
Consolidated Income Statement Data:				
Revenue and other income	8,165.6	7,778.0	100.0%	100.0%
Cost of materials	-4,148.8	-4,851.5	-50.8%	-62.4%
Fair value uplift on harvested fish	-1,865.9	-850.9	-22.9%	-10.9%
Fair value adjustment on biological assets	2,649.0	930.2	32.4%	12.0%
Salary and personnel expenses	-1,161.2	-1,127.2	-14.2%	-14.5%
Other operating expenses	-1,139.9	-1,027.4	-14.0%	-13.2%
Depreciation and amortization	-346.8	-338.5	-4.2%	-4.4%
Provision for onerous contracts	-99.0	19.0	-1.2%	0.2%
Restructuring cost	-237.9	—	-2.9%	—
Other non-operational items	-74.4	—	-0.9%	—
Income/loss from associated companies	57.1	23.0	0.7%	0.3%
Impairment losses	-2.7	-1.2	0.0%	0.0%
Earnings before interest and taxes (EBIT)	1,795.1	553.4	22.0%	7.1%
Interest expenses	-279.3	-189.8	-3.4%	-2.4%
Net currency effects	-179.6	246.0	-2.2%	3.2%
Other financial items	-81.7	-193.7	-1.0%	-2.5%
Earnings before taxes (EBT)	1,254.4	415.9	15.4%	5.3%
Taxes	-407.2	-117.2	-5.0%	-1.5%
Profit or loss for the period	847.3	298.7	10.4%	3.8%
<i>Attributable to:</i>				
Non-controlling interests	10.3	-1.4	0.1%	0.0%
Owners of Marine Harvest ASA	837.0	300.2	10.3%	3.9%

Revenue and other income

Revenue and other income for the six months ended June 30, 2013 was NOK 8,165.6 million, an increase of 5.0%, or NOK 387.6 million, compared to NOK 7,778.0 million for the same period in 2012. The increase was primarily driven by a significant increase in market prices for salmon, which was partially offset by a decrease in harvest volumes of approximately 19%, or 36,388 tons gutted weight, including a reduction of 25,917 and 11,106 tons of gutted weight of salmon harvested by our Norwegian and Chilean operations, respectively. Harvest volume of our Norwegian salmon was negatively impacted by lower seawater temperatures combined with changes in the stocking pattern in 2011 and 2012. Harvest volume of our Chilean salmon was lower due to our decision to reduce smolt stocking in 2011.

The increase in reference prices for Atlantic salmon in the period ending June 30, 2013 compared to the same period in 2012 was 45.9% for salmon of Norwegian origin, 21.9% for salmon of Chilean origin and 24.0% for salmon of North American origin. A reduction in global harvest volumes (mainly salmon of Norwegian origin), was the main driver for the price increase.

The overall average price achieved was 6% below the reference price in the six months ended June 30, 2013, compared to 4% above the reference price in the same period in 2012 as our sale contracts for 2013 were entered into in an environment of rising spot prices.

Cost of materials

The table below presents a breakdown of our cost of materials for the six months ended June 30, 2013 and 2012:

	Six months ended June 30,		Change	Change
	2013 (unaudited)	2012 (unaudited)		
	(in NOK million)			%
Feed purchases	1,759.1	1,861.2	-102.1	-5.5%
Other purchases	2,073.0	2,156.6	-83.6	-3.9%
Net change in inventory	-430.9	225.3	-656.2	-291.2%
Freight and other income reductions	600.2	634.0	-33.8	-5.3%
Other costs of materials	147.5	-25.7	173.1	-674.4%
Total cost of materials	4,148.8	4,851.5	-702.7	-14.5%

Cost of materials for the six months ended June 30, 2013 was NOK 4,148.8 million, a decrease of 14.5%, or NOK 702.7 million, compared NOK 4,851.5 million for the same period in 2012. The decrease was primarily driven by a 19% reduction in harvested volume of salmon for the first half year of 2013. Feed purchases amounted to NOK 1,759.1 million in the six months ended June 30, 2013, compared to NOK 1,861.2 million in the same period in 2012. The price of fish feed increased by approximately 14%, while the quantity of fish feed used in our operations decreased by approximately 19% due to lower standing biomass and low seawater temperatures reducing the growth rates. Other purchases have remained fairly stable between the first half of 2012 and the first half of 2013 as these costs depend to a large extent on trading and secondary processing activity, which are independent of harvested volume. Freight and other income reductions in the six months ended June 30, 2013 were 5.3% lower than in the comparable period in 2012 at NOK 600.2 million due to lower harvested volume.

Salary and personnel expenses

The table below presents a breakdown of our salary and personnel expenses for the six months ended June 30, 2013 and 2012:

	Six months ended June 30,		Change	Change
	2013 (unaudited)	2012 (unaudited)		
	(in NOK million)			%
Gross wages/salaries	785.7	773.8	11.9	1.5%
3rd party staff (temporary labor)	95.9	105.0	-9.0	-8.6%
Bonus and share price based bonus scheme	79.3	62.1	17.2	27.6%
Social securities	127.6	122.9	4.7	3.8%
Other personal expenses	72.7	63.5	9.3	14.6%
Total salary and personnel expenses	1,161.2	1,127.2	34.0	3.0%

The increase in salary and personnel expenses for the six months ended June 30, 2013 of NOK 34.0 million or 3.0% compared to the same period in 2012 was primarily driven by a NOK

11.9 million increase in gross wages and salaries and a NOK 17.2 million increase in costs related to our bonus and share price based bonus scheme. The increase in gross wages and salaries was driven by an increase in compensation levels. The increase in the bonus and share-price based bonus scheme was mainly attributed to the increase in the share price of Marine Harvest ASA.

Other operating expenses

The table below presents a breakdown of our other operating expenses for the six months ended June 30, 2013 and 2012:

	Six months ended June 30,		Change	Change
	2013	2012		
	(unaudited)	(unaudited)		%
	(in NOK million)			
Maintenance	319.5	290.6	28.9	9.9%
Electricity and fuel	160.3	157.1	3.2	2.0%
Rent and leases	110.7	114.9	-4.2	-3.6%
3rd party services	104.3	89.8	14.5	16.1%
Insurance	65.6	64.2	1.5	2.3%
Consultancy and audit fees	70.3	45.2	25.2	55.7%
Communication/IT	46.5	44.7	1.8	4.1%
Travel	46.9	38.8	8.1	20.9%
Advertising & promotion	29.0	21.1	7.9	37.5%
Other expenses	186.7	161.1	25.6	15.9%
Total other operating expenses	1,139.9	1,027.4	112.5	10.9%

Other operating expenses increased by NOK 112.5 million or 10.9% during the six months ended June 30, 2013 compared to the same period in 2012. The increase was primarily due to increase in maintenance costs of NOK 28.9 million, consultancy and audit fees of NOK 25.2 million, other expenses of NOK 25.6 million and third party services of NOK 14.5 million. The increase in maintenance costs was attributed to the lower than historic average capital expenditures in prior years. The increase in consultancy and audit fees was driven by expenses associated with the Morpol acquisition and our attempted acquisition of Cermaq ASA.

Net fair value on biological assets

We recorded a positive fair value adjustment on biological assets of NOK 783.1 million on June 30, 2013 compared to a positive fair value adjustment on biological assets of NOK 79.3 million on June 30, 2012. The adjustments are attributed to the changes in the market prices for Atlantic salmon.

Restructuring costs

During the second quarter of 2013, we launched restructuring initiatives in VAP Europe and in our Chilean smoked salmon unit. The initiatives include reducing the number of processing sites in Europe from 13 to eight and closure of our Chilean smoked salmon operations. We recorded a restructuring provision of NOK 237.9 million for the six months ended June 30, 2013 with respect to these initiatives. The corresponding figure for 2012 was nil.

Income/loss from associated companies

We recorded an income from associated companies of NOK 57.1 million for the six months ended June 30, 2013 and NOK 23.0 million for the same period in 2012, primarily due to the increase in net income from Nova Sea AS.

Earnings before interest and taxes (EBIT)

As a result of the foregoing, our EBIT was NOK 1,795.1 million in the six months ended June 30, 2013, compared to NOK 553.4 million in the same period in 2012.

Financial items

Set out below are the primary components of our net financial items for the six months ended June 30, 2013 and 2012:

	Six months ended June 30		Change	Change
	2013	2012		
	(unaudited)	(unaudited)		%
	(in NOK million)			
Interest expense	-279.3	-189.8	-89.5	47.2%
Net currency effects	-179.6	246.0	-425.6	173.0%
Other financial items	-81.7	-193.7	112.0	-57.8%

Interest expense

Interest expense increased by 47.2% in the six months ended June 30, 2013 compared to the same period in 2012 due to higher average net interest bearing debt balance during the period, additional amortized interest recorded in connection with the convertible bond issued in May 2013 and the effect of having a higher proportion of our average net interest bearing debt during the period denominated in NOK, which bears higher interest rates than our EUR denominated debt.

Net currency effects

Net currency effects for the six months ended June 30, 2013 were NOK -179.6 million, compared to NOK 246.0 million for the six months ended June 30, 2012, primarily due to the depreciation of NOK in relation to EUR, the currency in which most of our interest bearing debt is denominated.

Other financial items

For the six months ended June 30, 2013, other financial items were NOK -81.7 million compared to NOK -193.7 million for the same period in 2012. The amount in 2013 was mainly due to an unrealized loss from the convertible bond, partially offset by a gain on sale of shares in Cermaq ASA of NOK 100.2 million in 2013. The Cermaq ASA shares were acquired in connection with our attempted takeover of the company. On April 30, 2013, we announced our intention to launch a voluntary offer for all outstanding shares of Cermaq ASA. At the end of the offer period, we received acceptances below the 33.4% level set as a condition for completion of the voluntary offer. Accordingly, we did not complete the voluntary offer and subsequently sold our shares in Cermaq ASA. The total gain on the shares was NOK 133.0 million of which NOK 32.8 million was recognized in 2012.

Taxes

For the six months ended June 30, 2013 our tax expense was NOK 407.2 million, compared to NOK 117.2 million for the same period in 2012. The main driver for the increased tax expense was the increase in earnings before taxes and the unrealized loss from the convertible bond partially offset by the gain on sale shares in Cermaq ASA which are non-taxable items.

Profit

As a result of the foregoing, our profit for the six months ended June 30, 2013 increased by NOK 548.6 million to NOK 847.3 million, from NOK 298.7 million for the six months ended June 30, 2012.

Non-IFRS Financial Measures

Operational EBIT

Group Operational EBIT increased by 173%, from NOK 506.6 million for the six months ended June 30, 2012 to NOK 1,383.3 for the six months ended June 30, 2013. The main reason for the increase was increase in salmon prices, partly offset by the lower volume of harvested salmon. Operational EBIT is a non-IFRS financial measure. See “*Item 3. Key Information—A. Selected Financial Data*” for a description of how we define and calculate Operational EBIT and for reconciliation of Group Operational EBIT to EBIT. Our EBIT was NOK 1,795.1 million in the six months ended June 30, 2013, compared to NOK 553.4 million in the same period in 2012.

ROCE

Return on capital employed was 15.6% for the six months ended June 30, 2013, compared to 5.6% for the same period in 2012, reflecting change in profit and the fair value adjustment on biological assets, which was NOK 703.8 million higher in the six months ended June 30, 2013 compared to the same period in 2012 and is excluded from our ROCE calculations. ROCE is a non-IFRS financial measure. See “*Item 3. Key Information—A. Selected Financial Data*” for a description of how we define and calculate ROCE.

Segment Reporting

The following is a discussion of our operational results by business segment and based on the salmon’s source of origin, using Operational EBIT per kilogram of fish harvested as a key measure of performance.

Operational EBIT by segment

The following table sets forth Operational EBIT of each of our operating segments for the six months ended June 30, 2013 and 2012:

	Six months ended June 30,	
	2013 (unaudited)	2012 (unaudited)
	(in NOK million)	
Operational EBIT—Farming	1,361.8	365.2
Operational EBIT—Markets	129.1	192.6
Operational EBIT—VAP Europe	– 10.6	– 10.4
Operational EBIT—Other	– 97.0	– 40.8
Group Operational EBIT⁽¹⁾	<u>1,383.3</u>	<u>506.6</u>
Group EBIT	<u>1,795.1</u>	<u>553.4</u>

(1) Group Operational EBIT is a non-IFRS financial measure. See “*Item 3. Key Information—A. Selected Financial Data*” for how we define and calculate Operational EBIT and for reconciliation of Group Operational EBIT to EBIT.

Farming

Farming's Operational EBIT was NOK 1,361.8 million in the six months ended June 30, 2013 compared to NOK 365.2 million for the same period in 2012. The increase was primarily a result of the significantly higher prices achieved, which offset the decrease in volumes harvested.

Sales and Marketing

Sales and Marketing's Operational EBIT for the six months ended June 30, 2013 was NOK 118.5 million, compared to NOK 182.2 million for the same period in 2012. Operational EBIT for the six months ended June 30, 2013 was comprised of NOK 129.1 million Operational EBIT of Markets (compared to NOK 192.6 million in the same period in 2012) and NOK –10.6 million of Operational EBIT of VAP Europe (compared to NOK –10.4 million in the same period in 2012).

The reduction in the Operational EBIT of Markets was a result of decreased volumes and lower margins on sales.

The reduction in the Operational EBIT of VAP Europe was primarily due to an unfavorable product mix and a significant increase in raw material prices. VAP Europe's operational yield has improved in the first half of 2013 compared to the first half of 2012 due to efficiency improvement projects initiated in 2012. The processing cost per kilogram produced has marginally increased between the two periods, as lower volume produced negatively influenced fixed cost absorption and offset the improvement in variable costs.

Operational performance by country of origin

Set out below are certain operating metrics by country of origin of our harvested salmon for the six months ended June 30, 2013 and 2012:

	Salmon of							MH Total
	Norwegian Origin	Scottish Origin	Canadian Origin	Chilean Origin	Irish Origin	Faroese Origin	Other	
Six months ended June 30, 2013								
(unaudited)								
Harvest volume of salmon ⁽¹⁾	100,847	22,896	21,164	8,259	2,864	3,443	0	159,473
Average price achievement ⁽²⁾	93%	90%	101%	89%	N/A	99%	N/A	94%
Contract coverage ⁽³⁾	34%	59%	4%	39%	93%	11%	N/A	34%
Quality—superior share ⁽⁴⁾	84%	95%	85%	82%	89%	94%	N/A	86%
Feed cost (NOK per kg) ⁽⁵⁾	N/D	N/D	N/D	N/D	N/D	N/D	N/D	12.21
Operational EBIT (NOK per kg) ⁽⁶⁾	10.48	11.18	9.97	–13.40	9.79	14.50	–0.68	8.67
EBIT (NOK per kg)	13.00	15.64	20.60	–7.71	21.69	16.11	–2.28	11.26
Six months ended June 30, 2012								
(unaudited)								
Harvest volume of salmon ⁽¹⁾	126,764	20,561	21,210	19,365	4,375	3,586	0	195,861
Average price achievement ⁽²⁾	103%	113%	94%	110%	N/A	101%	N/A	104%
Contract coverage ⁽³⁾	27%	58%	8%	40%	80%	N/A	N/A	30%
Quality—superior share ⁽⁴⁾	87%	97%	89%	92%	93%	94%	N/A	89%
Feed cost (NOK per kg) ⁽⁵⁾	N/D	N/D	N/D	N/D	N/D	N/D	N/D	11.76
Operational EBIT (NOK per kg) ⁽⁶⁾	3.36	6.42	–2.10	1.42	4.27	–2.15	–0.23	2.59
EBIT (NOK per kg)	4.43	3.57	0.32	0.50	6.82	–2.34	–0.61	2.83

(1) We measure our harvest volume in terms of tons of gutted weight of salmon. Harvest volume of salmon is a key measure of our success as, in the absence of trading, it corresponds to the volume of salmon available for sale. As trading volume generally achieves limited margin, harvested volume is the volume-related driver of our profit.

- (2) Our average price achievement measures the prices that we are able to achieve on our products against a salmon price index. The achievement is measured against NOS for salmon of Norwegian and Faroese origin, a derived NOS (NOS + a margin) for salmon of Scottish origin and Urner Barry for salmon of North American and Chilean origin. The market reference prices are spot prices for superior quality salmon, while our achieved price is a blend of spot and contract price for all qualities. Average price achievement measures our ability to sell our products at above market rates and is thus important for understanding our performance. In situations where contract prices deviate from spot prices, or the quality of our sold fish is low, our achieved price will deviate from the reference price.
- (3) The contract coverage measure represents the percentage of our products that was sold pursuant to contracts. A contract is for this purpose defined as a commitment to sell our salmon at a fixed price for a period of three months or longer. We have a sales contract policy aimed at limiting our exposure to short and medium term fluctuations in salmon prices.
- (4) The superior share of salmon is the percentage of salmon harvested as superior salmon divided by the total volume of harvested salmon. If salmon for some reason, e.g., pale color or scale loss, cannot be classified as a superior product, it is downgraded and sold as production or ordinary grade product at a lower price.
- (5) Feed cost per kilogram harvested is calculated by dividing our total cost of fish feed for harvested fish by tons of gutted weight of salmon harvested.
- (6) Operational EBIT at Group level and by country of origin is a non-IFRS financial measure. Refer to “*Item 3. Key Information—A. Selected Financial Data*” for how we define and calculate Operational EBIT and reconciliation of Operational EBIT to EBIT.

Salmon of Norwegian Origin

Operational EBIT

Our Operational EBIT for salmon of Norwegian origin was NOK 1,056.9 million for the six months ended June 30, 2013 compared to NOK 425.6 million for the same period in 2012. Operational EBIT per kilogram was NOK 10.48 in the six months ended June 30, 2013 compared to NOK 3.36 for the same period in 2012 due to increased salmon prices, partially offset by increased fish feed costs for the salmon harvested in the first half of 2013 compared to the salmon harvested in the same period in 2012 and reduced harvest volume in the first half of 2013 (reflecting negative scale effects). Operational EBIT by country of origin is a non-IFRS financial measure. Refer to “*Item 3. Key Information—A. Selected Financial Data*” for how we define and calculate Operational EBIT and reconciliation of Operational EBIT by country of origin to EBIT. Our EBIT for salmon of Norwegian origin was NOK 1,311.2 million in the six months ended June 30, 2013 compared to NOK 561.9 million in the same period in 2012. EBIT per kilogram was NOK 13.00 in the six months ended June 30, 2013 compared to NOK 4.43 in the same period in 2012.

Price and volume developments

The reference price was higher in the six months ended June 30, 2013 compared to the same period in 2012 due to the reduced global supply of Atlantic salmon, driven by the lower harvest of Norwegian salmon. Our price achievement for the six months ended June 30, 2013 was 7% below the reference price, which was down from the price achievement for the same period of 2012 of 3% above the reference price. The decrease was primarily due to higher contract coverage of 34% in the first half of 2013 in a market of rapidly increasing prices, compared to the contract coverage of 27% in a market with fairly stable prices in the same period in 2012. The price achievement was also negatively impacted by a lower superior share of salmon of 84% for the six months ended June 30, 2013 compared to 87% for the same period in 2012. The main reason for downgrading in the first half of 2013 was winter wounds.

Harvest volume in the six months ended June 30, 2013 was 100,847 tons gutted weight, a reduction of 25,917 tons from the same period in 2012. Lower seawater temperatures, combined with changes in the salmon stocking pattern and reduced overall salmon stocking in 2011 and 2012, resulted in a reduction of production and harvest volume in the six months ended June 30, 2013 compared to the same period in 2012.

Costs and operations

Total cost per kilogram of our Norwegian salmon harvested in the first half of 2013 increased by 6% compared to the salmon harvested in the same period in 2012.

The primary driver for the cost increase was the rise in the fish feed cost for the fish harvested in the six months ended June 30, 2013 of 7% compared to the fish harvested in the same period in 2012, due to higher feed prices and low seawater temperatures which resulted in lower growth of fish at sea and a higher feed conversion ratio.

Other seawater costs per kilogram of fish harvested in the six months ended June 30, 2013 were higher than for the fish harvested in the same period in 2012 due to harvesting at sites that were diagnosed with Pancreas Disease, or PD, in 2012 (and the corresponding cost being recognized in the first half of 2013, at the point of sale). As in previous periods, sea lice mitigation costs were high for the fish harvested in the first half of 2013. The exceptional cost related to sea lice mitigation in the six months ended June 30, 2013 amounted to NOK 60.1 million compared to NOK 86.0 million in the same period in 2012.

Non-seawater costs per kilogram of fish harvested in the six months ended June 30, 2013 were higher than for the fish harvested in the same period in 2012 due to the significant reduction in harvest volume (reflecting negative scale effects). Exceptional mortality was recorded at two sites in the first half of 2013 due to a PD outbreak, and as a result, a loss of NOK 6.1 million was recorded in the first half of 2013 compared to a loss of NOK 27.8 million for the same period in 2012.

Salmon of Scottish Origin

Operational EBIT

Our Operational EBIT for salmon of Scottish origin was NOK 255.9 million for the six months ended June 30, 2013 compared to NOK 132.0 million for the same period in 2012. Operational EBIT per kilogram was NOK 11.18 for the six months ended June 30, 2013 compared to NOK 6.42 for the same period in 2012 due to the increased salmon prices and increased harvest volume (reflecting scale effects). Operational EBIT by country of origin is a non-IFRS financial measure. Refer to “*Item 3. Key Information—A. Selected Financial Data*” for how we define and calculate Operational EBIT and reconciliation of Operational EBIT by country of origin to EBIT. Our EBIT for salmon of Scottish origin was NOK 358.1 million in the six months ended June 30, 2013 compared to NOK 73.3 million in the same period in 2012. EBIT per kilogram was NOK 15.64 in the six months ended June 30, 2013 compared to NOK 3.57 in the same period in 2012.

Price and volume developments

The reference prices were higher in the six months ended June 30, 2013 compared to the same period in 2012 due to the reduced global supply of Atlantic salmon, driven by the lower harvest of Norwegian salmon. Our price achievement for the six months ended June 30, 2013 was 10% below the reference price, which was down from the price achievement for the same period of 2012 of 13% above the reference price. Price achievement for salmon of Scottish origin was impacted by a high contract coverage ratio in the first half of 2013 in a market of rapidly increasing prices. For the same period in 2012, market prices were relatively stable and the effect of contract coverage was positive. The contract coverage ratio was stable at 59% in the six months ended June 30, 2013 and 58% for the same period in 2012. With the superior share exceeding 95% in the first half of both years, the effect of downgrading on the price achievement was limited.

Harvest volume in the six months ended June 30, 2013 was above the corresponding period in 2012 at 22,896 tons gutted weight compared to 20,561 tons in the first half of 2012. The increase was primarily driven by good growth at sea.

Costs and operations

Total cost per kilogram of our salmon of Scottish origin harvested in the six months ended June 30, 2013 decreased by 1% compared to the salmon harvested in the same period in 2012 due to scale effects and reduced biomass costs.

Feed cost per kilogram of fish harvested in the first half of 2013 was stable as compared to the fish harvested in the same period in the first half of 2012, as higher fish feed prices were offset by improved feed conversion ratios.

Other seawater costs per kilogram of fish harvested in the six months ended June 30, 2013 were lower than for the fish harvested in the same period in 2012, due to good growth of fish at sea and reduced smolt costs.

Non-seawater costs per kilogram of fish harvested in the six months ended June 30, 2013 were stable compared to the fish harvested in the same period in 2012, as increased well boat costs and additional wrasse farming costs (wrasse is a type of cleaner fish used for sea lice mitigation) were mitigated by increased volume (reflecting scale effects).

Salmon of Canadian Origin

Operational EBIT

Our Operational EBIT for salmon of Canadian origin was NOK 211.0 million for the six months ended June 30, 2013 compared to NOK –44.6 million in the same period in 2012. Operational EBIT per kilogram was NOK 9.97 in the six months ended June 30, 2013 compared to NOK –2.10 in the same period of 2012 due to the increased salmon prices and favorable development in biological factors, which were attributed to the production improvement initiatives implemented in 2011 and 2012. Operational EBIT by country of origin is a non-IFRS financial measure. Refer to “*Item 3. Key Information—A. Selected Financial Data*” for how we define and calculate Operational EBIT and reconciliation of Operational EBIT by country of origin to EBIT. Our EBIT for salmon of Canadian origin was NOK 436.0 million in the six months ended June 30, 2013 compared to NOK 6.8 million in the same period in 2012. EBIT per kilogram was NOK 20.60 in the six months ended June 30, 2013 compared to NOK 0.32 in the same period in 2012.

Price and volume developments

The reference prices were higher in the six months ended June 30, 2013 compared to the same period in 2012 despite the increase in harvest volume of salmon of Chilean origin. Limited availability of salmon of Canadian origin in the American spot market was the main reason for the reference price increase. Our price achievement for the six months ended June 30, 2013 was 1% above the reference price, which was up from the price achievement for the same period of 2012 of 6% below the reference price. The increase was primarily attributed to low contract coverage of 4% in the six months ended June 30, 2013 in an environment of increasing prices, compared to a contract coverage ratio of 8% in the same period in 2012, and a reduced rate of customer claims related to Kudoa. The effect of claims and discards attributed to Kudoa decreased from NOK 44.3 million in the first half of 2012 to NOK 10.5 million in the same period in 2013, which had a positive effect on our overall price achievement. The superior share of salmon was 85% in the six months ended June 30, 2013, compared to 89% in the same period in 2012, mainly due to maturation.

Harvest volume in the six months ended June 30, 2013 was 21,164 tons gutted weight compared to 21,210 tons in the same period in 2012.

Costs and operations

Total cost per kilogram of our salmon of Canadian origin harvested in the six months ended June 30, 2013 decreased by 3% compared to the salmon harvested in the same period in 2012 due to lower cost of biomass harvested.

The feed cost per kilogram of fish harvested in the six months ended June 30, 2013 was reduced compared to the fish harvested in the same period in 2012 as a result of growth-improving initiatives implemented in 2011 and 2012.

Other seawater costs per kilogram of fish harvested in the six months ended June 30, 2013 were lower than for the fish harvested in the same period in 2012, due to good growth of fish at sea and operational efficiencies stemming from our restructuring activities carried out during 2011 and 2012.

Non-seawater costs per kilogram of fish harvested in the six months ended June 30, 2013 were stable compared to fish harvested in the same period in 2012.

Salmon of Chilean Origin

Operational EBIT

Our Operational EBIT for salmon of Chilean origin was NOK –110.6 million for the six months ended June 30, 2013 compared to NOK 27.5 million in the same period in 2012. Operational EBIT per kilogram was NOK –13.40 in the six months ended June 30, 2013 compared to NOK 1.42 in the same period of 2012. We did not harvest fish in Chile in the second quarter of 2013 due to a decision to reduce the smolt stockings in late 2011 and early 2012. Operational EBIT by country of origin is a non-IFRS financial measure. Refer to “*Item 3. Key Information—A. Selected Financial Data*” for how we define and calculate Operational EBIT and reconciliation of Operational EBIT by country of origin to EBIT. Our EBIT for salmon of Chilean origin was NOK –63.7 million in the six months ended June 30, 2013 compared to NOK 9.7 million in the same period in 2012. EBIT per kilogram was NOK –7.71 in the six months ended June 30, 2013 compared to NOK 0.50 in the same period in 2012.

Price and volume developments

The reference prices was higher in the six months ended June 30, 2013 compared to the same period in 2012 despite the overall increase in the harvest volume of Chilean salmon. Our price achievement for the six months ended June 30, 2013 was 11% below the reference price. This was down from the price achievement for the same period of 2012 of 10% above the reference price. As we did not harvest salmon in Chile in the second quarter of 2013, the price achievement relates to the performance in the first quarter of 2013. Price achievement was impacted by high contract coverage in the first half of 2013 and unfavorable contract prices compared to reference prices, driven by the increasing salmon reference prices during the period. Contract coverage was stable at 39% in the six months ended June 30, 2013 and 40% in the same period in 2012. We experienced lower quality of salmon of Chilean origin with a superior share of 82% in the six months ended June 30, 2013 compared to 92% in the same period in 2012. The lower quality was due to reduced flesh quality and color.

Harvest volume in the six months ended June 30, 2013 was 57% lower than in the same period in 2012 at 8,259 tons gutted weight compared to 19,365 tons in 2012 due to reduced salmon stocking in 2011 and 2012. We did not harvest any salmon of Chilean origin in the second quarter of 2013.

Costs and operations

Total cost per kilogram of our Chilean salmon harvested in the six months ended June 30, 2013 increased by 16% compared to the salmon harvested in the same period in 2012 due to higher cost of

biomass harvested in the first half of 2013 and reduced harvest volume (reflecting negative scale effects).

The feed cost per kilogram of fish harvested in the six months ended June 30, 2013 increased compared to the fish harvested in the same period in 2012 as a result of reduced growth and less advantageous feed conversion ratios.

Other seawater costs per kilogram of fish harvested in the six months ended June 30, 2013 were higher than for the fish harvested in the same period in 2012, due to poor growth of fish at sea and early harvest of some sites in order to comply with the mandatory fallowing periods. The biomass cost increased for the fish harvested in the first half of 2013 compared to the fish harvested in the same period in 2012 as a result of more challenging biological conditions (increased sea lice mitigation costs and reduced growth rates).

Non-seawater costs per kilogram of fish harvested in the six months ended June 30, 2013 were higher than for the fish harvested in the same period in 2012 due to low harvest volume (reflecting negative scale effects). Exceptional mortality cost was NOK 10.8 million in 2013 due to reduced smolt stocking and mortality caused by low oxygen levels in the sea. Exceptional mortality in 2012 was NOK 2.9 million and related to losses in the freshwater recirculation unit.

Salmon of Irish Origin

Operational EBIT

Our Operational EBIT for salmon of Irish origin was NOK 28.0 million for the six months ended June 30, 2013 compared to NOK 18.7 million in the same period in 2012. Operational EBIT per kilogram amounted to NOK 9.79 in the six months ended June 30, 2013 compared to NOK 4.27 in the same period of 2012 due to increased salmon prices. Operational EBIT is a non-IFRS financial measure. Refer to “*Item 3. Key Information—A. Selected Financial Data*” for how we define and calculate Operational EBIT by country of origin and reconciliation of Operational EBIT by country of origin to EBIT. Our EBIT for salmon of Irish origin was NOK 62.1 million in the six months ended June 30, 2013 compared to NOK 29.8 million in the same period in 2012. EBIT per kilogram was NOK 21.69 in the six months ended June 30, 2013 compared to NOK 6.82 in the same period in 2012.

Price and volume developments

As our Irish operation mainly produces organic salmon there is no reference price available for benchmarking, but prices achieved were generally higher in the six months ended June 30, 2013 compared to the same period in 2012 due to a good market for organic salmon. Our contract share increased from 80% in the six months ended June 30, 2012 to 93% in the corresponding period in 2013. We experienced a slight reduction the superior share of salmon harvested from 93% in the first half of 2012 to 89% in the first half of 2013.

Harvest volume in the six months ended June 30, 2013 was 2,864 tons gutted weight compared to 4,375 tons in the same period in 2012 due to significant losses of young fish due to Amoebic Gill Disease in 2012.

Costs and operations

Total cost per kilogram of salmon of Irish origin harvested in the six months ended June 30, 2013 increased by 3% compared to the salmon harvested in the same period in 2012.

Salmon of Faroese Origin

Operational EBIT

Our Operational EBIT for salmon of Faroese origin was NOK 49.9 million for the six months ended June 30, 2013 compared to NOK –7.7 million in the same period in 2012. Operational EBIT per kilogram was NOK 14.50 in the six months ended June 30, 2013 compared to NOK –2.15 in the first half of 2012 due to an increase in salmon prices and reduced costs. Operational EBIT by country of origin is a non-IFRS financial measure. Refer to “*Item 3. Key Information—A. Selected Financial Data*” for how we define and calculate Operational EBIT and reconciliation of Operational EBIT by country of origin to EBIT. Our EBIT for salmon of Irish origin was NOK 55.5 million in the six months ended June 30, 2013 compared to NOK –8.4 million in the same period in 2012. EBIT per kilogram was NOK 16.11 in the six months ended June 30, 2013 compared to NOK –2.34 in the same period in 2012.

Price and volume developments

The reference price was higher in the six months ended June 30, 2013 compared to the same period in 2012 due to the reduced global supply of Atlantic salmon (mainly of Norwegian origin). Our price achievement for the six months ended June 30, 2013 was 1% below the reference price, which was down from the price achievement for the same period of 2012 of 1% above the reference price due to an increase in contract coverage to 11% in the six months ended June 30, 2013 (in an environment of increasing prices).

Harvest volume in the six months ended June 30, 2013 was 3,443 tons GWE compared to 3,586 tons in the same period in 2012.

Costs and operations

Total cost per kilogram of our salmon of Faroese origin harvested in the six months ended June 30, 2013 decreased by 11% compared to salmon harvested in the same period in 2012 mainly due to lower biomass cost.

Year ended December 31, 2012 compared to year ended December 31, 2011

Set out below are our consolidated statements of operations data for the years ended December 31, 2012 and 2011:

	Year ended December 31,			
	2012	2011	2012	2011
	(in NOK million)		(as percentage of revenue)	
Consolidated Income Statement Data:				
Revenue and other income	15,463.5	16,132.8	100.0%	100.0%
Cost of materials	-9,666.5	-8,398.6	-62.5%	-52.1%
Fair value uplift on harvested fish	-1,597.5	-3,260.1	-10.3%	-20.1%
Fair value adjustment on biological assets	1,993.5	949.2	12.9%	5.9%
Salary and personnel expenses	-2,418.7	-2,177.8	-15.6%	-13.5%
Other operating expenses	-2,163.5	-2,063.2	-14.0%	-12.8%
Depreciation and amortization	-677.2	-666.7	-4.4%	-4.1%
Provision for onerous contracts	-6.1	-5.8	0.0%	0.0%
Restructuring cost	-0.8	-21.8	0.0%	-0.1%
Income/loss from associated companies	83.6	-15.0	0.5%	-0.1%
Impairment losses	-0.5	-67.0	0.0%	-0.4%
Earnings before interest and taxes (EBIT)	1,009.8	406.0	6.5%	2.5%
Interest expenses	-382.8	-405.8	-2.5%	-2.5%
Net currency effects	523.3	236.4	3.4%	1.5%
Other financial items	-320.0	342.9	-2.1%	2.1%
Earnings before taxes (EBT)	830.3	579.5	5.4%	3.6%
Taxes	-389.0	-46.7	-2.5%	-0.3%
Profit or loss for the period	441.3	532.8	2.9%	3.3%
<i>Attributable to:</i>				
Non-controlling interests	4.0	5.5	0.0%	0.0%
Owners of Marine Harvest ASA	437.3	527.3	2.8%	3.3%

Revenue and other income

Revenue and other income for the year ended December 31, 2012 was NOK 15,463.5 million, a decrease of 4.1%, or NOK 669.3 million, compared to NOK 16,132.8 million in 2011 due to a decrease in salmon prices, partially offset by the higher volumes of salmon harvested and sold. Our harvested volume in 2012 increased by 14.4%, or 49,486 tons of salmon GWE, to 392,306 tons in 2012. Volume harvested in 2011 was 342,820 tons. The increase was primarily driven by the increase in harvest volumes of 37,796, 14,262 and 6,300 tons gutted weight of salmon of Norwegian, Chilean and Canadian origin, respectively, partially offset by a reduction in the harvest volume of salmon of Scottish origin of 9,913 tons gutted weight. The increase in salmon of Norwegian origin harvested in 2012 was due to high growth rates for fish at sea due to a historically mild winter, combined with increased smolt stocking in the spring of 2011. Higher volumes of salmon of Chilean origin was the result of salmon stocking patterns, while the increase in the volumes of salmon of Canadian origin was a result of higher growth rates of fish at sea as well as higher smolt stockings.

The decrease in reference prices for Atlantic salmon in the year ended December 31, 2012 compared to 2011 was 9.8% for salmon of Norwegian origin, 29.4% for salmon of Chilean origin and 25.9% for salmon of North American origin. The increase in the global harvest volume (mainly salmon of Norwegian and Chilean origin) was the main driver for the price declines. The Chilean industry continued to undergo an aggressive rebuilding following the crisis experienced in 2007 to 2009 due to ISA. This, combined with the increase in supply of salmon of Norwegian origin, driven by increased

stocking in the spring of 2011 and favorable seawater growth conditions during the winter and summer of 2012, resulted in relatively low prices in 2012.

The overall average price achieved was 5% above the reference price in the year ended December 31, 2012, compared to 10% above the reference price in 2011.

Cost of materials

The table below presents a breakdown of our cost of materials for the year ended December 31, 2012 and 2011:

	Year ended December 31,		Change	Change
	2012	2011		
	(in NOK million)			
Feed purchases	4,634.4	4,520.7	113.6	2.5%
Other purchases	4,467.7	4,058.4	409.3	10.1%
Net change in inventory	-746.5	-1,520.2	773.8	-50.9%
Freight and other income reductions	1,296.3	1,179.2	117.1	9.9%
Other costs of materials	14.6	160.5	-145.9	-90.9%
Total Cost of materials	9,666.5	8,398.6	1,267.9	15.1%

Cost of materials for the year ended December 31, 2012 was NOK 9,666.5 million, an increase of 15.1%, or NOK 1,267.9 million, compared NOK 8,398.6 million in 2011. The increase in the cost of materials was primarily driven by the 14.4% increase in harvested volume of salmon for the period. Feed purchases amounted to NOK 4,634.4 million in 2012, compared to NOK 4,520.7 million in 2011. The price of fish feed was relatively stable, while the quantity of fish feed fed to our fish increased by approximately 2% due to higher seawater growth. Our feeding efficiency improved in 2012 compared to 2011, with an improvement in the feed conversion ratio of 3%. Other purchases increased by 10.1% from 2011 to 2012 due to increased trading activity and higher third party processing activities in Chile due to increased harvest volume in our Chilean operations. Freight and other income reductions for the year ended December 31, 2012 were 10% higher than in 2011 at NOK 1,296.3 million due to increased harvest volume.

Salary and personnel expenses

The table below presents a breakdown of our salary and personnel expenses for the year ended December 31, 2012 and 2011:

	Year ended December 31,		Change	Change
	2012	2011		
	(in NOK million)			
Gross wages/salaries	1,635.6	1,582.0	53.6	3.4%
3rd party staff (temporary labor)	232.0	167.5	64.5	38.5%
Bonus and share price based bonus scheme	149.9	62.9	87.1	138.5%
Social securities	256.5	240.6	15.9	6.6%
Other personal expenses	144.6	124.9	19.8	15.8%
Total salary and personnel expenses	2,418.7	2,177.8	240.9	11.1%

The increase in salary and personnel expenses for the year ended December 31, 2012 of NOK 240.9 million or 11.1% compared to 2011 is due to increase in average number of employees from 6,236 to 6,357 and increase in cost of temporary labor necessary to handle the increased harvest

volume. The increase in the bonus and share-price based bonus scheme was mainly attributed to the increase in the share price of Marine Harvest ASA.

Other operating expenses

The table below presents a breakdown of our other operating expenses for the year ended December 31, 2012 and 2011:

	Year ended December 31,		Change	Change %
	2012	2011		
	(in NOK million)			
Maintenance	647.2	577.3	69.9	12.1%
Electricity and fuel	304.6	278.6	26.0	9.3%
Rent and leases	236.9	199.5	37.4	18.7%
3rd party services	180.8	248.0	-67.2	-27.1%
Insurance	136.1	122.8	13.4	10.9%
Consultancy and audit fees	99.0	117.4	-18.4	-15.7%
Communication/IT	91.4	85.1	6.3	7.4%
Travel	80.2	74.2	6.0	8.1%
Advertising & promotion	50.9	52.0	-1.1	-2.2%
Other expenses	336.4	308.2	28.1	9.1%
Total other operating expenses	<u>2,163.5</u>	<u>2,063.2</u>	<u>100.3</u>	<u>4.9%</u>

Other operating expenses increased by 4.9% for the year ended December 31, 2012 compared to 2011. The main driver for the change was the increase in harvested volumes, in addition to a higher level of maintenance costs, as a consequence of a lower level of capital expenditures in the previous years.

Net fair value on biological assets

We recorded a fair value adjustment on biological assets of NOK 396.0 million for the year ended December 31, 2012 compared to NOK -2,310.9 for 2011. The difference is attributed to reference prices for salmon being 19% higher at year end 2012 compared to year end 2011.

Income/loss from associated companies

We recorded an income from associated companies of NOK 83.6 million for the year ended December 31, 2012 and NOK -15.0 million in 2011 primarily due to the fluctuation in income from Nova Sea AS.

Earnings before interest and taxes (EBIT)

As a result of the foregoing, our EBIT was NOK 1,009.8 million in the year ended December 31, 2012, compared to NOK 406.0 in 2011.

Financial items

Set out below are the primary components of our financial items for the year ended December 31, 2012 and 2011:

	Year ended December 31,		Change	Change %
	2012	2011		
	(in NOK million)			
Interest expense	– 382.8	– 405.8	23.0	– 5.7%
Net currency effects	523.3	236.4	286.9	121.4%
Other financial items	– 320.0	342.9	– 662.9	– 193.3%

Interest expense

Our interest expense for the year ended December 31, 2012 decreased by NOK 23.0 million or 5.7%, compared to 2011 due to a reduction in our net interest bearing debt during the year. At December 31, 2012 our net interest bearing debt was NOK 5,381 million compared to NOK 6,467 million at December 31, 2011.

Net currency effects

Net currency effects for the year ended December 31, 2012 contributed NOK 523.3 million to our profit, an increase of NOK 286.9 million compared to 2011. The increase was due to an appreciation of NOK against the currencies in which most of our debt is denominated, EUR and USD, in addition to an increase in realized gains on long-term cash flow hedges.

Other financial items

For the year ended December 31, 2012, other financial items were NOK – 320.0 million compared to NOK 342.9 million in 2011, primarily driven by the change in fair value of the conversion liability component of our 2010 convertible bond. As Marine Harvest ASA's share price decreased by NOK 3.58 during 2011 and increased by NOK 2.53 during 2012, the movement in change in the conversion liability was substantial. The effect of change in the fair value of the conversion liability component was NOK – 305 million in 2012 compared to NOK 481 million in 2011. In addition, we recorded a gain on sale of shares in Aqua Gen AS in 2012 amounting to NOK 133 million. In 2012 and 2011 the change in market value of interest rate swaps were included in other financial items. The effect of these swaps was NOK – 178 million in 2012 compared to NOK – 130 million in 2011.

Taxes

For the year ended December 31, 2012 our tax was NOK – 389.0 million, compared to NOK – 46.7 million in 2011. The main driver for the increased tax expense was a non-taxable unrealized loss from the convertible bond in 2012 compared to a non-taxable unrealized gain in 2011, partially offset by a decrease in earnings before taxes.

Profit

As a result of the foregoing, our profit for the year ended December 31, 2012 decreased 17.2% to NOK 441.3 million, from NOK 532.8 million in 2011.

Non-IFRS Financial Measures

Operational EBIT

Operational EBIT decreased to NOK 643.4 in the year ended December 31, 2012 compared to NOK 2,717.3 in 2011. The decrease was primarily attributable to a 10% and 29% decline in reference prices for salmon of Norwegian and Chilean origin, respectively, in 2012 compared to 2011. Operational EBIT at Group level is a non-IFRS financial measure. Refer to “*Item 3. Key Information—A. Selected Financial Data*” for a description of how we define and calculate Operational EBIT and for reconciliation of Group Operational EBIT to EBIT. EBIT in the year ended December 31, 2012 was NOK 1,009.8 million compared to NOK 406.0 in 2011.

ROCE

Return on capital employed was 3.9% for the year ended December 31, 2012, compared to 16.8% in 2011 reflecting the change in profit in 2012. ROCE is a non-IFRS financial measure. Refer to “*Item 3. Key Information—A. Selected Financial Data*” for a description of how we define and calculate ROCE.

Segment Reporting

The following is a discussion of our operational results by business unit and based on the salmon’s source of origin, using Operational EBIT per kilogram of fish harvested as a key measure of performance.

Operational EBIT by segment

The following table sets forth the Operational EBIT for each of our operating segments for the year ended December 31, 2012 and 2011:

	Year ended December 31,	
	2012	2011
	(in NOK million)	
Operational EBIT—Farming	415.1	2,489.6
Operational EBIT—Markets	344.2	228.2
Operational EBIT—VAP Europe	5.8	107.9
Operational EBIT—Other	–121.7	–108.4
Group Operational EBIT⁽¹⁾	643.4	2,717.3
Group EBIT	1,009.8	406.0

(1) Group Operational EBIT is a non-IFRS financial measure. See “*Item 3. Key Information—A. Selected Financial Data*” for how we define and calculate Operational EBIT and for reconciliation of Group Operational EBIT to EBIT.

Farming

Farming’s Operational EBIT was NOK 415.1 million in the year ended December 31, 2012 compared to NOK 2,489.6 million in 2011. The reduction was primarily a result of the significantly lower reference prices, and thus prices achieved, offset by the increase in harvest volume of 14.4%.

Sales and Marketing

Sales and Marketing's Operational EBIT for the year ended December 31, 2012 was NOK 350.0 million, compared to NOK 336.1 million in 2011. Operational EBIT in 2012 was comprised of NOK 344.2 million of Operational EBIT of Markets (compared to NOK 228.2 million in 2011) and NOK 5.8 million of Operational EBIT of VAP Europe (compared to NOK 107.9 million in 2011). The improvement in Operational EBIT of Markets was a result of increased volumes and improved margins on sales. Operational EBIT of VAP Europe decreased due to an unfavorable product mix and inefficiencies in production. Despite higher volumes produced, the operational yield was reduced, while the processing cost per kilogram produced increased in 2012 compared to 2011 due to the inefficiencies in operations. Several actions to improve the performance were therefore initiated in 2012.

Operational performance by country of origin

Set out below are certain operating metrics by country of origin of our salmon for the year ended December 31, 2012 and 2011:

	Salmon of							MH Total
	Norwegian Origin	Scottish Origin	Canadian Origin	Chilean Origin	Irish Origin	Faroese Origin	Other	
Year ended December 31, 2012 (unaudited)								
Harvest volume of salmon . . .	255,306	40,261	40,217	40,222	9,407	6,893	0	392,306
Average price achievement . . .	105%	112%	97%	110%	N/A	101%	N/A	105%
Contract coverage	31%	62%	5%	30%	92%	N/A	N/A	33%
Quality- superior share	90%	96%	85%	90%	92%	95%	N/A	91%
Feed cost (NOK per kg)	N/D	N/D	N/D	N/D	N/D	N/D	N/D	11.75
Operational EBIT (NOK per kg) ⁽¹⁾	3.23	3.80	-3.48	-2.26	1.45	1.76	-0.33	1.64
EBIT (NOK per kg)	5.57	3.77	-3.97	-3.94	-2.31	2.72	-0.62	2.57
Year ended December 31, 2011 (unaudited)								
Harvest volume of salmon . . .	217,510	50,174	33,917	25,960	9,332	5,927	0	342,820
Average price achievement . . .	112%	109%	98%	108%	N/A	101%	N/A	110%
Contract coverage	46%	53%	18%	25%	93%	N/A	N/A	43%
Quality- superior share	93%	95%	78%	95%	87%	94%	N/A	92%
Feed cost (NOK per kg)	N/D	N/D	N/D	N/D	N/D	N/D	N/D	11.56
Operational EBIT (NOK per kg) ⁽¹⁾	9.15	10.35	1.17	4.26	7.97	10.27	-0.23	7.93
EBIT (NOK per kg)	1.11	5.99	-8.11	1.43	6.66	1.36	0.10	1.18

(1) Operational EBIT at Group level and by country of origin is a non-IFRS financial measure. Refer to "Item 3. Key Information—A. Selected Financial Data" for how we define and calculate Operational EBIT and reconciliation of Operational EBIT to EBIT.

Salmon of Norwegian Origin

Operational EBIT

Our Operational EBIT for salmon of Norwegian origin was NOK 823.5 million for the year ended December 31, 2012 compared to NOK 1,990.6 million in 2011. Operational EBIT per kilogram amounted to NOK 3.23 in 2012 compared to NOK 9.15 in 2011 primarily due to reduced salmon prices, partially offset by cost reductions associated with improved feed conversion ratios, reduced

mortality and increased harvest volume (reflecting scale effects). Operational EBIT by country of origin is a non-IFRS financial measure. Refer to “*Item 3. Key Information—A. Selected Financial Data*” for how we define and calculate Operational EBIT and reconciliation of Operational EBIT by country of origin to EBIT. Our EBIT for salmon of Norwegian origin was NOK 1,142.1 million in the year ended December 31, 2012 compared to NOK 240.5 million in 2011. Our EBIT per kilogram was NOK 5.57 million in the year ended December 31, 2012 compared to NOK 1.11 million in 2011.

Price and volume development

The reference price for our salmon of Norwegian origin was lower in the year ended December 31, 2012 compared to 2011 due to the increased global supply of Atlantic salmon in 2012, driven primarily by the increased harvest of salmon of Norwegian and Chilean origin. Our price achievement in 2012 was 5% above the reference price, compared to 12% above the reference price in 2011. Contract coverage was reduced from 46% in 2011 to 31% in 2012, and the contracts in place in 2011 were more favorable to us in terms of price achievement than the contracts we had in 2012. The quality of harvested fish was slightly reduced from 93% superior quality in 2011 to 90% in 2012.

Our harvest volume for the year ended December 31, 2012 was 255,306 tons gutted weight, which was 17% higher than in 2011 (217,510 tons gutted weight). A historically mild winter in 2012, combined with increased stocking in the spring of 2011, were the main drivers for the volume increase.

Costs and operations

During the year ended December 31, 2012, the total cost per kilogram harvested of our salmon of Norwegian origin was reduced, compared to the salmon harvested in 2011, due to improved feed conversion ratio and reduced mortality, partially offset by an increase in the cost of fish feed and sea lice management costs.

The cost of feed per kilogram of salmon harvested in 2012 increased by 1% compared to 2011 due to higher fish feed prices, partially mitigated by improvement in the feed conversion ratio and good growth of fish at sea.

Other seawater costs per kilogram of salmon harvested in 2012 were lower than in 2011 due to good growth of fish at sea. Sea lice mitigation costs were high throughout 2012 as a result of numerous treatments performed to maintain sea lice levels below trigger limits. The exceptional cost related to sea lice mitigation in 2012 was NOK 168.0 million compared to NOK 151.7 million in 2011. During 2012, the number of sites diagnosed with Pancreas Disease increased compared to 2011. The disease spread north, but the recognized mortality was significantly reduced from prior years as the virus was less aggressive.

Other non-seawater costs per kilogram of salmon harvested in 2012 were lower as compared to 2011, benefiting from increased harvest volume in 2012 (reflecting scale effects). We recorded exceptional mortality in the amount of NOK 31.6 million in 2012 compared to NOK 62.1 million in 2011. In 2011, we also recorded exceptional cost related to reduced smolt stocking of NOK 36.0 million.

Salmon of Scottish Origin

Operational EBIT

Our Operational EBIT for salmon of Scottish origin was NOK 153.0 million for the year ended December 31, 2012 compared to NOK 519.3 million in 2011. Operational EBIT per kilogram amounted to NOK 3.80 in 2012 compared to NOK 10.35 in 2011 due to the decrease in salmon prices, increased costs associated with the AGD mitigating efforts and reduced harvest volume (reflecting negative scale effects). Operational EBIT by country of origin is a non-IFRS financial measure. Refer to “*Item 3. Key*

Information— A. Selected Financial Data” for how we define and calculate Operational EBIT and reconciliation of Operational EBIT by country of origin to EBIT. Our EBIT for salmon of Scottish origin was NOK 151.8 million in the year ended December 31, 2012 compared to NOK 300.5 million in 2011. Our EBIT per kilogram was NOK 3.77 million in the year ended December 31, 2012 compared to NOK 5.99 million in 2011.

Price and volume development

The reference price for our salmon of Scottish origin was lower in the year ended December 31, 2012 compared to 2011 due to the increased global supply of Atlantic salmon, driven primarily by the higher harvest of Norwegian and Chilean salmon. Our price achievement in 2012 was 12% above the reference price, which was an improvement from the price achievement in 2011 of 9% above the reference prices. Price achievement in 2012 was favorably affected by high contract coverage and favorable contract prices compared to the reference price. Contract coverage was at 62% in 2012, compared to 53% in 2011. The share of superior quality salmon in 2012 was 96% compared to 95% in 2011.

Harvest volume in the year ended December 31, 2012 was below 2011, at 40,261 tons gutted weight (compared to 50,174 tons in 2011). The decrease was primarily driven by lower smolt stockings in 2011 and the effect of AGD.

Costs and operations

During the year ended December 31, 2012, the cost per kilogram harvested of our Scottish salmon increased compared to 2011, primarily due to reduced volumes and additional costs associated with AGD, partially offset by reduced fish feed costs.

The improvement in feed conversion ratio was the main driver for the lower fish feed costs for the salmon harvested in 2012 compared to the salmon harvested in 2011.

Other seawater costs per kilogram of salmon harvested in 2012 were higher than in 2011 due to AGD-related costs.

Non-seawater costs per kilogram of salmon harvested in 2012 were higher than in 2011 due to the significant reduction in harvested volume (reflecting negative scale effects).

Salmon of Canadian Origin

Operational EBIT

Our Operational EBIT for salmon of Canadian origin was NOK –140.1 million for the year ended December 31, 2012 compared to NOK 39.6 million in 2011. Operational EBIT per kilogram amounted to NOK –3.48 in 2012 compared to NOK 1.17 in 2011 due to the reduction in salmon prices, partially offset by lower costs attributable to improved production efficiencies and scale effects. Operational EBIT by country of origin is a non-IFRS financial measure. Refer to “*Item 3. Key Information—A. Selected Financial Data*” for how we define and calculate Operational EBIT and reconciliation of Operational EBIT by country of origin to EBIT. Our EBIT for salmon of Canadian origin was NOK –159.6 million in the year ended December 31, 2012 compared to NOK –275.2 million in 2011. Our EBIT per kilogram was NOK –3.97 million in the year ended December 31, 2012 compared to NOK –8.11 million in 2011.

Price and volume development

The reference price for our salmon of Canadian origin was lower in the year ended December 31, 2012 compared to 2011 due to the increased global supply of Atlantic salmon, driven primarily by the

higher harvest of Norwegian and Chilean salmon. Our price achievement in 2012 was 3% below the reference price, compared to price achievement of 2% below reference price in 2011. Price achievement on salmon of Canadian origin in 2011 and 2012 were negatively affected by the presence of Kudoa in our fish, which caused customer claims, refunds and discards. The effect of claims and discards attributed to Kudoa was reduced from NOK 67.7 million in 2011 to NOK 63.0 million in 2012 despite an increase in harvest volume, which had a positive effect on our overall price achievement. Contract coverage was 5% in 2012, compared to 18% in 2011. The share of superior quality salmon in 2012 was 85%, compared to 78% in 2011. The superior share in 2011 was low due to maturation and bruises.

Harvest volume in the year ended December 31, 2012 was above the 2011 level at 40,217 tons gutted weight (compared to 33,917 tons in 2011). The increase was primarily driven by higher smolt stockings in 2010 and higher growth rates for fish at sea during 2012.

Costs and operations

During the year ended December 31, 2012, the cost per kilogram harvested of our salmon of Canadian origin decreased compared to the salmon harvested in 2011, primarily due to operational cost reductions and improved production efficiency.

Feed cost for the fish harvested in the year remained stable between 2011 and 2012.

Other seawater costs per kilogram of fish harvested in 2012 were lower than in 2011 due to improved production efficiency.

Non-seawater costs per kilogram of fish harvested in 2012 were lower than for the fish harvested in 2011 due to the increase in harvested volume (reflecting scale effects). Algae blooms are a common challenge for our Canadian operations, and in 2012 we recorded exceptional mortality of NOK 4.2 million at one of our sites related to algae blooms.

Salmon of Chilean Origin

Operational EBIT

Our Operational EBIT for salmon of Chilean origin was NOK –90.9 million for the year ended December 31, 2012 compared to NOK 110.6 million in 2011. Operational EBIT per kilogram was NOK –2.26 in 2012 compared to NOK 4.26 in 2011, reflecting the decrease in salmon prices, increased sea lice mitigation costs and provisions and inventory write down due to voluntary product recall in the amount of NOK 26.0 million, partially offset by the higher harvest volume (reflecting scale effects). Operational EBIT by country of origin is a non-IFRS financial measure. Refer to “*Item 3. Key Information—A. Selected Financial Data*” for how we define and calculate Operational EBIT and reconciliation of Operational EBIT by country of origin to EBIT. Our EBIT for salmon of Chilean origin was NOK –158.4 million in the year ended December 31, 2012 compared to NOK 37.2 million in 2011. Our EBIT per kilogram was NOK –3.94 million in the year ended December 31, 2012 compared to NOK 1.43 million in 2011.

Price and volume development

The reference price for our salmon of Chilean origin was lower in the year ended December 31, 2012 compared to 2011 due to the increased global supply of Atlantic salmon, driven primarily by the higher harvest of Norwegian and Chilean salmon. Our price achievement in 2012 was 10% above the reference price, which was an improvement from the price achievement of 8% above reference price in 2011. Price achievement on Chilean salmon was positively affected by favorable effects of our contract coverage, which was 25% in 2011 and 30% in 2012. The share of superior quality salmon in 2012 was 90%, compared to 95% in 2011.

Harvest volume in the year ended December 31, 2012 was above 2011 at 40,222 tons gutted weight (compared to 25,960 tons in 2011). The volume increase was attributed to higher smolt stockings and was generally associated with the rebuilding of the Chilean salmon industry following the 2007 through 2009 recession caused by Infectious Salmon Anemia.

Costs and operations

During the year ended December 31, 2012, cost per kilogram harvested of our salmon of Chilean origin increased compared to the salmon harvested in 2011. The growth rate of fish at sea in 2012 was lower than in 2011, contributing to increased costs.

Feed cost per kilogram of fish harvested in 2012 increased by 9% compared to fish harvested in 2011 due to an increase in fish feed prices.

Other seawater costs per kilogram of fish harvested in 2012 increased compared to 2011 due to more challenging biological conditions. Sea lice mitigation costs escalated in 2012 compared to 2011 as the number of treatments required to maintain sites below trigger level increased.

Non-seawater costs per kilogram of fish harvested in 2012 were lower than in 2011 due to higher harvest volume (reflecting scale effects). In 2012, we recorded exceptional mortality of NOK 2.9 million due to losses in the freshwater recirculation unit and exceptional costs due to provision and inventory write down in the amount of NOK 26.0 million. The provision/write down was a result of a voluntary product recall due to listeria detected on cold smoked product from our Chilean smoked operations. In 2011, we recorded exceptional costs related to reduced smolt stocking and consolidation of the broodstock groups in the amount of NOK 19.6 million.

Salmon of Irish Origin

Operational EBIT

Our Operational EBIT for salmon of Irish origin was NOK 13.6 million for the year ended December 31, 2012, compared to NOK 74.4 million in 2011. Operational EBIT per kilogram amounted to NOK 1.45 in 2012, compared to NOK 7.97 in 2011 primarily due to higher costs as a result of Amoebic Gill Disease. Operational EBIT by country of origin is a non-IFRS financial measure. Refer to “Item 3. Key Information—A. Selected Financial Data” for how we define and calculate Operational EBIT and reconciliation of Operational EBIT by country of origin to EBIT. Our EBIT for salmon of Irish origin was NOK –21.8 million in the year ended December 31, 2012 compared to NOK 62.1 million in 2011. Our EBIT per kilogram was NOK –2.31 million in 2012 compared to NOK 6.66 million in 2011.

Price and volume development

As our Irish operation mainly produces organic salmon, there is no reference price available for benchmarking. Our salmon of Irish origin is mainly sold on short- and medium-term contracts. Contract coverage was 92% in 2012 compared to 93% in 2011. The share of superior quality salmon in 2012 was 92%, compared to 87% in 2011.

Harvest volume of the year ended December 31, 2012 was 9,407 tons gutted weight, which was largely in line with the 9,332 tons in 2011.

Costs and operations

During the year ended December 31, 2012, the total cost per kilogram harvested of our salmon of Irish origin increased in 2012 compared to 2011, primarily due to AGD effects. Exceptional mortality due to AGD was NOK 36.7 million in 2012. We did not experience exceptional mortality in Ireland in 2011.

Salmon of Faroese Origin

Operational EBIT

Our Operational EBIT for salmon of Faroese origin was NOK 12.1 million for the year ended December 31, 2012, compared to NOK 60.9 million in 2011. Operational EBIT per kilogram amounted to NOK 1.76 in 2012 and NOK 10.27 in 2011, primarily due to the reduced salmon prices. Operational EBIT by country of origin is a non-IFRS financial measure. Refer to “*Item 3. Key Information—A. Selected Financial Data*” for how we define and calculate Operational EBIT and reconciliation of Operational EBIT by country of origin to EBIT. Our EBIT for salmon of Faroese origin was NOK 18.7 million in the year ended December 31, 2012 compared to NOK 8.0 million in 2011. Our EBIT per kilogram was NOK 2.72 million in the year ended December 31, 2012 compared to NOK 1.36 million in 2011.

Price and volume development

Our price achievement for the years ended December 31, 2012 and 2011 was 1% above the reference price. The share of superior quality salmon in 2012 was 95% compared to 94% in 2011.

Harvest volume in the year ended December 31, 2012 was 6,893 tons gutted weight compared to 5,927 tons in 2011.

Costs and operations

During the year ended December 31, 2012, the total cost per kilogram harvested of our salmon of Faroese origin increased compared to 2011, primarily due to high sea lice treatment costs in the beginning of 2012.

Year ended December 31, 2011 compared to year ended December 31, 2010

Set out below are our consolidated statements of operations data for the years ended December 31, 2011 and 2010:

	Year ended December 31,			
	2011	2010	2011	2010
	(in NOK million)		(as percentage of revenue)	
Consolidated Income Statement Data:				
Revenue and other income	16,132.8	15,281.2	100.0%	100.0%
Cost of materials	-8,398.6	-7,732.0	-52.1%	-50.6%
Fair value uplift on harvested fish	-3,260.1	-4,370.3	-20.2%	-28.6%
Fair value adjustment on biological assets	949.2	5,882.8	5.9%	38.5%
Salary and personnel expenses	-2,177.8	-2,202.5	-13.5%	-14.4%
Other operating expenses	-2,063.2	-1,502.5	-12.8%	-9.8%
Depreciation and amortization	-666.7	-653.0	-4.1%	-4.3%
Provision for onerous contracts	-5.8	-14.3	0.0%	-0.1%
Restructuring cost	-21.8	-4.4	-0.1%	0.0%
Income/loss from associated companies	-15.0	194.9	-0.1%	1.3%
Impairment losses	-67.0	-5.0	-0.4%	0.0%
Earnings before interest and taxes (EBIT)	406.0	4,874.9	2.5%	31.9%
Interest expenses	-405.8	-380.3	-2.5%	-2.5%
Net currency effects	236.4	366.7	1.5%	2.4%
Other financial items	342.9	-195.3	2.1%	-1.3%
Earnings before taxes (EBT)	579.5	4,666.0	3.6%	30.5%
Taxes	-46.7	-1,254.3	-0.3%	-8.2%
Profit or loss for the period	532.8	3,411.7	3.3%	22.3%
<i>Attributable to:</i>				
Non-controlling interests	5.5	30.5	0.0%	0.2%
Owners of Marine Harvest ASA	527.3	3,381.2	3.3%	22.1%

Revenue and other income

Revenue and other income for the year ended December 31, 2011 was NOK 16,132.8 million, an increase of 5.6%, or NOK 851.6 million, compared to 2010. The increase was primarily due to the higher volume of salmon harvested and sold, partially offset by decline in salmon prices experienced in the second half of 2011. Volume harvested in 2011 increased by 16.2%, or 47,810 tons GWE, to 342,820 tons GWE from 295,010 tons in 2010. The increase in harvested volume was primarily driven by the increase in salmon of Norwegian, Chilean and Scottish origin of 15,055 tons, 16,092 tons and 17,038 tons, respectively, which was a result of increased smolt stocking in 2009 and 2010.

Reference prices for salmon declined in 2011 compared to 2010 primarily due to a 12.0% increase in the global supply of salmon, driven by a 71% surge in supply of Chilean salmon. The 2011 reference price for salmon of Norwegian origin was down by 17.1%, while prices in the United States were down by 7.1% and 3.7% for salmon of Canadian and Chilean origin, respectively.

The overall average price achieved was 10% above the reference prices in the year ended December 31, 2011 compared to 4% below the reference prices in 2010.

Cost of materials

The table below presents a breakdown of our cost of materials for the year ended December 31, 2011 and 2010:

	Year ended December 31,		Change	Change %
	2011	2010		
	(in NOK million)			
Feed purchases	4,520.7	3,719.8	800.9	21.5%
Other purchases	4,058.4	3,565.7	492.7	13.8%
Net change in inventory	-1,520.2	-888.5	-631.7	71.1%
Freight and other income reductions	1,179.2	1,058.8)	120.4	11.4%
Other costs of materials	160.5	276.3	-115.8	-41.9%
Total cost of materials	8,398.6	7,732.0	666.6	8.6%

Cost of materials for the year ended December 31, 2011 was NOK 8,398.6 million, an increase of 8.6%, or NOK 666.6 million, compared NOK 7,732.0 million in 2010. The increase in the cost of materials was primarily driven by the 16.2% increase in the volume of salmon harvested in 2011 compared to 2010. Feed purchases amounted to NOK 4,520.7 million in 2011, compared to NOK 3,719.8 million in 2010. The price of fish feed increased by approximately 6% from 2010 to 2011, while the quantity of fish feed increased by approximately 14% due to higher seawater growth. Our feeding efficiency declined by 3% in 2011 compared to 2010 due to an unfavorable development in the feed conversion ratio. Other purchases increased by 13.8% from 2010 to 2011 due to increased processing driven by the higher harvest volume. Freight and other income reductions in 2011 were 11.4% higher than in 2010 at NOK 1,179.2 million due to increased harvested volumes.

Salary and personnel expenses

The table below presents a breakdown of our salary and personnel expenses for the year ended December 31, 2011 and 2010:

	Year ended December 31,		Change	Change %
	2011	2010		
	(in NOK million)			
Gross wages/salaries	1,582.0	1,604.1	-22.1	-1.4%
3rd party staff (temp labor)	167.5	134.7	32.8	24.3%
Bonus and share-price based bonus scheme	62.9	98.1	-35.2	-35.9%
Social securities	240.6	250.4	-9.8	-3.9%
Other personal expenses	124.9	115.2	9.6	8.3%
Total salary and personnel expenses	2,177.8	2,202.5	-24.7	-1.1%

Salary and personnel expenses for the year ended December 31, 2011 decreased NOK 24.7 million or 1.1% compared to 2010.

Other operating expenses

The table below presents a breakdown of our other operating expenses for the year ended December 31, 2011 and 2010:

	Year ended December 31,			
	2011	2010	Change	Change
	(in NOK million)			%
Maintenance	577.3	350.2	227.1	64.8%
Electricity and fuel	278.6	173.7	104.9	60.4%
Rent and leases	199.5	108.9	90.7	83.3%
3rd party services	248.0	82.7	165.3	200.0%
Insurance	122.8	80.9	41.9	51.9%
Consultancy and audit fees	117.4	179.2	-61.8	-34.5%
Communication/IT	85.1	74.2	10.9	14.7%
Travel	74.2	53.6	20.6	38.4%
Advertising & promotion	52.0	48.9	3.1	6.4%
Other expenses	308.2	350.3	-42.1	-12.0%
Total other operating expenses	2,063.2	1,502.5	560.7	37.3%

Other operating expenses increased by 37.3% for the year ended December 31, 2011 compared to 2010, primarily driven by the increase in the volume of salmon harvested of 16.2%. The 12.0% decline in other expenses is primarily a result of reclassifications of certain items recognized in other expenses in 2010 to other categories of other operating expenses in 2011.

Net fair value on biological assets

We recorded a fair value adjustment on biological assets of NOK -2,310.9 million on December 31, 2011 compared to a fair value adjustment on biological assets of NOK 1,512.5 million on December 31, 2010. The difference is attributed to the significantly lower prices for salmon at year end 2011, with the price for salmon of Norwegian origin being 37.1% lower at year end 2011 compared to year end 2010.

Restructuring costs

Our restructuring charge for the year ended December 31, 2011 was NOK 21.8 million compared to NOK 4.4 million in 2010. Costs recognized in 2011 and 2010 related to several measures taken to improve operational efficiency, including measures taken to mitigate Kudoa effects, a seawater growth improvement plan (aimed at implementation of best practices and revision to the feeding regime) and operational restructuring aimed at concentrating production at the best performing sites in our Canadian operations.

Income/loss from associated companies

We recorded an income from associated companies of NOK -15.0 million for year ended December 31, 2011 and NOK 194.9 million in 2010 primarily due to the fluctuation in income from Nova Sea AS.

Impairment losses

The impairment losses in the year ended December 31, 2011 amounted to NOK 67.0 million compared to NOK 5.0 million in 2010. The impairment losses were mainly related to a restructuring in Canada.

Earnings before interest and taxes (EBIT)

As a result of the foregoing, our EBIT for the year ended December 31, 2011 decreased by NOK 4,468.9 million to NOK 406.0 million, from NOK 4,874.9 million in 2010.

Financial items

Set out below are the primary components of financial items for the years ended December 31, 2011 and 2010:

	Year ended December 31,		Change	Change %
	2011	2010		
	(in NOK million)			
Interest expense	– 405.8	– 380.3	– 25.5	6.7%
Net currency effects	236.4	366.7	– 130.3	– 35.5%
Other financial items	342.9	– 195.3	538.2	– 275.5%

Interest expense

Our interest expense for the year ended December 31, 2011 increased by NOK 25.5 million or 6.7% compared to 2010 due to increase in our net interest bearing debt during 2011. Our net interest bearing debt increased to NOK 6,467 million at December 31, 2011 from NOK 5,218 million at December 31, 2010, and our average net interest bearing debt during 2011 increased by 14% compared to 2010.

Net currency effects

Net currency effects were NOK 236.4 million in the year ended December 31, 2011, compared to NOK 366.7 million in 2010. The change was primarily due to currency effect on interest-bearing debt that was higher in 2010 than in 2011, due to the appreciation of NOK against EUR, the currency in which most of our debt was denominated. Realized gains on long-term cash flow hedges remained at the same level of approximately NOK 200 million in 2011 as in 2010.

Other financial items

For the year ended December 31, 2011, other financial items were NOK 342.9 million compared to NOK – 195.3 million in 2010, primarily attributable to the change in fair value of the conversion liability component of our 2010 convertible bond. The change in fair value of the conversion liability was due to changes in Marine Harvest ASA's share price, which increased by NOK 1.94 during 2010 and decreased by NOK 3.58 during 2011. In addition, fair value of interest swaps contributed NOK – 130 million to our profit in 2011 compared to NOK 68 million in 2010, responding to changes in the interest level for comparable swap arrangements. Comparable rates decreased in 2011 and increased in 2010.

Taxes

For the year ended December 31, 2011 our tax expense was NOK 46.7 million, compared to NOK 1,254.3 million in 2010. The decrease was mainly due to the decrease in earnings before taxes and the fair value adjustment of the convertible bond, which is a non-taxable item.

Profit

As a result of the foregoing, our profit for the year ended December 31, 2011 decreased NOK 2,878.9 million to NOK 532.8 million, from NOK 3,411.7 million in 2010.

Non-IFRS Financial Measures

Operational EBIT

Despite the significant decline in reference prices for salmon, our Group Operational EBIT decreased only 15% to NOK 2,717.3 in the year ended December 31, 2011 compared to NOK 3,191.3 in 2010. The lower rate of decline was attributed to the 16.2% increase in harvested volume. Operational EBIT at Group level is a non-IFRS financial measure. Refer to “*Item 3. Key Information—A. Selected Financial Data*” for a description of how we define and calculate Operational EBIT and for reconciliation of Group Operational EBIT to EBIT.

ROCE

Return on capital employed was 16.8% for the year ended December 31, 2011, compared to 21.7% in 2010. ROCE decreased due to a decrease in EBIT partially offset by the fair value adjustment on biological assets. ROCE is a non-IFRS financial measure. Refer to “*Item 3. Key Information—A. Selected Financial Data*” for a description of how we define and calculate ROCE.

Segment Reporting

The following is a discussion of our operational results by segment and based on the salmon’s source of origin, using operational EBIT per kilogram of fish harvested as a key measure of performance.

Operational EBIT by segment

The following table sets forth the Operational EBIT for each of our operating segments for the year ended December 31, 2011 and 2010:

	Year ended December 31,	
	2011	2010
	(in NOK million)	
Operational EBIT—Farming	2,489.6	2,905.2
Operational EBIT—Markets	228.2	230.8
Operational EBIT—VAP Europe	107.9	151.5
Operational EBIT—Other	– 108.4	– 96.1
Operational EBIT⁽¹⁾	2,717.3	3,191.3
Group EBIT	406.0	4,874.9

(1) Group Operational EBIT is a non-IFRS financial measure. See “*Item 3. Key Information—A. Selected Financial Data*” for how we define and calculate Operational EBIT and for reconciliation of Group Operational EBIT to EBIT.

Farming

Farming’s Operational EBIT was NOK 2,489.6 million in the year ended December 31, 2011 compared to NOK 2,905.2 million in 2010. The reduction was primarily a result of the significantly lower reference prices, partially offset by a favorable price achievement and increased volumes of salmon harvested and sold.

Sales and Marketing

Sales and Marketing's Operational EBIT for the year ended December 31, 2011 was NOK 336.1 million, compared to NOK 382.3 million in 2010. Operational EBIT in 2011 was comprised of NOK 228.2 million Operational EBIT of Markets (compared to NOK 230.8 million in 2010) and NOK 107.9 million of Operational EBIT of VAP Europe (compared to NOK 151.5 million in 2010). The improvement in Operational EBIT of Markets was a result of increased volumes and improved margins. Operational EBIT of VAP Europe decreased due to an unfavorable product mix and inefficiencies in production. The operational yield decreased and processing cost per kilogram produced increased from 2010 to 2011 due to lower produced volumes and costs related to changes in the operational structure in Poland.

Operational performance by country of origin

Set out below are certain operating metrics by country of origin of our salmon for the years ended December 31, 2011 and 2010:

	Salmon of							MH Total
	Norwegian Origin	Scottish Origin	Canadian Origin	Chilean Origin	Irish Origin	Faroese Origin	Other	
Year ended December 31, 2011								
<i>(unaudited)</i>								
Harvest volume of salmon	217,510	50,174	33,917	25,960	9,332	5,927	0	342,820
Average price achievement	112%	109%	98%	108%	N/A	101%	N/A	110%
Contract coverage	46%	53%	18%	25%	93%	N/A	N/A	43%
Quality—superior share	93%	95%	78%	95%	87%	94%	N/A	92%
Feed cost (NOK per kg)	N/D	N/D	N/D	N/D	N/D	N/D	N/D	11.56
Operational EBIT (NOK per kg) ⁽¹⁾	9.15	10.35	1.17	4.26	7.97	10.27	-0.23	7.93
EBIT (NOK per kg)	1.11	5.99	-8.11	1.43	6.66	1.36	0.10	1.18
Year ended December 31, 2010								
<i>(unaudited)</i>								
Harvest volume of salmon	202,455	33,136	33,576	9,868	10,556	5,419	0	295,010
Average price achievement	94%	103%	97%	103%	N/A	106%	N/A	96%
Contract coverage	35%	68%	24%	0%	84%	N/A	N/A	49%
Quality—superior share	90%	92%	80%	91%	83%	84%	N/A	89%
Feed cost (NOK per kg)	N/D	N/D	N/D	N/D	N/D	N/D	N/D	10.53
Operational EBIT (NOK per kg) ⁽¹⁾	12.16	9.45	6.68	6.87	9.43	12.29	-0.14	10.82
EBIT (NOK per kg)	17.89	16.89	9.68	17.95	11.22	20.67	-0.14	16.52

(1) Operational EBIT at Group level and by country of origin is a non-IFRS financial measure. Refer to "Item 3. Key Information—A. Selected Financial Data" for how we define and calculate Operational EBIT and reconciliation of Operational EBIT to EBIT.

Salmon of Norwegian Origin

Operational EBIT

Our Operational EBIT for salmon of Norwegian origin was NOK 1,990.6 million for the year ended December 31, 2011 compared to NOK 2,462.2 million in 2010. Operational EBIT per kilogram was NOK 9.15 in 2011 compared to NOK 12.16 in 2010 primarily due to the reduced salmon prices and increased costs associated with higher fish feed prices for salmon harvested in the period and elevated sea lice mitigation costs, partially offset by the increased harvest volume (reflecting scale

effects). Operational EBIT by country of origin is a non-IFRS financial measure. Refer to “*Item 3. Key Information—A. Selected Financial Data*” for how we define and calculate Operational EBIT and reconciliation of Operational EBIT by country of origin to EBIT. Our EBIT for salmon of Norwegian origin was NOK 240.5 million in the year ended December 31, 2011 compared to NOK 3,622.7 million in 2010. Our EBIT per kilogram was NOK 1.11 million in the year ended December 31, 2011 compared to NOK 17.89 million in 2010.

Price and volume developments

The reference price for our salmon of Norwegian origin was lower in the year ended December 31, 2011 compared to 2010 due to the increased global supply of Atlantic salmon, primarily the result of the increase in harvest of salmon of Norwegian, Chilean and Scottish origin. Our price achievement in 2011 was 12% above the reference price and 6% below the reference price in 2010. A strong contract portfolio in 2011 contributed favorably to the price achievement. Contract coverage increased from 35% in 2010 to 46% in 2011. The quality of harvested fish increased from 90% superior quality in 2010 to 93% in 2011.

Our harvest volume for the year ended December 31, 2011 was 217,510 tons gutted weight, a 7.4% increase compared to 2010 (or 202,455 tons gutted weight). We experienced high growth for fish at sea in 2011, attributable to favorable seawater temperatures during the fall of 2011.

Costs and operations

During the year ended December 31, 2011, the total cost per kilogram harvested of our salmon of Norwegian origin increased compared to 2010 due to higher fish feed and sea lice mitigation costs.

The cost of feed per kilogram of fish harvested in 2011, increased by 11.8% compared to 2010 due to higher fish feed prices.

Other seawater costs per kilogram of fish harvested in 2011 increased by 10.4% compared to 2010 mainly due to increased sea lice mitigation costs. Numerous treatments to maintain the sea lice levels below trigger limit resulted in exceptional sea lice mitigation costs of NOK 151.7 million in 2011 compared NOK 78.8 million in 2010.

Other non-seawater costs per kilogram of fish harvested in 2011 were lower than for the fish harvested in 2010, benefitting from increased harvest volume (reflecting scale effects). We recorded exceptional mortality of NOK 62.1 million in 2011 compared to NOK 16.6 million in 2010. In 2011 we also recorded exceptional costs related to reduction in smolt stocking in the amount of NOK 36.0 million.

Salmon of Scottish Origin

Operational EBIT

Our Operational EBIT for salmon of Scottish origin was NOK 519.3 million for the year ended December 31, 2011 compared to NOK 313.3 million in 2010. Operational EBIT per kilogram was NOK 10.35 in 2011, compared to NOK 9.45 in 2010 due to good operational performance, an improvement in price achievement and increased harvest volume, partially offset by higher fish feed costs of the fish harvested in 2011. Operational EBIT by country of origin is a non-IFRS financial measure. Refer to “*Item 3. Key Information—A. Selected Financial Data*” for how we define and calculate Operational EBIT and reconciliation of Operational EBIT by country of origin to EBIT. Our EBIT for salmon of Scottish origin was NOK 300.5 million in the year ended December 31, 2011 compared to NOK 559.6 million in 2010. Our EBIT per kilogram was NOK 5.99 million in the year ended December 31, 2011 compared to NOK 16.89 million in 2010.

Price and volume development

The reference price for our salmon of Scottish origin was lower in the year ended December 31, 2011 compared to 2010 due to the increased global supply of Atlantic salmon, primarily driven by the increase in harvest of Norwegian, Chilean and Scottish salmon. Our price achievement in 2011 was 9% above the reference price, which was an improvement from the price achievement of 3% above reference price in 2010. Price achievement on Scottish salmon in 2011 benefited from high contract coverage at favorable prices compared to the reference price. Contract coverage was 53% in 2011 compared to 68% in 2010. The quality of harvested fish increased from 92% superior quality in 2010 to 95% in 2011.

Harvest volume in the year ended December 31, 2011 was above 2010 at 50,174 tons gutted weight in 2011, compared to 33,136 tons in 2010. The increase was primarily driven by a 28% increase in smolt stockings from 2008 to 2009 combined with favorable seawater growth of our fish harvested in 2011.

Costs and operations

During the year ended December 31, 2011, the total cost per kilogram harvested of our salmon of Scottish origin 2011 increased compared to the salmon harvested in 2010 due to increased fish feed cost, partially offset by higher volume (reflecting scale effects).

The cost of feed per kilogram of fish harvested in 2011 increased by 13.1%, compared to 2010 due to higher fish feed prices and a slightly higher feed conversion ratio.

Other seawater costs per kilogram of fish harvested in 2011 were stable compared to 2010, benefiting from higher growth rates for fish in sea.

Other non-seawater costs per kilogram of fish harvested in 2011 were lower than for the fish harvested in 2010, benefitting from increased harvest volume in 2011. In addition, we recorded a benefit of NOK 16 million during 2011 related to insurance proceeds after a major PD outbreak in 2008. We did not experience any exceptional mortality costs in Scotland in 2011 (NOK 2.9 million in 2010).

Salmon of Canadian Origin

Operational EBIT

Our Operational EBIT for salmon of Canadian origin was NOK 39.6 million for the year ended December 31, 2011 compared to NOK 224.4 million in 2010. Operational EBIT per kilogram was NOK 1.17 in 2011 compared to NOK 6.68 in 2010, due to the reduction in salmon prices and increased costs associated with Kudoa claims and discards. Operational EBIT by country of origin is a non-IFRS financial measure. Refer to “*Item 3. Key Information—A. Selected Financial Data*” for how we define and calculate Operational EBIT and reconciliation of Operational EBIT by country of origin to EBIT. Our EBIT for salmon of Canadian origin was NOK –275.2 million in the year ended December 31, 2011 compared to NOK 325.0 million in 2010. Our EBIT per kilogram was NOK –8.11 million in the year ended December 31, 2011 compared to NOK 9.68 million in 2010.

Price and volume development

The reference price for our salmon of Canadian origin was lower in the year ended December 31, 2011 compared to 2010 due to the increased global supply of Atlantic salmon, primarily driven by the increase in harvest of Norwegian, Chilean and Scottish salmon. Our price achievement in 2011 was 2% below reference prices, which was an increase from the price achievement of 3% below reference prices in 2010. Price achievement on Canadian salmon was negatively affected by the presence of Kudoa in our fish, which resulted in customer claims (resulting in refunds) and discards, amounting to

NOK 67.7 million in 2011 and NOK 24.0 million in 2010. Several measures were taken during 2011 to improve operational efficiency, including measures aimed at Kudoa avoidance, improving seawater growth (e.g., implementation of best practices and revision to the feeding regime) and operational restructuring (concentrating production at the best performing sites). Contract coverage was 18% in 2011 compared to 24% in 2010. The share of superior quality fish was 78% in 2011 compared to 80% in 2010, with downgrading primarily driven by reduced flesh color and bruises.

Harvest volume in the year ended December 31, 2011 was slightly above the volume harvested in 2010, at 33,917 tons gutted weight compared to 33,576 tons in 2010.

Costs and operations

During the year ended December 31, 2011, the total cost per kilogram harvested of our salmon of Canadian origin increased compared to 2010 mainly due to higher fish feed costs.

The cost of feed per kilogram of fish harvested in 2011 increased by 9.6%, compared to 2010, due to higher fish feed prices and a less advantageous feed conversion ratio.

Other seawater costs per kilogram of fish harvested in 2011 increased by 3.9%, mainly due to higher repair and maintenance costs.

Other non-seawater costs per kilogram were stable for the fish harvested in 2010 and 2011. We recorded exceptional costs of NOK 16.6 million in 2011 in connection with the reduction in smolt levels.

Salmon of Chilean Origin

Operational EBIT

Our Operational EBIT for salmon of Chilean origin was NOK 110.6 million for the year ended December 31, 2011 compared to NOK 67.8 million in 2010. Operational EBIT per kilogram was NOK 4.26 in 2011 compared to NOK 6.87 in 2010 due to the decrease in salmon prices and increased sea lice mitigation costs, partially offset by the higher harvest volume (reflecting scale effects). Operational EBIT by country of origin is a non-IFRS financial measure. Refer to “*Item 3. Key Information—A. Selected Financial Data*” for how we define and calculate Operational EBIT and reconciliation of Operational EBIT by country of origin to EBIT. Our EBIT for salmon of Chilean origin was NOK 37.2 million in the year ended December 31, 2011 compared to NOK 177.2 million in 2010. Our EBIT per kilogram was NOK 1.43 million in the year ended December 31, 2011 compared to NOK 17.95 million in 2010.

Price and volume development

The reference price for our salmon of Chilean origin was lower in the year ended December 31, 2011 compared to 2010 due to the increased global supply of Atlantic salmon, primarily driven by the increase in harvest on of Norwegian, Chilean and Scottish salmon. Our price achievement in 2011 was 8% above the reference price, which was an increase from the price achievement of 3% above the reference price in 2010. Price achievement on salmon of Chilean origin was positively affected in 2011 by our contract mix and coverage, which was 25%. There were no contracts in place in 2010 for our salmon of Chilean origin. The share of superior quality fish was 95% in 2011 compared to 91% in 2010.

Harvest volume in the year ended December 31, 2011 was 25,960 tons gutted weight compared to 9,868 tons in 2010. The increase was attributed to higher smolt stocking in 2010 compared to 2009 and was generally associated with the rebuilding of the Chilean salmon industry after the 2007 through 2009 recession caused by Infectious Salmon Anemia.

Costs and operations

During the year ended December 31, 2011, the total cost per kilogram harvested of our salmon of Chilean origin decreased compared to 2010 due to higher harvest volume (reflecting scale effects).

The cost of feed per kilogram of fish harvested in 2011 increased by 22.1% compared to 2010 due to higher fish feed prices and a less advantageous feed conversion ratio.

Other seawater costs per kilogram of fish harvested in 2011 decreased by 9.8% compared to 2010 mainly due to higher volume (reflecting scale effects).

Other non-seawater costs per kilogram of the fish harvested in 2011 were significantly reduced compared to 2010 due to the increase in harvest volume (reflecting scale effects). We reported exceptional costs of NOK 19.6 million in 2011 related to reduced smolt stocking and consolidation of our broodstock. In 2010, we reported exceptional mortality of NOK 4.9 million due to algae bloom.

Salmon of Irish Origin

Operational EBIT

Our Operational EBIT for salmon of Irish origin was NOK 74.4 million for the year ended December 31, 2011 compared to NOK 99.5 million in 2010. Operational EBIT per kilogram amounted to NOK 7.97 in 2011 compared to NOK 9.43 in 2010 primarily due to higher costs. Operational EBIT by country of origin is a non-IFRS financial measure. Refer to “*Item 3. Key Information—A. Selected Financial Data*” for how we define and calculate Operational EBIT and reconciliation of Operational EBIT by country of origin to EBIT. Our EBIT for salmon of Irish origin was NOK 62.1 million in the year ended December 31, 2011 compared to NOK 118.4 million in 2010. Our EBIT per kilogram was NOK 6.66 million in the year ended December 31, 2011 compared to NOK 11.22 million in 2010.

Price and volume development

As our Irish operation mainly consists of organic salmon, there is no reference price available for benchmarking. Our salmon of Irish origin is sold mainly pursuant to mid- and short-term contracts and the contract share was 93% in 2011 compared to 84% in 2010. The share of superior quality salmon in 2011 was 87% compared to 83% in 2010.

Harvest volume of the year ended December 31, 2011 was 9,332 tons gutted weight compared to 10,556 tons in 2010.

Costs and operations

During the year ended December 31, 2011, the total cost per kilogram harvested of our salmon of Irish origin 2011 increased compared to the salmon harvested in 2010 due to higher fish feed and sea lice mitigation costs.

Salmon of Faroese Origin

Operational EBIT

Our Operational EBIT for salmon of Faroese origin was NOK 60.9 million for the year ended December 31, 2011 compared to NOK 66.6 million in 2010. Operational EBIT per kilogram was NOK 10.27 in 2011 compared to NOK 12.29 in 2010 primarily due to the decrease in salmon prices. Operational EBIT by country of origin is a non-IFRS financial measure. Refer to “*Item 3. Key Information—A. Selected Financial Data*” for how we define and calculate Operational EBIT and reconciliation of Operational EBIT by country of origin to EBIT. Our EBIT for salmon of Faroese origin was NOK 8.0 million in the year ended December 31, 2011 compared to NOK 112.0 million in

2010. Our EBIT per kilogram was NOK 1.36 million in the year ended December 31, 2011 compared to NOK 20.67 million in 2010.

Price and volume development

Our price achievement for the years ended December 31, 2011 was 1% above reference price compared to 6% above reference price in 2010. The share of superior quality salmon in 2011 was 94% compared to 84% in 2010.

Harvest volume in the year ended December 31, 2011 was 5,927 tons gutted weight compared to 5,419 tons in 2010.

Costs and operations

During the year ended December 31, 2011, the total cost per kilogram harvested of our salmon of Faroese origin increased compared to salmon harvested in 2010 due to higher fish feed and sea lice mitigation costs.

Seasonality

Refer to “*Item 4. Information on the Company—B. Business Overview—Business—Product—How We Create Tasty and Healthy Seafood—Seasonality*” for a discussion of seasonal factors affecting us.

Liquidity and Capital Resources.

Our principal sources of liquidity are cash on hand, revenues generated from our operations and, to a lesser extent, loans and other financings.

Our principal needs for liquidity have been, and will likely continue to be, costs of raw materials, including fish feed, and other working capital items, capital expenditures, servicing of our debt, dividend payments and acquisitions. We believe that our liquidity is sufficient to cover our working capital needs in the ordinary course of our business.

Our cash and cash equivalents as of December 31, 2012 were NOK 335.3 million compared to NOK 279.1 million as of December 31, 2011 and NOK 318.9 million as of December 31, 2010. Our cash and cash equivalents as of June 30, 2013 were NOK 858.3 million. Cash and cash equivalents comprise cash and bank deposits, including restricted funds. Restricted funds comprise employee’s tax deduction accounts as well as deposit accounts pledged as security.

Our NIBD/equity was 47.2% at June 30, 2013, 46.0% at December 31, 2012 and 59.8% at December 31, 2011. The decrease from December 31, 2011 to December 31, 2012 was primarily driven by the reduction in our net interest bearing debt, which was NOK 6,467 million at December 31, 2011 compared to NOK 5,381 million at December 31, 2012. NIBD/equity increased to 59.8% at December 31, 2011, compared to 39.7% at December 31, 2010. The increase was primarily driven by the increase in our net interest bearing debt, which was NOK 6,467 million at December 31, 2011 compared to NOK 5,218 million at December 31, 2010. NIBD/equity is a non-IFRS financial measure. Refer to “*Item 3. Key Information—A. Selected Financial Data*” for a description of how we define and calculate NIBD/Equity.

Capital Expenditures

Our capital expenditures primarily relate to investments into our operating facilities and equipment used in our operations. Net capital expenditures were NOK 856.2 million for the six months ended June 30, 2013, NOK 254.1 million for the six months ended June 30, 2012, NOK 662.3 million for the year ended December 31, 2012, NOK 986.3 million for the year ended December 31, 2011 and

NOK 964.4 million for the year ended December 31, 2010. Our total net capital expenditures in 2013 was approximately NOK 1,800 million, NOK 600 million of which was attributed to the construction of our fish feed plant in Norway.

Cash Flows

The following table summarizes our cash flows for the six months ended June 30, 2013 and 2012, and years ended December 31, 2012, 2011 and 2010:

	Six Months Ended June 30,		Year Ended December 31,		
	2013 (unaudited)	2012 (unaudited)	2012	2011	2010
	(in NOK million)				
Cash flow from operations	1,473.6	1,484.9	1,552.9	2,798.0	2,569.1
Cash flow from investments	-1,432.9	-232.1	-1,057.6	-1,124.1	-905.2
Cash flow from financing	510.3	-1,207.7	-451.8	-1,705.9	-1,546.4
Currency effects on cash	6.7	-3.4	-10.6	1.0	-1.2
Net change in cash in period	551.0	45.1	32.9	-31.0	116.3
Cash—opening balance ⁽¹⁾	246.0	213.1	213.2	244.2	127.9
Cash—closing balance ⁽¹⁾	803.7	254.8	246.1	213.2	244.2

(1) Excluding restricted cash.

Cash flows from operations

Cash flow from operations for the six months ended June 30, 2013 was NOK 1,473.6 million, compared to NOK 1,484.9 million for the same period in 2012. The improved earnings in the six months ended June 30, 2013 compared to the same period in 2012 was offset by a negative development in working capital of NOK 201.2 million in the first half of 2013, due to a reduction in accounts payable to fish feed suppliers of NOK 195.6 million.

Cash flow from operations for the year ended December 31, 2012 was NOK 1,552.9 million, compared to NOK 2,798.0 million for 2011. The primary driver for the decrease in cash flow from operations was a strong decrease in earnings, partially offset by improved working capital of NOK 472.4 million due to a reduction in biological inventory at cost of NOK 421.3 million due to reduced smolt stocking in 2011 and 2012.

Cash flow from operations for the year ended December 31, 2011 was NOK 2,798.0 million, compared to NOK 2,569.1 million for 2010. EBIT in 2011 was significantly lower than in 2010, but adjusted for non-cash items (fair value on biological assets and income from associated companies), the cash effect was NOK 444.2 million. Working capital increased by NOK 523.4 million in 2011, with build-up of biomass in sea due to increased smolt stocking in 2010 compared to prior years accounting for NOK 525.4 million. In 2010, the increased in working capital was NOK 958.3 million due to rebuilding the biomass in Chile.

Cash flow from investments

Cash flow from investments for the six months ended June 30, 2013 was NOK -1,432.9 million, compared to cash flow from investments of NOK -232.1 million in 2012. The difference was primarily due to payments related to the acquisition of Morpol, construction of the fish feed plant in Norway and an increased overall capital expenditure plan for the existing operations in the first half of 2013.

Cash flow from investments for the year ended December 31, 2012 was NOK -1,057.6 million, compared to cash flow from investments of NOK -1,124.1 million for 2011. The difference was primarily due to lower payments made for purchase of fixed assets, partially offset by the cash element in the first phase of the Morpol acquisition in the fourth quarter of 2012.

Cash flow from investments for the year ended December 31, 2011 was NOK –1,124.1 million, compared to cash flow from investments of NOK –905.2 million for 2010. The difference was primarily due to higher payments made for purchase of fixed assets and two minor acquisitions in Norway in 2011.

Cash flow from financing

Cash flow from financing for the six months ended June 30, 2013 was NOK 510.3 million, compared to NOK –1,207.7 million for the same period in 2012. In the first half of 2013, the proceeds from new financing facilities was used for repayment of existing interest-bearing debt and dividends, while in 2012 the available cash flow was mainly used for repayment of interest-bearing debt.

Cash flow from financing for the year ended December 31, 2012 was NOK –451.8 million, compared to NOK –1,705.9 million for 2011. In 2012, the first phase of the Morpol acquisition was mainly financed by issuing new equity, while there was a major dividend payment in 2011.

Cash flow from financing for the year ended December 31, 2011 was NOK –1,705.9 million, compared to NOK –1,546.4 million for 2010. The difference was primarily due to increase in the 2011 dividend payment.

Borrowings

As of June 30, 2013, our main outstanding borrowing facilities consisted of a EUR 775 million syndicated borrowing facility, two convertible bonds of EUR 225 million and EUR 350 million and an unsecured bond of NOK 1,250 million. Set forth below is a description of these borrowing facility and bonds.

EUR 775 million syndicated borrowing facility

This facility consists of an initial term loan of EUR 183 million, together with two revolving credit facilities of EUR 512 million and USD 105.6 million.

The term loan is payable in semi-annual installments of EUR 16 million, with final maturity in January 2015, which is also the final maturity of the revolving credit facilities.

The revolving credit facilities are available to Marine Harvest ASA and our selected subsidiaries. In addition, parts of the revolving credit facilities may be allocated as bilateral credits (including overdraft facilities and facilities for the issuance of guarantees) between syndicate banks and Group companies.

The maximum ratio of net interest bearing debt to EBITDA allowed under the facility agreement is 3.25 up until the second quarter 2014, and 3.00 from (and including) the second quarter 2014. For the calculation of net interest bearing debt to EBITDA, EBITDA is adjusted by a number of items from the reported EBITDA. As a consequence of the acquisition of Morpol, the maximum ratio has been temporarily lifted to 3.99 until the earlier of fourth quarter of 2013 and the quarter when Morpol is consolidated into the Group financials. The equity ratio must be above 40% at all times. Furthermore, our ability to incur new debt is regulated by the loan agreement. Interest margin under the facility is determined based on the net interest bearing debt to EBITDA ratio.

EUR 225 million convertible bond

In March 2010, we issued a convertible bond with a principal amount of EUR 225 million. The bond carries a fixed coupon of 4.50% per annum payable semi-annually. On November 13, 2013, we announced our intent to exercise our right to redeem this convertible bond. In connection with such redemption, EUR 224.6 million of the bonds were converted into shares at EUR 0.6319. The remaining EUR 300,000 in bonds were redeemed by us at par plus accrued interest. The conversion settled on December 11, 2013.

NOK 1,250 million unsecured bond

In March 2013, we issued an unsecured bond with a principal amount of NOK 1,250 million. The bond carries interest at three-month NIBOR plus 3.5% per annum, payable quarterly. The bond will mature in 2018 and no installment payments are made. The bond is listed on the Oslo Stock Exchange.

EUR 350 million convertible bond

In May 2013, we issued a convertible bond with a principal amount of EUR 350 million principal. The bond carries a fixed coupon of 2.375% per annum, payable semi-annually. Unless a prior conversion occurs, the bond will mature in 2018. The conversion price is subject to standard adjustment mechanisms for convertible bonds, including adjustment for dividends. The initial conversion share price was set at EUR 1.0265, but the conversion share price at June 30, 2013 was EUR 1.0102 representing an adjustment for the dividend paid in June 2013. Under certain conditions, we can give notice of redemption of the bonds issue at par plus accrued interest. After giving notice of such redemption, bondholders may exercise their conversion rights.

Derivative Financial Instruments

We use derivative financial instruments such as forward currency contracts and interest rate swaps to hedge our foreign currency risks and interest rate risks. We also use salmon derivatives, both as a hedge of our operational activities and as a financial trading activity. Derivative financial instruments are recognized at fair value in the statement of financial position. Derivatives are classified as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Gains or losses at expiration as well as unrealized changes in fair value on derivatives are recognized in profit or loss, except for cash flow hedges qualifying for hedge accounting, which are temporarily recognized in other comprehensive income.

When a derivative is entered into, an evaluation is made as to whether the derivative is part of a portfolio qualifying for hedge accounting or if changes in market value shall be charged to the profit or loss. The classification is documented with a description of the hedge relation and how to measure and follow up on hedge effectiveness.

The non-current currency exposure in certain business units is hedged using forward contracts. The hedges are determined by expected future cash flows in the relevant foreign currency. Gains and losses on derivatives constituting a cash flow hedge are recognized in other comprehensive income and in a hedging reserve within equity until the hedged cash flow materializes and affects the profit or loss. If a cash flow hedge expires without being renewed or the hedge relationship is terminated, accumulated gains and losses in the hedging reserve within equity are recycled through profit or loss in accordance with the above principle. If the hedged transaction is no longer expected to occur, accumulated unrealized gains and losses previously recognized in other comprehensive income is immediately reversed and recycled through profit or loss.

To hedge our cash flows against exchange rate fluctuations we have a policy for hedging up to 30% of the EUR/NOK exposure within a one-year horizon. We seek to evenly distribute such hedging throughout the year.

Where the hedge program comprises more than one year, the percentage of the exposure to be hedged is reduced over time.

At the end of June 2013, we held a portfolio of hedging instruments designated to mitigate transaction and cash flow exposure with a total contract value of NOK 2.2 billion. Instruments equivalent to 74% of the contract value mature in 2013 and no instruments matures beyond December 31, 2014. The portfolio had a net positive market value of NOK 31 million at June 30, 2013.

We also have a policy to hedge 100% of our non-current interest-bearing debt in our main financing currencies (EUR, USD and GBP) for a period of five years and 50% of the non-current interest-bearing debt over the following three years. The hedging is based on the targeted currency composition. At the end of June 2013, we had a portfolio of interest swaps with a net market value of NOK – 394 million after an increase in market value in 2013 of NOK 55 million, recognized through other comprehensive income. Due to the issuance of fixed rate debt instruments in 2013, the volume of interest rate swaps exceeded the volume of floating rate debt in some currencies at the end of June 2013. A review of our hedging policy is being carried out.

Off-Balance Sheet Items

We do not have any off-balance sheet financing arrangements.

Contractual Obligations

The following table sets forth our contractual obligations as of December 31, 2012:

	<u>Total</u>	<u>less than one year</u>	<u>one to three years</u>	<u>three to five years</u>	<u>more than five years</u>
	(in NOK million)				
Debt obligations, excluding interest ⁽¹⁾	5,674.2	314.4	235.3	5,124.5	—
Interest ⁽²⁾	1,344.3	302.1	287.7	447.2	307.4
Operating lease obligations ⁽³⁾	833.7	307.8	444.0	—	81.9
Capital expenditure	556.0	556.0	—	—	—
Other excluding interest ⁽⁴⁾	<u>1,502.9</u>	<u>1,386.8</u>	<u>12.7</u>	<u>32.1</u>	<u>71.3</u>
Total contractual obligations	<u>9,911.1</u>	<u>2,867.0</u>	<u>979.7</u>	<u>5,603.8</u>	<u>460.6</u>

- (1) Represent payment obligations due under our interest bearing debt facilities excluding interest. Refer to “—Borrowings.”
- (2) Represents interest payments due on our debt and other obligations. The figures have been estimated assuming continuation of the interest payable in the fourth quarter of 2012.
- (3) Represent payment obligations due under our leasing agreements, mainly for wellboat services.
- (4) Represent payment obligations due under our financial leasing agreements, trade payables and other liabilities and obligations due under our derivative financial liabilities excluding interest.

Outlook

We expect that our total 2013 volume of harvested salmon will be approximately 343,000 tons of gutted weight, a 13% decrease from 2012. During 2013 we invested considerably into growing the size of our 2014 harvest, with approximately NOK 1.4 billion to be invested into working capital (out of which, NOK 200 million was invested in the six months ended June 30, 2013) to enable an organic increase in harvest volumes of about 65,000 tons in 2014. Our total volume of harvested salmon in fourth quarter 2013 was 103,000 tons of gutted weight, approximately the same as fourth quarter 2012.

Our 2013 capital expenditures were approximately NOK 1.8 billion, of which approximately NOK 600 million related to the new fish feed plant in Norway, which we expect will be operational from June 2014. We are concerned by the concentration and changed ownership structure in the fish feed industry driven by the introduction of private equity capital, and plan to counter this by increasing our internal fish feed production.

We are actively monitoring opportunities to increase the size of our operations. We have a significant growth potential with respect to our existing licenses in Chile, but we also opportunistically consider acquisition prospects.

After a short term dip during the third quarter, we are encouraged by the continuing high spot prices for Atlantic salmon combined with futures prices of NOK 41 and NOK 36 per kilogram for 2014

and 2015, respectively. The strength in demand combined with a supply side curtailed by the limited room for expansion within the Norwegian regulatory environment and the adverse biological situation in Chile, indicates a positive dynamic for the upcoming periods. A continued strong market combined with reduced investments in 2014 poses a very attractive net cash flow opportunity. In combination with expected proceeds from the Morpol-related divestments in the Scotland, this poses an attractive dividend opportunity for our shareholders.

Critical Accounting Policies and Significant Estimates

In preparing our financial statements, we make estimates, assumptions and judgments that can have a significant impact on our net revenue, operating income or loss and net income or loss, as well as on the value of certain assets and liabilities on our statement of financial position. We believe that the estimates, assumptions and judgments involved in the accounting policies described below have the greatest potential impact on our financial statements, so we consider these to be our critical accounting policies.

Revenue Recognition

Sale of fish products

Revenue for the Group is related to sales of fish and elaborated fish products. Sales of fish and elaborated fish products are recognized when the significant risk associated with these products have been transferred to the customers, which is normally at delivery. We believe there are no significant estimates or judgments involved in determining when the significant risks associated with these products have been transferred (time of delivery), but revenue recognition is a critical accounting policy as it is pivotal to the Group's financial condition and results.

Biomass

Changes in the estimated fair value on biomass are recognized in profit or loss. The fair value adjustment is presented on a separate line in the statement of comprehensive income; "fair value adjustment on biological assets." The change in fair value adjustment is calculated as the change in fair value of the biomass less the change in accumulated cost of production for the biomass. See below ("Biological assets") for further discussion around significant estimates involved in the fair value measurement of biological assets.

Biological assets

Our biological assets, which comprise eggs, juveniles, smolt and fish in the sea, are recognized at fair value less cost to sell in accordance with International Accounting Standard 41, *Agriculture*. Management applies significant judgment in determining fair value less cost to sell, as effective markets for sale of live fish do not exist.

Estimation of fair value less cost to sell involves using numerous assumptions, both related to prices and volume (size of the fish). Key assumptions include market prices, biomass quality, expected mortality, biological transformation/performance and estimated costs until harvesting. Estimation of site performance and expected future costs are normally estimated with a higher degree of accuracy than estimated market prices.

In determining the appropriate estimated market price we use a combination of various third party sources, such as forward market prices for salmon derivatives (where available), spot prices and recently entered fixed price contracts. In terms of establishing appropriate volume estimates, we monitor each individual site in terms of biological transformation/performance to ensure accuracy. Further, at harvesting we identify any difference between actual harvested volumes and estimated volumes in order to calibrate the estimates. Normally the volume deviations are minor.

Our fair value estimates of biological assets are primarily sensitive to the estimated market price assumption. Other estimates include cost at harvest, average weight and quality at harvest. A change of NOK 1 per kilogram gutted weight in the estimated market price would change the carrying value of biological assets (which equals the fair value less cost to sell) by approximately NOK 200 million as of December 31, 2012. Likewise, a change of NOK 1 per kilogram gutted weight in the estimated cost at harvest, would change the carrying value of biological assets by approximately NOK 75 million as of December 31, 2012. A change of 1% in the average weight of fish would change the value of biological assets by approximately NOK 40 million, and a 1% increase in the share of production grade fish at harvest would reduce the value by approximately NOK 10 million as of December 31, 2012.

Intangible assets—goodwill and farming licenses

We test for potential impairment of goodwill and farming licenses with indefinite useful lives annually in the fourth quarter and whenever indicators of impairment arise. The impairment test on intangible assets is based on a discounted cash flow model per cash generating unit (CGU). This requires us to use a number of assumptions, including market factors specific to the business, biological performance, the amount and timing of estimated future cash flows, long-term growth rates for the business, and a discount rate that considers the relative risk of achieving the cash flows and the time value of money. In general, cost estimates (cash outflows) can normally be estimated with a higher degree of accuracy than revenues (cash inflows). As the profitability in the salmon farming industry historically has been very volatile, depending on the development in the price of salmon, Marine Harvest uses budgets and long-term plans for the first four years of the analysis, and assumes a return to long term historic averages for profitability in the fifth year and terminal value.

Although the assumptions we use in our discounted cash flow model are consistent with the assumptions we use to generate our internal strategic plans and forecasts, significant judgment is required to estimate the amount and timing of future cash flows for each CGU and the relative risk of achieving those cash flows. In terms of estimating the appropriate discount rate, the capital asset pricing model (CAPM) and weighted average cost of capital (WACC) model is applied. In determining the input assumptions to the WACC model, we use third party sources where available (e.g., interest rate, inflation rate and beta) and our treasury department's assessment of our incremental borrowing rate. Assumptions and estimates about future cash flows are complex and often subjective. They can be affected by a variety of factors, including external factors such as industry and economic trends, and internal factors such as changes in our business strategy and our internal forecasts. For example, if our future operating results do not meet current forecasts, there are significant changes in the regulatory environment, or we experience a sustained decline in our market capitalization that is determined to be indicative of a reduction in the fair value of one or more of our CGUs, we may be required to recognize future impairment charges for goodwill or farming licenses. Impairment charges could materially decrease our future net income and result in lower asset values on our statement of financial position.

As of December 31, 2012 we had a total of approximately NOK 7.6 billion in goodwill and farming licenses. During the fourth quarter of 2012 we performed our annual impairment test of goodwill and farming licenses. Using the methodology described above, we determined that the estimated fair value of all our CGUs exceeded their carrying values and that they were not impaired. In addition, during this analysis we concluded that the estimated fair values of all our CGUs substantially exceeded their carrying values, and that no reasonably possible change in any key assumption would cause the carrying amount to exceed its recoverable amount.

Impairment—property, plant & equipment

We review our property, plant and equipment for potential impairment when events or changes in circumstances indicate that the carrying value of such assets may not be recoverable or when

reclassifications are made between property, plant and equipment and assets held for sale. Factors that might indicate a potential impairment include significant decreases in the market value of the long-lived asset, a significant change in the long-lived asset's physical condition, a change in industry conditions or a substantial reduction in cash flows associated with the use of the long-lived asset. When impairment indicators are present, the determination of recoverability is made based on discounted future cash flows of the related assets or group of assets being reviewed. This evaluation requires us to make judgments regarding long-term forecasts of future revenue and costs. In turn these forecasts are uncertain in that they require assumptions about demand, future market conditions and technological developments. Significant and unanticipated changes to these assumptions could require a provision for impairment in a future period. Given the nature of these evaluations and their application to specific asset groups and specific times, it is not possible to reasonably quantify the impact of changes in these assumptions.

Our estimates, assumptions and judgments used in the application of our property, plant and equipment accounting policies reflect both historical experience and expectations regarding future industry conditions and operations. Using different estimates, assumptions and judgments, especially those involving the useful lives and expectations regarding future industry conditions and operations, would result in different carrying values of assets and results of operations. As of December 31, 2012 there were no indications of impairment related to our property, plant and equipment.

Derivative financial instruments and hedge accounting

We use derivative financial instruments to mitigate our foreign currency risk and interest rate risk. These objectives are more fully described in Note 12 to the consolidated financial statements. We record all our derivative financial instruments on the statement of financial position at fair value. Market value changes result in a change in the fair value of these financial instruments. The recognition of the changes in fair value of these financial instruments is recorded in the statement of comprehensive income and is contingent upon whether the financial instruments has been designated and qualifies as part of a hedging relationship.

Gains and losses on derivative financial instruments not designated in formal hedging relationships are recognized through profit or loss. Certain derivative financial instruments used to mitigate foreign currency risk are designated as cash flow hedges. Accordingly, unrealized gains and losses are recorded as a component of other comprehensive income or loss.

The criteria used to determine if a financial instrument meets the definition of a derivative and qualifies for hedge accounting treatment are complex and require management to exercise professional judgment. Further, significant changes in the fair value of these financial instruments could materially impact our financial position, results of operations or cash flows.

Prices actively quoted are used to determine the fair value of most of our financial instruments recorded on the statement of financial position at fair value. However, we utilize models and other valuation methods to determine fair value when external sources are not available. Fair value estimates also consider our own creditworthiness and the creditworthiness of counterparties involved. Our counterparties consist primarily of financial institutions. We seek to minimize credit risk through an evaluation of their financial condition and credit ratings and the use of collateral requirements under certain circumstances.

The fair value of our financial instruments is subject to potentially significant volatility based on numerous conditions including, but not limited to changes in commodity prices, foreign currency rates, interest rates, maturity and settlement of these financial instruments. We believe that the market prices and models used to value these financial instruments represent the best information available with respect to closing exchange and over-the-counter quotations, time value and volatility factors underlying these contracts.

New Accounting Pronouncements

IAS 1 Presentation of Financial Statements

The amendments to IAS 1 require companies to group together items within Other Comprehensive Income, or OCI, that may be reclassified (“recycled”) to the profit or loss section of the income statement, separate from items within OCI that will not be recycled through profit and loss. Examples of items that may be recycled is change in fair value of cash flow hedges and currency translation differences, while examples of items, which will not be recycled are actuarial gains and losses on defined benefit plans. The Group applied the amendment in IAS 1 in the interim reports in 2013, and will apply the amendment in the annual financial statements for 2013.

IFRS 13 Fair value measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements, and provides guidance on how to measure fair value under IFRS. IAS 41 is changed accordingly and the specific fair value requirements in IAS 41 are replaced with IFRS 13. However the fair value measurement done under IAS 41 is not expected to be changed with the application of IFRS 13. In addition IFRS 13 impacts the valuation of different financial instrument to fair value. However, the Group does not consider the measurement to be different. Extended disclosure, related quantitative information about fair value measurements for biomass using significant unobservable inputs, will apply in both the interim financial statements and in the annual report. The Group applied IFRS 13, and the amended IAS 41, in the interim reports in 2013, and will apply IFRS 13 in the annual financial statements for 2013.

IFRS 10 Consolidated financial statements

IFRS 10 replaces parts of IAS 27 and SIC 12, and establishes a single control model that applies to all entities including special purpose entities. The change in IFRS 10 will require management to exercise significant judgment to determine which companies are controlled, and therefore, are required to be consolidated by a parent. The Group has concluded that IFRS 10 does not impact on the Groups financial statements. The Group applied IFRS 10 in the interim reports in 2013, and will apply IFRS 10 in the annual financial statements for 2013.

IFRS 12 Disclosure of interest in other entities

IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28 Investment in Associates. A number of new disclosures are required. The full impact of IFRS 12 is yet to be assessed, but any additional disclosures will be included in the annual financial statements for 2013. The Group will apply IFRS 12 in the annual financial statements for 2013.

Quantitative and Qualitative Disclosure about Market Risk

For disclosure regarding the quantitative and qualitative market risks, see “*Item 11. Quantitative and Qualitative Disclosures About Market Risk.*”

ITEM 6. Directors, Senior Management and Employees

A. Directors and Senior Management.

The following table sets forth information regarding our directors as of the date of this registration statement.

<u>Name</u>	<u>Age</u>	<u>Function</u>	<u>Date Elected</u>	<u>Term Expires</u>
Ole-Eirik Lerøy	54	Chairman of Marine Harvest ASA	2013	2015
Leif Frode Onarheim	79	Vice Chairman of Marine Harvest ASA	2013	2015
Tor Olav Trøim	50	Director	2012	2014
Solveig Strand	52	Director	2012	2014
Michael Parker	60	Director	2013	2015
Cecilie Fredriksen	30	Director	2012	2014
Hege Sjo	45	Director	2012	2014
Turid Lande Solheim	43	Production Manager, Marine Harvest Norway AS	2012	2014
Geir-Elling Nygård	47	HSE Coordinator, MH Norway	2012	2014
Stein Mathiesen	40	Factory Scheduler, MH Norway Region West	2012	2014

The following table sets forth information regarding our senior management as of the date of this registration statement:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Alf-Helge Aarskog	46	Chief Executive Officer
Ivan Vindheim	42	Chief Financial Officer
Marit Solberg	57	Chief Operating Officer, Farming
Ola Brattvoll	45	Chief Operating Officer, Sales & Marketing
Ben Hadfield	37	Chief Operating Officer, Fish Feed

The business address of all directors and senior management is the business address of the company.

Biographies

Ole-Eirik Lerøy. Mr. Lerøy has broad experience in the seafood industry and was the CEO of Lerøy Seafood Group ASA, a seafood production and distribution company based in Bergen, Norway, from 1991 to 2008, Chairman of the Norwegian Seafood Federation (FHL), a body representing companies within the fisheries and aquaculture sectors in Norway, from 2000 to 2006 and the chairman of the board of the Norwegian Seafood Export Council (NSEC), a body that promotes Norwegian seafood outside Norway, from 1994 to 2000. Mr. Lerøy is the managing director of Profond Holding AS, Lime AS, Kos Bergen AS, Brinken Holding AS and Brinken 20 Næring AS. He graduated from the Norwegian School of Management and is member of the board of the International Groundfish Forum. Mr. Lerøy is a director of Profond Holding AS, Profond AS, Kos Bergen AS and Hjeltestadveien 313 AS. Mr. Lerøy has been a director of Marine Harvest ASA since 2009.

Leif Frode Onarheim. Mr. Onarheim was the President and CEO of Nora Industrier AS, a former manufacturer of soft drinks and food products, from 1971 to 1991 and was the President of the Norwegian School of Management from 1993 to 1997. He served as a Member of the Norwegian Parliament between 2001 and 2005 and held directorship positions at various private and governmental enterprises. Mr. Onarheim has an MBA from the Norwegian School of Economics and Business Administration. Mr. Onarheim serves as a member of the Asker Council, and is on the Executive committee of the Council of LONAR AS, a small consulting and investment business. Mr. Onarheim

has been a director of Marine Harvest ASA since 2006. He has been a director at Fjord Seafood ASA, a company acquired by us, since 2005.

Tor Olav Trøim. Mr. Trøim has an extensive background as a director and is currently a director of Seadrill Ltd., an offshore drilling company, Frontline Ltd., a tanker company, Golar LNG Limited, a liquified natural gas company, Golden Ocean Group Ltd., a dry bulk shipping company, and Archer Ltd., an oilfield service provider. He currently holds the position of the President and Chief Executive Officer of Frontline Management AS, a tanker company. Prior to joining Frontline, Mr. Trøim served as Managing Director and a member of the Board of Directors of DNO AS, a Norwegian oil company. He holds a Master of Science degree from the University of Technology in Trondheim, Norway. Mr. Trøim was a director of Marine Harvest ASA from 2005 to 2008 and has been a director since 2012.

Solveig Strand. Ms. Strand has been the Managing Director of the companies within the Strand Group (since 1999) and was a Parliamentary Secretary for the Norwegian Ministry of Fisheries. She is the managing director and a board member of Havsbyn AS (since 2002), the managing director and board member of Fiskeskjer AS (since 2002) and the chairman of the board of Vasshaugen Invest AS (since 2003). She has also been a member of the county council of Møre og Romsdal and holds a degree in IT and Economics. Ms. Strand has been a director of Marine Harvest ASA since 2006. She was a director of Fjord Seafood ASA, a company acquired by us, from 2004 until 2006.

Michael Parker. Mr. Parker has over 30 years of general management experience in the food industry, mainly in seafood. He was a board member of the UK government seafood body, Seafish, and is currently active in the UK public affairs consultancy and publishing. Mr. Parker has been the chair of the Grimsby Institute Group, an education provider, since 2012 as well as a member of the Humber Local Enterprise Partnership, a regional group established to promote economic growth, since 2013, Lodestone (Oxford) Ltd., a strategic communication consultancy firm, since 2012 and Brookes Parker Ltd, a consultancy service and investment firm, since 2011. Mr. Parker holds a degree in Business Administration from the University of Bath and was a trustee of the Marine Stewardship Council (from 2000 to 2010). Mr. Parker has been a director of Marine Harvest ASA since 2011.

Cecilie Fredriksen. Ms. Fredriksen is a member of the board of Northern Offshore Ltd., an operator of offshore oil and gas drilling units and production vessels, Ship Finance International Ltd. (since 2008), a vessel owning company, and Archer Ltd., an oilfield service provider. Ms. Fredriksen holds a degree in Business and Spanish from London Metropolitan University. Ms. Fredriksen has been a director of Marine Harvest ASA since 2008.

Hege Sjo. Ms. Sjo was the CFO of Oslo Børs ASA, the Oslo Stock Exchange and currently holds several directorships in other companies, including Wilh. Wilhelmsen ASA, a global maritime industry group (since 2010), Det Norske Oljeselskap ASA, an oil exploration and development company (from 2008 to 2013), Polarcus Ltd., a marine geophysical company specializing in high-end towed steamer data (since 2008) and Odim ASA, an international technology group (since 2011). She has been a Senior Advisor at Hermes Investment Management Ltd., a fund manager, since 2008 and is a graduate of the Norwegian School of Economics and Business Administration. Ms. Sjo has been a director of Marine Harvest ASA since 2010.

Turid Lande Solheim. Ms. Solheim started in the seafood business in 1993 at Mowi AS, a seafood company acquired by us. She is currently a Production Manager in Marine Harvest Norway Region South, a position she has held since 2011. She studied Economics and Aquaculture at Molde Regional College. Ms. Solheim was elected to the board of directors as a representative of our employees. Ms. Solheim has been a director of Marine Harvest ASA since 2008.

Geir-Elling Nygård. Mr. Nygård started at Mowi AS, a seafood company acquired by us, in 1991 and worked at two smaller aquaculture companies prior to joining Mowi. He is currently a Health, Safety and Environment, or HSE, Coordinator at Marine Harvest Norway, a position he has held since 2012. He has a certification in carpentry and studied HSE at the University of Nordland. Mr. Nygård was elected to the board of directors as a representative of our employees. Mr. Nygård has been a director of Marine Harvest ASA since 2008.

Stein Mathiesen. Mr. Mathiesen began working in the seafood business in 1989 at Domstein and has been working at Marine Harvest since 2007. He is a trained food technician and is currently a Factory Scheduler at Marine Harvest Norway Region West, a position he has held since 2007. Mr. Mathiesen was elected to the board of directors as a representative of our employees. Mr. Mathiesen has been a director of Marine Harvest ASA since 2012.

Alf-Helge Aarskog. Mr. Aarskog has served as the CEO of Marine Harvest since 2010. Prior to his position in the company, Mr. Aarskog was the CEO of Lerøy Seafood Group ASA, from 2009 to 2010. His previous positions include executive vice president of Lerøy Seafood Group ASA (from 2007 to 2009), managing director of Lerøy Midnor AS, a subsidiary of Lerøy Seafood Group ASA (from 2004 to 2007) and head of production in Fjord Seafood ASA, a company which later merged with us (from 2002 to 2004). He holds a degree in Fish Nutrition from the University of Agriculture in Norway.

Ivan Vindheim. Mr. Vindheim joined Marine Harvest as CFO in 2012. Prior to joining Marine Harvest, Mr. Vindheim was the CFO of Lerøy Seafood Group ASA for five years. From 2005 to 2007 Mr. Vindheim was Vice President of Finance in Rolls-Royce, heading the finance department for reciprocating engines. Mr. Vindheim worked for Deloitte from 1996 to 2004, first within assurance services and later within corporate finance. He holds a degree in Business and an MBA from Norwegian School of Economics and Business Administration. He is also a licensed State Authorized Public Accountant and Certified European Financial Analyst. In addition, he has two years of officer school and two years of law school.

Marit Solberg. Ms. Solberg has been the COO of Marine Harvest's Farming segment since 2011. Prior to this role, Ms. Solberg was the managing director of Marine Harvest Norway AS from 2002 to 2011. From 2002, Ms. Solberg managed the extensive and highly successful turnaround of the Marine Harvest operations in Norway. She has a wide background in technology and production as well as merger and change management experience. Ms. Solberg has also held senior management positions in Hydro Seafood, a fish production organization, from 1996 to 2002, as well as Mowi AS, a seafood company acquired by us, from 1985 to 1996. She holds a degree in Microbiology from the University of Bergen.

Ola Brattvoll. Mr. Brattvoll has served as the COO of Marine Harvest's Sales and Marketing segment since December 2010. Prior to joining Marine Harvest in 2010, Mr. Brattvoll worked in the marketing and sales department of the Norwegian Seafood Export Council's Norway office (from 1995 to 2002) and Tokyo office (from 2002 to 2006). Mr. Brattvoll also worked in marketing and sales at Hallvard Lerøy AS, a Norwegian Seafood Company, both as market director (from 2006 to 2007) and vice president of sales (from 2010 to 2010). He holds a degree in Fisheries from The Norwegian College of Fisheries Science, University of Tromsø.

Ben Hadfield. Mr. Hadfield has been the COO of Marine Harvest's Fish Feed segment since February 2013. Prior to this position, Mr. Hadfield was a production manager in Marine Harvest Scotland (from 2007 to 2013) and the technical chairman of the Scottish Salmon Producers Organisation, the organization dedicated to improving the quality and sustainability of salmon farming in Scotland (from 2012 to 2013). His previous positions also include Technical & HSEQ Manager at Marine Harvest Scotland (from 2004 to 2007) and Environmental Manager at Marine Harvest Scotland (from 2000 to 2004). He holds degrees from the University of Sheffield and University of Manchester.

B. Compensation.

Remuneration for the members of the board is determined by our annual general meeting of shareholders based on a proposal from our Nomination Committee and with retrospective effect for the period from the previous annual general meeting of shareholders. The remuneration reflects the board's responsibility, expertise, time commitment and the complexity of our activities. The remuneration is not linked to our performance. All members of the board, with the exception of the chairman, and the deputy chairman receive the same remuneration. The members of the audit committee receive additional remuneration.

The remuneration paid to our members of the board in the year ended December 31, 2012 is set forth below:

Name	Position	Fees	Salaries and Other Remuneration ⁽¹⁾	Total
(in NOK)				
Ole-Eirik Lerøy	Chairman	525,000	—	525,000
Leif Frode Onarheim	Vice Chairman	450,000	—	450,000
Tor Olav Trøim	Board member	138,000	—	138,000
Solveig Strand	Board member	350,000	—	350,000
Michael Parker	Board member	275,000	—	275,000
Cecilie Fredriksen . . .	Board member	275,000	—	275,000
Hege Sjo	Board member	350,000	—	350,000
Turid Lande Solheim .	Board member, employee representative	275,000	991,000	1,266,000
Geir-Elling Nygård . .	Board member, employee representative	275,000	464,000	739,000
Stein Mathiesen	Board member, employee representative	138,000	687,000	825,000

(1) Remuneration is paid to the employee representatives serving on our board in their capacity as our employees and not for services performed on the board of directors.

The board determines the principles applicable to our policy for senior executive compensation. The board is directly responsible for establishing our CEO's compensation and other benefits. The CEO is, in consultation with the chairman of the board, responsible for establishing compensation and other benefits for our other senior executives. For these purposes, our senior executives include the management team of each of our business areas as well as the senior members of the corporate staff.

Our compensation schemes provide for a limited number of benefits in kind. These benefits are offered in line with what is common practice in local labor markets and typically include personal communication equipment, access to media and in some instances car and parking arrangements.

The remuneration paid to our senior executives in the year ended December 31, 2012 is set forth below:

Name	Fixed Salary	Cash Bonus ⁽¹⁾	Share-based bonus ⁽²⁾	Pension Cost ⁽³⁾	Other	Total
(in NOK)						
Alf-Helge Aarskog	4,750,000	1,563,000	—	66,000	446,000	6,825,000
Ivan Vindheim ⁽⁴⁾	1,283,000	—	—	28,000	2,074,000	3,385,000
Jørgen K. Andersen ⁽⁵⁾ . . .	2,271,000	89,000	525,000	848,000	25,000	3,758,000
Marit Solberg	2,751,000	54,000	525,000	1,960,000	145,000	5,434,000
Ola Brattvoll	1,916,000	—	—	66,000	13,000	1,995,000
Ben Hadfield ⁽⁶⁾	850,000	136,000	108,000	70,000	52,000	1,216,000

(1) Pursuant to their employment agreements, each of our senior executives is entitled to participate in our annual cash bonus scheme. The scheme provides for a payment of an annual cash bonus if an employee's individual, relevant business area's and company performance targets are met. Approximately 70% of the bonus is linked to the target achievement of Marine

Harvest and of our relevant business areas, while 30% is linked to individual target achievement. Each employee's bonus is capped at a percentage of such employee's fixed salary. The CEO's cash bonus is capped at 50% of his annual fixed salary. The cash bonus of other senior executives is capped 30% of their respective annual fixed salaries.

- (2) We provide a share-based bonus scheme to our key employees including each of our senior executives listed in this table. The scheme was launched in 2008, and the first bonus payments were made in April 2011. The main characteristics of the scheme are as follows:
- The individual participating in the bonus is allotted a number of "Units." Each Unit corresponds to one ordinary share of Marine Harvest ASA and the base value of each Unit is equal to 107.5% of the market price of Marine Harvest ASA's shares at the time of allotment.
 - Three years after allotment, the individual is paid a cash bonus corresponding to the positive difference between the market value of an ordinary share of Marine Harvest ASA at such time and the Unit's base value, multiplied by the number of Units (i.e., the settlement).
 - The individual must invest the entire cash bonus, less income tax, in the ordinary shares of Marine Harvest ASA to be purchased at market prices. These shares are purchased from us (if treasury shares are available) or in the open market. We reimburse the individual's administrative expenses associated with purchasing the shares.
 - The individual must own the ordinary shares for a minimum of 12 months following their acquisition.
 - The payment of the bonus is conditional on the individual remaining employed by us during the entire earning period (i.e., from the time of allotment until settlement). For each individual, the bonus amount is capped at two years' salary.
 - The scheme was capped at 35 million Units per year.

Outstanding Units will be forfeited without any compensation to the beneficiary if the individual ceases to be our employee prior to the settlement date. Allotments under this program were carried out up to and including 2011.

Starting in 2012, we changed the structure of our share-based bonus scheme. Under the new structure, participants are allocated call options with a strike price equal to 107.5% of the market price of Marine Harvest ASA's shares at the time of allotment. The options vest four years after the grant date, but become exercisable immediately if a mandatory tender offer is made for all of our outstanding shares or if we are a non-surviving entity in a merger with another company. When the shares vest (i.e., four years after allotment), the participant must take delivery of shares of Marine Harvest ASA and cannot settle the options in cash. These shares are not subject to a holding period by the recipient.

The call options are conditional on participants being employed by us until the call options vest. The value of the options is, for each individual, limited to two years' salary. Full adjustment is made for dividends paid by Marine Harvest ASA, from the date of allotment of the option to the date of vesting.

- (3) We provide defined benefit and defined contribution pension schemes to our key employees. The only senior executive on a defined benefit plan was Ms. Solberg.
- (4) Ivan Vindheim assumed his position in August 2012.
- (5) Jørgen Andersen left his position in August 2012 and will receive the remaining part of his termination payment, NOK 3.5 million in 2013.
- (6) Ben Hadfield assumed his position in February 2012.

For more information on stock options, see "*E. Share Ownership.*"

As of December 31, 2012, we had set aside NOK 28.5 million to provide for pensions, retirement or similar benefits for our executive officers named in the foregoing table.

C. Board Practices.

Board of Directors

Our Articles of Association provide that our board of directors shall consist of a minimum of six and a maximum of 12 members. As of the date of this registration statement, our board of directors was composed of seven directors nominated and elected by the shareholders (one of whom, Mr. Ole Eirik Lerøy, is also our chairman of the board) and three directors nominated and elected by our employees. In order to comply with the Norwegian Code of Practice for Corporate Governance, at least

two of our shareholder-elected board members must be independent of our senior management, our material business contacts and our main shareholders. The primary responsibility of our board of directors is to oversee our operations and affairs, and to supervise the policies of senior management. The terms for three of the shareholder-elected board members will expire at the annual general meeting of shareholders to be held in 2014 and the terms for the four remaining shareholder-elected board members will expire at the annual general meeting of shareholders to be held in 2015. The terms for the three employee-elected board members will expire in 2014.

We have entered into employment agreements with each of our executive officers. None of the board members have any service contracts with the Company or any of its subsidiaries providing for benefits upon termination of employment.

Committees

We have established two committees: the nomination committee (a committee independent of and outside our board) and the audit committee (a committee of our board). We have adopted a charter for each of these committees. Each committee's members and functions are as follows.

Nomination committee. Our nomination committee consists of Erling Lind, Merethe Haugli and Arne Hjeltnes. All of these members are independent of the board and our senior management.

The nomination committee's responsibility is to make recommendations to the general meeting of shareholders regarding the election of directors, positions of chairman and deputy chairman of the board of directors and election of members of the nomination committee. The nomination committee proposes the remuneration for all members of the board of directors and members of the nomination committee.

The nomination committee's substantiated recommendation of its proposals and candidates, including all relevant information about the candidates, is presented to the general meeting of shareholders. The recommendation must include all relevant information about director candidates, about the composition of the board of directors and about nomination committee candidates. The recommendation must also describe how the committee carried out its work and the committee's view on the following:

- whether the number of board directors is appropriate,
- whether the nomination committee has sufficient resources and expertise, and
- whether the committee instructions ought to be amended.

Audit committee. The audit committee consists of Leif Frode Onarheim, Solveig Strand and Hege Sjo, with Mr. Onarheim acting as chairman of the audit committee. All three members of the audit committee are deemed independent of our senior management. The audit committee reports to the board of directors and conducted ten meetings during 2012. The responsibility of the audit committee is to monitor our financial reporting process and the effectiveness of our systems for internal control and risk management. The audit committee keeps in regular contact with our auditor regarding the auditing of the annual accounts and evaluates and oversees the auditor's independence. The audit committee reviews ethics and compliance issues.

Code of Ethics and Ethical Guidelines

Our Code of Conduct describes our commitment and requirements in connection with ethical issues relevant to business practice and personal conduct. We will, in our business activities, comply with applicable laws and regulation and act in an ethical, sustainable and socially responsible manner. The Code of Conduct has been communicated to all employees and it is expected that a personal commitment to follow the Code of Conduct is made by each employee.

D. Employees.

See “Item 4—Information on the Company—B. Business Overview—Business—People—Providing Safe and Meaningful Jobs.”

E. Share Ownership.

Share Purchase Program

All permanent employees in Marine Harvest ASA and its Norwegian subsidiaries have in 2009 through 2012 had the opportunity to acquire our ordinary shares within the scope of the Norwegian Tax Act Section 5-14. These provisions provide these employees with an opportunity to receive a tax free benefit of NOK 1,500 in connection with their participation in this scheme. The employees are given the opportunity to receive acquisition financing through a loan from us, which is deducted from their salary over a period of a maximum of ten months.

Outstanding Equity Awards to Certain Members of Senior Management

The following table sets forth Units and call options for our ordinary shares held by certain members of our senior management as of January 21, 2014. No Units granted prior to 2010 are currently outstanding. No call options other than those stated in the table below were granted by us to members of our senior management and are currently outstanding. We do not grant call options (or any other equity securities) to our board members in their capacity as members of the board.

	2013 Allotment of Call Options ⁽¹⁾⁽³⁾	2012 Allotment of Call Options ⁽¹⁾⁽³⁾	2011 Allotment of Units ⁽¹⁾⁽²⁾⁽³⁾
Alf-Helge Aarskog	517,902	517,902	587,475
Ivan Vindheim	103,580	103,580	—
Marit Solberg	103,580	103,580	146,869
Ola Brattvoll	103,580	103,580	146,869
Ben Hadfield	41,432	—	29,374

- (1) Presents the number of options or Units granted, adjusted for dividends and changes in the equity capital during the term of the option according to the Oslo Stock Exchange’s derivative rules.
- (2) For a discussion of “Units” see footnote two in “—Compensation.”
- (3) As of January 21, 2014 the strike price of the 2013 options was NOK 54.450 as expressed in terms of the executed reverse share split. As of January 21, 2014 the strike price of the 2012 options was NOK 33.694 as expressed in terms of the executed reverse share split. As of January 21, 2014 the strike price of the 2011 units was NOK 62.581 as expressed in terms of the executed reverse share split.

ITEM 7. Major Shareholders and Related Party Transactions

A. Major Shareholders.

The following table sets forth information with respect to the beneficial ownership of our shares by:

- each of our directors, director nominees, and executive officers individually and as a group; and
- each person known to us to own beneficially more than 5% of our issued ordinary shares.

The calculations in the table below are based on 410,317,759 shares outstanding as of January 24, 2014, which comprise our entire issued and outstanding share capital as of that date. As of January 24, 2014, 46,896,678 of our shares were held in the United States, comprising 11.43% of our issued share capital. In addition, as of January 10, 2014, we had 118 shareholders of record in the United States.

Beneficial ownership is determined in accordance with the rules and regulations of the SEC. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, we have included shares that the person has the right to acquire within 60 days, including through the exercise of any option, warrant or other right or the conversion of any other security. These shares, however, are not included in the computation of the percentage ownership of any other person.

All ordinary shares have the same voting rights.

We are not aware of any arrangement that may, at a subsequent date, result in a change of control of us.

	As of January 24, 2014	
	Total Ordinary Shares	Total % of Issued Share Capital
Directors and Executive Officers:		
Ole-Eirik Lerøy ⁽¹⁾	2,722,000	0.7%
Leif Frode Onarheim ⁽²⁾	32,500	*
Solveig Strand ⁽³⁾	2,000	*
Michael Parker	—	—
Cecilie Fredriksen ⁽⁴⁾	—	—
Tor Olav Trøim	500	*
Hege Sjo	—	—
Turid Lande Solheim	813	*
Geir-Elling Nygård	—	—
Stein Mathiesen	524	*
Alf-Helge Aarskog, CEO	104,149	*
Ivan Vindheim, CFO	524	*
Marit Solberg, COO, Farming	39,106	*
Ola Brattvoll, COO, Sales and Marketing	524	*
Ben Hadfield, COO, Fish Feed	4,948	*
All directors and executive officers as a group	2,947,218	0.7%
Major Shareholders:		
Geveran Trading Co. Ltd. ⁽⁵⁾	117,351,603	28.6%
Folketrygdfondet ⁽⁶⁾	38,137,912	9.2%
State Street Global Advisors, Inc. ⁽⁷⁾	29,413,344	7.1%

* Represents less than 1% of our issued and outstanding share capital.

- (1) Ole-Eirik Lerøy and his affiliate own 2,722,000 shares in Marine Harvest ASA, and have a right to acquire 3,000,000 shares pursuant to a forward agreement. The settlement date of the forward agreement is January 6, 2016 and the purchase price is NOK 77.3 per share. The structure includes a mechanism which limits Lerøy and his affiliate's losses at expiration to NOK 30 million.
- (2) Leif Frode Onarheim's shares are owned beneficially through LONAR AS.
- (3) Solveig Strand's shares are held beneficially through Aquaris Invest AS.
- (4) Cecilie Fredriksen is a member of the class of beneficiaries of the trusts which indirectly control Geveran Trading Co. Ltd., our largest shareholders.
- (5) Geveran Trading Co. Ltd., which is indirectly controlled by trusts established by John Fredriksen for the benefit of his immediate family, including Cecilie Fredriksen, one of our directors, and its affiliates holds 117,351,603 shares representing 28.6% of the issued capital in Marine Harvest ASA and has an additional exposure to the share through total return swap, or TRS, agreements relating to 7,000,000 shares in Marine Harvest ASA. Refer to note 23 to our audited annual consolidated financial statements included elsewhere in this registration statement for further information regarding TRS agreements. To the best of the company's knowledge, voting and decision making power is held by trusts established by John Fredriksen for the benefit of his immediate family.
- (6) To the best of the company's knowledge, voting and decision making authority over shares held by Folketrygdfondet is held by the board of directors and management, under the direction of the Norwegian Ministry of Finance.
- (7) According to publicly available information, State Street Global Advisors, Inc. is owned by State Street Corp., which is a publicly held company incorporated in Massachusetts.

B. Related Party Transactions.

Not applicable, but refer to note 25 to our audited annual consolidated financial statements for a description of transactions between us and companies in which we hold less than 50% ownership.

C. Interests of Experts and Counsel.

Not applicable.

ITEM 8. Financial Information

A. Consolidated Financial Statements and Other Financial Information

See “*Item 18. Financial Statements*” for a list of all financial statements filed as part of this registration statement. See “*Item 4. Key Information—B. Business overview*” for a discussion of legal proceedings and sales by country. See “*Item 10. Additional Information—Memorandum and Articles of Association*” for a description of our dividend policy.

On October 23, 2013, we published our unaudited interim financial statements for the three and nine month periods ended September 30, 2013 in Norway. We present such financials beginning on page S-1 of this registration statement.

B. Significant Changes

See “*Item 5. Operating and Financial Review and Prospects.*”

ITEM 9. The Offer and Listing

A. Offer and Listing Details.

Pan Fish ASA’s ordinary shares were listed on the OSE in 1997. After a name change, our ordinary shares have been trading on the OSE under the symbol “MHG” since 2007. We are in the process of applying to have our ADSs, each of which will represent one of our ordinary shares, listed on the NYSE under the symbol “MHG.” We make no representation that such application will be approved or that our ADSs will trade on such market either now or at any time in the future. The ADSs may be issued in certificated or uncertificated form, as more fully described in “*Item 12. Description of Securities Other Than Equity Securities—D. American Depositary Shares.*” No new shares will be issued in connection with this registration statement. As of January 24, 2014 we had 410,377,759 ordinary shares issued and outstanding. The shares have a nominal value of NOK 7.5. See “*Item 10. Additional Information—B. Memorandum and Articles of Association*” for a description of the rights attaching to the shares. Also see “*Item 12. Description of Securities Other Than Equity Securities—D. American Depositary Shares*” for a description of the rights attaching to the ADSs.

The following table sets forth, for the periods indicated, the reported high and low closing sale prices of our ordinary shares on the OSE in NOK.

	Price per ordinary share	
	High	Low
Annual:		
Year ended December 31, 2008	4.26	0.97
Year ended December 31, 2009	4.65	1.05
Year ended December 31, 2010	6.44	4.24
Year ended December 31, 2011	7.00	2.19
Year ended December 31, 2012	5.21	2.61
Quarterly:		
Three months ended September 30, 2010	5.20	4.24
Three months ended December 31, 2010	6.44	5.03
Three months ended March 31, 2011	7.00	6.01
Three months ended June 30, 2011	7.00	4.19
Three months ended September 30, 2011	4.48	2.58
Three months ended December 31, 2011	2.77	2.19
Three months ended March 31, 2012	3.45	2.61
Three months ended June 30, 2012	4.22	2.73
Three months ended September 30, 2012	4.89	3.89
Three months ended December 31, 2012	5.21	4.48
Three months ended March 31, 2013	6.04	5.02
Three months ended June 30, 2013	6.37	5.53
Three months ended September 30, 2013	6.51	5.64
Most Recent Six Months:		
July 2013	6.35	5.88
August 2013	6.09	5.64
September 2013	6.51	5.82
October 2013	7.19	6.35
November 2013	7.08	6.71
December 2013	7.38	7.07
January 2014 (through January 14)	7.40	7.13

B. Plan of Distribution.

Not applicable.

C. Markets.

Our ordinary shares are trading on the OSE. We are in the process of applying to have our ADSs listed on the NYSE under the symbol “MHG.” We make no representation that such application will be approved or that our ADSs will trade on such market either now or at any time in the future.

D. Selling Shareholders.

Not applicable.

E. Dilution.

Not applicable.

F. Expenses of the Issue.

Not applicable.

ITEM 10. Additional Information

A. Share Capital.

This is a summary of material information relating to our share capital, including summaries of certain provisions of our articles of association and the applicable Norwegian law in effect at the date of this registration statement, including the Norwegian Public Limited Liability Companies Act. Refer to the full text of our articles of association in English, which is filed as an exhibit to the registration statement. Reference in this section to “we,” “us,” “our” and “the company” refer to Marine Harvest ASA only.

Marine Harvest ASA is a public limited liability company organized under the laws of Norway with its registered office at Sandviksboder 77A/B 5035 Bergen, Norway. Our registration number in the Norwegian Register of Business Enterprises is 964 118 191. Marine Harvest ASA was incorporated on May 18, 1992 under the name Pan Fish Holding AS.

Our share capital is NOK 2.811 million divided into 410,377,759 ordinary shares having a nominal value of NOK 7.5 per share. As of December 31, 2011, we had 3.581 million shares issued and outstanding (expressed in terms of shares prior to the reverse stock split). As of December 31, 2012, we had 3.748 million shares issued and outstanding (expressed in terms of shares prior to the reverse stock split), an increase of 4.7%. As of the date of this registration statement, we held 40,970 shares in treasury.

At the extraordinary general meeting held on January 20, 2014, the shareholders voted to consolidate the company’s share capital at a ratio of 10:1, resulting in the increase in the nominal value of our shares from NOK 0.75 to NOK 7.5.

There are no outstanding share options, warrants, convertible loans or other instruments which entitle the holder to require that we issue new shares other than what is described in *Item 5. “Operating and Financial Review and Prospects—Borrowings,” “Item 6. Directors, Senior Management and Employees—B. Compensation”* and *“Item 6. Directors, Senior Management and Employees—E. Share Ownership.”*

Authorization to the Board to Increase the Share Capital and to Issue New Ordinary Shares

At the extraordinary general meeting held on January 20, 2014, the shareholders granted the board of directors authority to increase the share capital by NOK 6.75 through the issuance of nine shares.

At the annual general meeting held on May 23, 2013, the shareholders granted the board of directors authority to increase the share capital by up to NOK 281,125,500 through issuing up to 374,834,000 ordinary shares (expressed in terms of shares prior to the reverse stock split) having a nominal value of NOK 0.75 each. This authority lasts until the annual general meeting of 2014, but not past July 1, 2014. The board of directors may waive the pre-emptive rights of shareholders to these shares.

At the annual general meeting held on May 23, 2013, the shareholders granted the board of directors authority to increase the share capital by up to NOK 615,000,000 through issuing up to 820,000,000 ordinary shares (expressed in terms of shares prior to the reverse stock split) having a nominal value of NOK 0.75 each. This authority may only be used to issue new ordinary shares to shareholders of Cermaq ASA, or Cermaq, as full or partial consideration for transfer of shares of Cermaq to us. This authority lasts until December 31, 2013. The board of directors may waive the pre-emptive rights of shareholders to these shares. In June 2013, we made a tender offer for all the outstanding shares in Cermaq, which we terminated because the minimum acceptance level was not met.

At the annual general meeting held on June 4, 2012, the shareholders granted the board of directors authority to increase the company's share capital by up to NOK 134,300,000 represented by up to 179,066,667 shares (expressed in terms of shares prior to the reverse stock split), having a nominal value of NOK 0.75 per share. We issued 167,201,054 shares under this authority in connection with the acquisition of Morpol. The authority expired at the annual general meeting in 2013.

Authorization to the Board to Acquire Our Shares

At the annual general meeting held on May 23, 2013, the shareholders granted the board of directors authority to allow us to acquire our shares. The aggregate nominal value of shares that may be acquired pursuant to this authority cannot exceed NOK 281,125,500 (expressed in terms of shares prior to the reverse stock split), which equated to 10% of our share capital at the time of the shareholder's meeting. The minimum and maximum price at which we can acquire our shares pursuant to this authority is NOK 0.75 per share and NOK 12 per share (expressed in terms of shares prior to the reverse stock split), respectively. The authorization is valid until the annual general meeting in 2014, but not past July 1, 2014.

On August 21, 2013, the board of directors used parts of this authorization to purchase 3,669,797 of our shares (NOK 2,752,348 in nominal value and expressed in terms of shares prior to the reverse stock split) in the open market at an average price of NOK 5.8967 per share. The shares were purchased for resale to 51 senior executives who participated in the 2010 allotment under our share-based bonus scheme.

Authorization to the Board to Issue Convertible Bonds

At the annual general meeting held on May 23, 2013, the shareholders granted the board of directors authority to allow us to issue bonds with an aggregate principal amount of up to NOK 3,200,000,000 convertible into our ordinary shares. Subject to this aggregate amount limitation, the authority may be used on more than one occasion. The number of shares to be issued in settlement of such bonds cannot exceed 640,000,000 shares (expressed in terms of shares prior to the reverse stock split), representing an increase in our share capital of maximum NOK 480,000,000. This authority lasts until the annual general meeting of 2014, but not past July 1, 2014. The board of directors may waive the pre-emptive rights of shareholders to subscribe for shares issued upon conversion loans.

B. Memorandum and Articles of Association.

Summary of our Articles of Association

Name of the company: Our registered name is Marine Harvest ASA. We are a Norwegian public limited liability company. Our registration number in the Norwegian Register of Business Enterprises is 964 118 191.

Registered office: Our registered office is in Bergen municipality, Norway.

Object of the company: The object of our company is production, refinement, sale and distribution of seafood and goods used in seafood production, either directly or through participation in other companies and thereto-related activities.

Share capital: Our share capital is NOK 3,077,833,192.5 divided into 410,377,759 ordinary shares.

Nominal value of shares: The nominal value of each ordinary share is NOK 7.5.

Board of directors: Our articles of association provide that our board of directors shall be composed of a minimum of six and a maximum of 12 directors.

Our articles of association follow the Norwegian model and are brief, with the remainder of the rights and obligations embedded within the Norwegian Public Limited Liability Companies Act.

General Meetings

In accordance with Norwegian law, our annual general meeting of shareholders must be held each year on or prior to June 30. Norwegian law requires that written notice of general meetings be sent to all shareholders whose addresses are known at least 21 days prior to the date of the meeting. A shareholder may vote at the general meeting either in person or by proxy. The annual general meetings of shareholders deal with the annual report and accounts, including distribution of dividends, and any other matters as required by law or our articles of association.

In addition to the annual general meeting, extraordinary general meetings of shareholders may be held if deemed necessary by the board of directors. An extraordinary general meeting must be convened for consideration of certain matters upon written request of our auditors or of shareholders representing a total of at least 5% of the outstanding share capital.

Voting Rights

All of our ordinary shares carry equal right to vote at general meetings. Except as otherwise provided, decisions which shareholders are entitled to make pursuant to Norwegian law or our articles of association may be made by a simple majority of the votes cast. In the case of elections, the persons who obtain the most votes cast are deemed elected. However, certain decisions, including resolutions to waive preferential rights in connection with any share issue, to approve a merger or demerger, to amend our articles of association or to authorize an increase or reduction in our share capital, must receive the approval of at least two-thirds of the aggregate number of votes cast as well as two-thirds of the share capital represented at a shareholders' meeting.

In order to be entitled to vote at a shareholders' meeting, a shareholder must be registered as the owner of shares in the share register kept by the Norwegian Central Securities Depository, referred to as the VPS System (described below), or, alternatively, attend a meeting and provide evidence of share ownership.

Beneficial owners of shares which are registered in the name of a nominee are not entitled to vote under Norwegian law, nor are any persons who are designated in the register as holding such shares as nominees. The beneficial owners of ADSs will therefore only be able to vote at meetings by surrendering their ADSs, withdrawing their ordinary shares from the ADS depository and registering their ownership of such ordinary shares directly in our share register in the VPS System. Alternatively, the ADS holder may instruct the ADR depository to vote for the ordinary shares underlying the ADSs on behalf of the holder, provided that the ADS holder instructs the depository to execute a temporary transfer of the underlying ordinary shares in the VPS System to the beneficial owner. Similarly, beneficial owners of ordinary shares registered through other VPS-registered nominees will not be able to vote their shares unless their ownership is re-registered in the name of the beneficial owner prior to the relevant shareholders' meeting.

The VPS System and Transfer of Shares

The VPS System is Norway's paperless centralized securities registry. It is a computerized bookkeeping system that is operated by an independent body used to record ownership of and transactions in or relating to shares in Norwegian public companies. Our share register is operated through the VPS System.

All transactions relating to securities registered with the VPS are made through computerized book entries. No physical share certificates are or can be issued. The VPS System confirms each entry by sending a transcript to the registered shareholder regardless of beneficial ownership. To effect these

entries, the individual shareholder must establish a securities account with a Norwegian account agent. Norwegian banks, the Central Bank of Norway, authorized investment firms in Norway, bond issuing mortgage companies, management companies for securities funds (insofar as units in securities funds they manage are concerned) and Norwegian branches of credit institutions established within the European Economic Area are allowed to act as account agents.

The entry of a transaction in the VPS System is prima facie evidence in determining the legal rights of parties as against the issuing company or a third party claiming an interest in the subject security.

VPS is strictly liable for any direct economic loss resulting from an error in connection with registering, altering or canceling a right unless the error is caused by matters outside VPS's control and which VPS could not reasonably be expected to avoid or mitigate. VPS's liability is capped at NOK 500 million. The courts may reduce or set aside VPS's liability if the person who has suffered the loss has contributed to the loss willfully or negligently.

VPS must provide information to the Norwegian Financial Supervisory Authority, or FSA, on a regular basis, as well as any information that the FSA requests. Further, Norwegian tax authorities may require certain information from VPS regarding any individual's holdings of securities, including information about dividends and interest payments.

Non-Norwegian shareholders may register their shares in VPS in the name of a nominee (bank or other nominee) approved by the FSA. An approved and registered nominee has a duty to provide information on demand about beneficial shareholders to the company and to the Norwegian authorities. In case of registration by nominees, the registration in VPS must show that the registered owner is a nominee under Norwegian law. A registered nominee has the right to receive dividends and other distributions, but cannot vote in general meetings on behalf of the beneficial owners. A transferee or assignee of shares may not exercise the rights of a shareholder with respect to his or her shares unless that transferee or assignee has registered his or her shareholding or has reported and shown evidence of such share acquisition and the acquisition of such shares is not prevented by law, our articles of association or otherwise.

Amendments to our Articles of Association, including Variation of Rights

The affirmative vote of two-thirds of the votes cast as well as two-thirds of the aggregate share capital represented at the general meeting is required to amend our articles of association. Any amendment which would reduce any shareholder's right in respect of dividends payments or other rights to our assets or restrict the transferability of shares requires a vote of at least 90% of the aggregate share capital represented in a general meeting. Certain types of changes in the rights of our shareholders require the consent of all affected shareholders as well as the majority normally required to amend our articles of association.

Additional Issuances and Preferential Rights

If we issue any new shares, including bonus share issues, our articles of association must be amended, which requires the same vote as other amendments to our articles of association. In addition, under Norwegian law, our shareholders have a preferential right to subscribe to issues of new shares by us. The preferential rights may be waived by a resolution at a general meeting passed by the same majority required to approve amendments to our articles of association.

The general meeting may, with a majority vote as described above, authorize the board of directors to issue new shares and to waive the preferential rights of shareholders in connection with such issuances. Such authorization may be effective for a maximum of two years and the nominal value of the shares to be issued may not exceed 50% of the nominal share capital when the authorization was granted.

The issuance of shares to holders who are citizens-or residents of the United States upon the exercise of preferential rights may require us to file a registration statement in the United States under United States securities laws. If we decide not to file a registration statement, these holders may not be able to exercise their preferential rights.

Under Norwegian law, bonus share issues may be distributed, subject to shareholder approval, by transfer from our distributable equity or from our share premium reserve. Any bonus issues may be effected either by issuing shares or by increasing the nominal value of the shares outstanding.

Minority Rights

Norwegian law contains a number of protections for minority shareholders against oppression by the majority including those described in this paragraph. Any shareholder may petition the courts to have a decision of the board of directors or a shareholders' general meeting declared invalid on the grounds that it unreasonably favors certain shareholders or third parties to the detriment of other shareholders or the company. In certain grave circumstances shareholders may require the courts to dissolve the company as a result of such decisions. Shareholders holding 5% or more of our share capital have a right to demand that we hold an extraordinary general meeting to discuss or resolve specific matters. In addition, any shareholder may demand that we place an item on the agenda for any shareholders' meeting if we are notified in time for such item to be included in the notice of the meeting.

Payment of Dividends

Our policy is to maintain a dividend level that reflects the present and future cash generation potential of the company. We target a net interest-bearing debt/equity ratio of less than 0.5x. When the target level is met, we aim to distribute as dividends at least 75% of the annual free cash flow after operational and financial commitments. NIBD/equity is a non-IFRS financial measure, Refer to "*Item 3. Key Information—A. Selected Financial Data*" for a description of how we define and calculate NIBD/equity.

Rights of Redemption and Repurchase of Shares

Our share capital may be reduced by reducing the par value of our shares or by cancelling our shares. Such a decision requires the approval of at least two-thirds of the aggregate number of votes cast and at least two-thirds of the share capital represented at the general meeting of shareholders. Redemption of individual shares requires consent of the holders of the shares to be redeemed.

We may purchase our shares if an authorization to do so has been given by a general shareholders' meeting with the approval of at least two-thirds of the aggregate number of votes cast as well as two-thirds of the share capital represented at the meeting. The aggregate nominal value of treasury shares held by the company must not exceed 10% of the company's share capital and treasury shares may only be acquired if the company's distributable equity, according to the latest adopted balance sheet, exceeds the consideration to be paid for the shares. The authorization by the general meeting cannot be given for a period exceeding 18 months.

Shareholders' Votes on Certain Reorganizations

A decision to merge with another company or to demerge requires a resolution of our shareholders at a general meeting passed by a two-thirds majority of the aggregate votes cast as well as two-thirds of the aggregate share capital represented at the general meeting. A merger plan or demerger plan signed by the board of directors along with certain other required documentation would have to be sent to all shareholders at least one month prior to the shareholders' meeting.

Any agreement between us and a shareholder or a shareholder's related party, a director or the Chief Executive Officer where the consideration exceeds the equivalent of 5% of our share capital must be approved by a shareholders' general meeting. This does not apply to acquisition of listed securities at market price or to agreements in the ordinary course of business entered into on normal commercial terms.

Liability of Directors

Our directors and the Chief Executive Officer owe a fiduciary duty to the company and its shareholders. Their fiduciary duty requires that they act in our best interests when exercising their functions and to exercise a general duty of loyalty and care toward us. Their principal task is to safeguard the interests of the company.

Our directors and the Chief Executive Officer can each be held liable for any damage they negligently or willfully cause us. Norwegian law permits the general meeting to exempt any such person from liability, but the exemption is not binding if substantially correct and complete information was not provided at the general meeting when the decision was taken. If a resolution to grant such exemption from liability or to not pursue claims against such a person has been passed by a general meeting with a smaller majority than that required to amend our articles of association, shareholders representing more than 10% of the share capital or (if there are more than 100 shareholders) more than 10% of the number of shareholders may pursue the claim on our behalf and in our name. The cost of any such action is not our responsibility, but can be recovered from any proceeds we receive as a result of the action. If the decision to grant exemption from liability or to not pursue claims is made by such a majority as is necessary to amend the articles of association, the minority shareholders cannot pursue the claim in our name.

Indemnification of Directors and Officers

Neither Norwegian law nor our articles of association contain any provision concerning indemnification by us of our board of directors.

Distribution of Assets on Liquidation

Under Norwegian law, a company may be wound-up by a resolution of the company's shareholders in a general meeting passed by both a two-thirds majority of the aggregate votes cast and two-thirds of the aggregate share capital represented at the meeting. The shares rank equal in the event of a return on capital by the company upon a winding-up or otherwise.

The Norwegian Securities Trading Act

Norwegian companies listed on the Oslo Stock Exchange and their shareholders are required to comply with the provisions of the Norwegian Securities Trading Act.

Disclosure of Acquisitions and Disposals

A person, entity or group acting in concert that acquires or disposes of shares, options for shares or other rights to shares resulting in its beneficial ownership, directly or indirectly, in the aggregate, reaching, exceeding or falling below the respective thresholds of 5%, 10%, 15%, 20%, 25%, 33⅓%, 50%, 66⅔% or 90% of our share capital has an obligation under Norwegian law to notify us and the Oslo Stock Exchange of such action immediately. The same applies if the disclosure thresholds are crossed due to other circumstances, such as a change in the company's share capital. A corresponding disclosure obligation applies with respect to any holder of ADSs who is entitled upon surrender of the ADSs to acquire directly or indirectly the beneficial ownership of a number of shares that, together with any other shares, additional ADSs representing ordinary shares or options for shares or other rights to shares resulting in its beneficial ownership, directly or indirectly, in the aggregate, meets, exceeds or falls below these thresholds.

Mandatory Bid Requirement

Norwegian law requires any person, entity or group acting in concert that acquires more than one-third of the voting rights of a Norwegian company listed on the OSE to make an unconditional general offer to acquire the whole of the outstanding share capital of that company. A mandatory offer obligation may also be triggered where a party acquires the right to become the owner of shares that, together with the party's own shareholding, represent more than one-third of the voting rights in the company and the Oslo Stock Exchange determines that this is regarded as an effective acquisition of the shares in question.

The offer will be subject to approval by the OSE before submission of the offer to the shareholders. The offer must be in cash or contain a cash alternative at least equivalent to any other consideration offered. The offering price per share must be at least as high as the highest price paid by the offeror in the six-month period prior to the date the one-third threshold was crossed, but equal to the market price if it is clear that the market price was higher when the one-third threshold was crossed. A shareholder who fails to make the required offer must within four weeks dispose of sufficient shares so that the obligation ceases to apply. Otherwise, the OSE may cause the shares exceeding the one-third limit to be sold by public auction. A shareholder who fails to make such bid cannot, as long as the mandatory bid requirement remains in force, vote the portion of his shares which exceed the one-third limit or exercise any rights of share ownership in respect of such shares, unless a majority of the remaining shareholders approve, other than the right to receive dividends and preferential rights in the event of a share capital increase. In addition, the OSE may impose a daily fine upon a shareholder who fails to make the required offer.

Any person, entity or consolidated group that owns shares representing more than one-third of the votes in a Norwegian company listed on a Norwegian regulated market is obliged to make an offer to purchase the remaining shares of the company (repeated offer obligation) if the person, entity or consolidated group through acquisition becomes the owner of shares representing 40%, or more of the votes in the company. The same applies correspondingly if the person, entity or consolidated group through acquisition becomes the owner of shares representing 50% or more of the votes in the company.

Any person, entity or consolidated group that has passed any of the above mentioned thresholds in such a way as not to trigger the mandatory bid obligation, and has therefore not previously made an offer for the remaining shares in the company in accordance with the mandatory offer rules is, as a main rule, obliged to make a mandatory offer in the event of a subsequent acquisition of shares in the company.

Compulsory Acquisition

A shareholder who, directly or via subsidiaries, acquires shares representing more than 90% of the total number of issued shares as well as more than 90% of the total voting rights has the right (and each remaining minority shareholder of that company would have the right to require the majority shareholder) to effect a compulsory acquisition for cash of any shares not already owned by such shareholder. A compulsory acquisition has the effect that the 90% shareholder becomes the owner of the shares of the minority shareholders with immediate effect.

A 90% shareholder who effects a compulsory acquisition is required to offer the minority shareholders a specific price per share. The determination of the offer price is at the discretion of the 90% shareholder. Should any minority shareholder not accept the offered price, such minority shareholder may, within a specified period of not less than two months, request that the price be set by the Norwegian courts. The cost of such court procedure would normally be charged to the account of the 90% shareholder, and the courts would have full discretion in determining the consideration due to the minority shareholder as a result of the compulsory acquisition.

C. Material Contracts.

Not applicable.

D. Exchange Controls

There are currently no foreign exchange control restrictions in Norway that would potentially restrict the payment of dividends to a shareholder outside Norway, and there are currently no restrictions that would affect the right of shareholders of a company that has its shares registered with the VPS who are not residents in Norway to dispose of their shares and receive the proceeds from a disposal outside Norway. There is no maximum transferable amount either to or from Norway, although transferring banks are required to submit reports on foreign currency exchange transactions into and out of Norway into a central data register maintained by the Norwegian customs and excise authorities. The Norwegian police, tax authorities, customs and excise authorities, the National Insurance Administration and the Norwegian FSA have electronic access to the data in this register.

Foreign investors may trade shares listed on the Oslo Stock Exchange through any broker that is a member of the OSE, whether Norwegian or foreign.

E. Taxation

The following summary of the Norwegian tax and United States federal income tax consequences of ownership of the ADSs or ordinary shares is based upon laws, regulations, decrees, rulings, income tax conventions (treaties), administrative practice and judicial decisions in effect at the date of this registration statement. Legislative, judicial or administrative changes or interpretations may, however, be forthcoming that could alter or modify the statements and conclusions set forth herein. Any such changes or interpretations may be retroactive and could affect the tax consequences to holders of the ADSs or ordinary shares. This summary does not purport to be a legal opinion or to address all tax aspects that may be relevant to a holder of the ADSs or ordinary shares. Each ADS holder is urged to consult its own tax adviser as to the particular tax consequences to such holder of the ownership and disposition of the ADSs or ordinary shares, including the applicability and effect of any other tax laws or tax treaties, of pending or proposed changes in applicable tax laws as of the date of this registration statement, and of any actual changes in applicable tax laws after such date.

Material Norwegian Tax Considerations

General

Please note that for the purpose of the summary below, a reference to a Norwegian or foreign shareholder or company refers to the tax residency rather than the nationality or the registration of the shareholder or company. Norwegian shareholders and companies which are tax residents in Norway are not allowed to own ADSs.

Taxation of Dividends

Norwegian corporate shareholders such as limited liability companies, mutual funds, savings banks, mutual insurance companies or similar entities (Corporate Shareholders) are exempt from tax on dividends in accordance with the Norwegian participation exemption. However, under the participation exemption, 3% of any such dividends will generally be taxable at a rate of 28%, i.e., the dividends received will be subject to an effective tax of 0.84%.

Dividends distributed to Norwegian shareholders that are individuals (Personal Shareholders) are taxable as general income at a rate of 28% to the extent the dividends exceed a statutory tax-free allowance. Norwegian Personal Shareholders may be entitled to deduct a calculated allowance when calculating their taxable dividend income. The allowance is calculated on a share-by-share basis, and

the allowance for each share is equal to the cost price of the share, multiplied by a risk-free interest rate based on the effective rate after tax of interest on treasury bills (*Statskasseveksler*) with three months maturity.

Non-resident shareholders are, as a general matter, subject to a withholding tax at a rate of 25% on dividends distributed by Norwegian companies. This withholding tax does not apply to Corporate Shareholders resident for tax purposes in European Economic Area (EEA) countries. However, Corporate Shareholders resident in a low tax jurisdiction within the EEA will not benefit from the participation exemption, unless it has a “real establishment” in an EEA country and takes part in “genuine economic activity” there.

The withholding tax rate of 25% is often reduced through tax treaties between Norway and the country in which shareholder may be a resident. Generally, the treaty rate does not exceed 15% and in cases where a corporate shareholder holds a qualifying percentage of the shares of the distributing company, the withholding tax rate on dividends may be further reduced, even to zero percent under some tax treaties. The withholding tax rate in the tax treaty between the United States and Norway is currently 15% in all cases. However, the treaty is in the process of being renegotiated. The withholding tax does not apply to shareholders that carry on business activities in Norway and whose shares are effectively connected with such activities. In that case, the rules described in the paragraph above regarding shareholders resident in Norway for tax purposes apply. We are obligated by law to deduct any applicable withholding tax when paying dividends to non-resident shareholders.

In accordance with the administrative system in Norway, a Norwegian distributing company will normally deduct withholding tax at the regular rate or reduced rate according to an applicable tax treaty, based on the information registered with the VPS with regard to the tax-residency of the foreign shareholder. Dividends paid to foreign shareholders in respect of nominee-registered shares will be subject to withholding tax at the general rate of 25% unless the nominee, by agreeing to provide certain information regarding beneficial owners, has obtained approval for a reduced rate from the Central Office for Foreign Tax Affairs (*Sentralskattekontoret for utenlandssaker*), or COFTA.

Dividends paid to the depositary for redistribution to shareholders holding ADSs will at the outset be subject to a withholding tax of 25%. The beneficial owners will in this case have to apply to COFTA for refund of the excess amount of tax withheld. The same applies to other shareholders, who should either be exempt from withholding tax according to the EEA exemption or an applicable tax treaty, who have suffered a higher withholding tax than set out in such EEA exemption or tax treaty. As yet, there is no standardized application form to obtain a refund of Norwegian withholding tax. An application should contain the following:

- a specification of the distributing company or companies involved, the exact amount of shares, the date the dividend payments were made, the total dividend payment, the withholding tax drawn in Norway and what amount is being reclaimed. The withholding tax must be calculated in Norwegian currency and all sums specified accordingly (in NOK);
- documentation that shows that the refund claimant received the dividends and which withholding tax rate was used in Norway;
- a certificate of residence issued by the tax authorities stating that the refund claimant is resident for tax purposes in that state in the income year in question or at the time the dividends were decided. This documentation must be in original form;
- the information necessary to decide whether the refund claimant is an entity comprised by the tax exemption model;
- the information necessary to decide whether the refund claimant is the beneficial owner of the dividend payment(s); and

- if the securities are registered with a foreign custodian/bank/clearing central the claimant must submit information on which foreign custodian/bank/clearing central the securities are registered with in Norway.

The application must be signed by the applicant. If the application is signed by proxy, a copy of the letter of authorization must be enclosed.

However, pursuant to agreements with the FSA and the Norwegian Directorate of Taxes, Citibank, N.A., acting as depository, is entitled to receive dividends from us for redistribution to a beneficial owner of ADSs at the applicable treaty withholding rate, provided the beneficial holder has furnished Citibank, N.A. with appropriate certification to establish such holder's eligibility for the benefits under an applicable tax treaty with Norway.

Wealth Tax. The shares are included when computing the wealth tax imposed on Personal Shareholders who for tax purposes are considered resident in Norway. Norwegian joint stock companies and certain similar entities are not subject to wealth tax. Currently, the marginal wealth tax rate is 1.1% of the value assessed. The value for assessment purposes for shares listed on the Oslo Stock Exchange is the full listed value of such shares as of January 1 in the year of assessment.

Non-resident shareholders are not subject to wealth tax in Norway for shares in Norwegian joint stock companies unless the shareholder is an individual and the shareholding is effectively connected with his business activities in Norway.

Inheritance Tax and Gift Tax. When ordinary shares or ADSs are transferred, either through inheritance or as a gift, such transfer may give rise to inheritance tax in Norway if the deceased, at the time of death, or the donor, at the time of the gift, is a resident or citizen of Norway. If a Norwegian citizen at the time of death, however, is not a resident of Norway, Norwegian inheritance tax will not be levied if an inheritance tax or a similar tax is levied by the country of residence. Irrespective of citizenship, Norwegian inheritance tax may be levied if the ordinary shares or ADSs are effectively connected with the conduct of a trade or business through a permanent establishment in Norway.

Taxation upon Disposition of Shares

Corporate Shareholders resident in Norway for tax purposes are exempt from tax on gains realized upon the disposition of shares in Norwegian companies. Corporate Shareholders will not be allowed a deduction for losses upon sale, swap or redemption of shares in Norwegian companies.

Personal Shareholders resident in Norway for tax purposes realize a taxable gain or loss upon a sale, redemption or other disposition of shares. Such capital gain or loss is included in or deducted upon computation of general income in the year of disposal. General income is taxed at a flat rate of 28%. The gain is subject to tax and the loss is deductible irrespective of the length of the ownership and the number of shares disposed of.

The taxable gain or loss is computed as the sales price adjusted for transactional expenses less the taxable basis. A shareholder's tax basis is normally equal to the acquisition cost of the shares. Any unused statutory-free allowance from earlier years attributable to the individual shares realized may be deducted.

Non-resident shareholders are generally not subject to tax in Norway on capital gains, and losses are not deductible upon sale, redemption or other disposition of shares or ADSs in Norwegian companies, unless the shareholder is carrying on business activities in Norway and such shares or ADSs are effectively connected with such activities.

Please note that special exit tax rules apply for shareholders that cease to be tax resident in Norway or that for some reason are no longer considered taxable to Norway in relation to their shareholding. Such shareholders are encouraged to consult their own tax advisors.

Transfer Tax. There is no transfer tax imposed in Norway in connection with the sale or purchase of shares.

Material U.S. Federal Income Tax Consequences

The following discussion sets forth material U.S. federal income tax consequences to U.S. Holders (as defined below) of the ownership and disposition of our ADSs or ordinary shares. The discussion is not a complete analysis or listing of all of the possible tax consequences and does not address all tax considerations that may be relevant to investors in light of their particular circumstances. Special rules that are not discussed in the general descriptions below may also apply. In particular, the description of U.S. federal income tax consequences deals only with U.S. Holders that own our ADSs or ordinary shares as capital assets. In addition, the description of U.S. federal income tax consequences does not address the tax treatment of special classes of U.S. Holders, such as banks and other financial institutions, insurance companies, persons holding our ADSs or shares as part of a “straddle,” “hedge,” “appreciated financial position,” “conversion transaction” or other risk reduction strategy, U.S. expatriates, persons liable for alternative minimum tax, brokers or dealers in securities or currencies, holders whose “functional currency” is not the USD, regulated investment companies, real estate investment trusts, partnerships (or any entity treated as a partnership for U.S. federal income tax purposes) and other pass-through entities, traders in securities who have elected the mark-to-market method of accounting for their securities, individual retirement accounts or other tax-deferred accounts, holders who acquired shares pursuant to the exercise of an employee stock option or right or otherwise as compensation, tax-exempt entities, and investors who own directly, indirectly through certain non-U.S. entities, or constructively 10% or more of the voting power or value of our aggregate shares outstanding. The following discussion does not address any tax consequences arising under the laws of any U.S. state or local or foreign jurisdiction, or under any U.S. federal laws other than those pertaining to income tax.

The discussion is based on the laws of the United States, including the Internal Revenue Code of 1986, as amended, or the Code, its legislative history, Treasury regulations promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the U.S. Internal Revenue Service, or the IRS, all as in effect at the date of this registration statement, and any of which may change, possibly with retroactive effect. Further, the IRS may disagree with or may challenge any of the conclusions reached and described herein. The discussion is also based, in part, on representations by the depositary and assumes that each obligation under the deposit agreement and any related agreement will be performed in accordance with its terms.

In General

For purposes of this discussion, a “U.S. Holder” is a beneficial owner of our ADSs or ordinary shares that is:

- a citizen or individual resident of the United States;
- a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, that is created in or organized under the laws of the United States, any state thereof or the District of Columbia;
- an estate whose income is subject to United States federal income tax regardless of its source; or
- a trust if either (1) a United States court is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (2) the trust has a valid election in effect to be treated as a U.S. person under applicable Treasury regulations.

If an entity treated as a partnership for U.S. federal income tax purposes holds our ADSs or ordinary shares, the U.S. federal income tax treatment of such partnership and each partner will generally depend on the status and the activities of the partnership and the partner. Partnerships that hold our ADSs or ordinary shares, and partners in such partnerships, should consult their tax advisers regarding the U.S. federal, state and local and non-U.S. tax consequences applicable to them of the ownership and disposition of our ADSs or ordinary shares.

For U.S. federal income tax purposes, U.S. Holders of ADSs generally will be treated as the owners of the ordinary shares represented by the ADSs. Accordingly, except as otherwise noted, the U.S. federal income tax consequences discussed below apply equally to U.S. Holders of ADSs or the underlying ordinary shares.

Holders should consult their tax advisers regarding the particular tax consequences to them of the ownership and disposition of our ADSs or ordinary shares under the laws of the United States (federal, state and local) or any other relevant taxation jurisdiction.

Taxation of Distributions

Subject to the discussion under “—*Passive Foreign Investment Companies*” below, the gross amount of a distribution made by us with respect to the ordinary shares underlying our ADSs, including the full amount of any Norwegian withholding tax thereon, will be a dividend for U.S. federal income tax purposes includible in the gross income of a U.S. Holder to the extent paid out of our current or accumulated earnings and profits (as determined for U.S. federal income tax purposes). Such dividends will not be eligible for the dividends received deduction allowed to corporations. Because we do not intend to maintain calculations of our earnings and profits on the basis of United States federal income tax principles, U.S. Holders should expect that any distribution paid will generally be reported to them as a “dividend” for U.S. federal income tax purposes. Dividends received by individuals and other non-corporate U.S. Holders of our ADSs that are traded on the NYSE will be eligible for beneficial rates of taxation provided we are not a Passive Foreign Investment Company, or PFIC, during the year in which the dividend is paid or the prior taxable year and certain other requirements, including stock holding period requirements, are satisfied by the recipient. U.S. Holders should consult their tax advisers regarding the application of the relevant rules to their particular circumstances.

Dividends will be included in a U.S. Holder’s income on the date of the U.S. Holder’s (or in the case of ADSs, the depository’s) receipt of the dividend. The amount of any dividend income paid in a foreign currency will be the USD amount calculated by reference to the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into USD. If the dividend is converted into USD on the date of receipt, U.S. holders should not be required to recognize foreign currency gain or loss in respect of dividend income. A U.S. Holder may have foreign currency gain or loss if the dividend is converted into USD after the date of receipt.

Sale or Other Disposition of ADSs or Ordinary Shares

Subject to the discussion under “—*Passive Foreign Investment Companies*” below, a U.S. Holder generally will recognize capital gain or loss for U.S. federal income tax purposes upon a sale or other disposition of its ADSs in an amount equal to the difference between the amount realized from such sale or disposition and the U.S. Holder’s adjusted tax basis in such ADSs, in each case, as determined in USD. Such capital gain or loss will be long-term capital gain (taxable at a reduced rate for non-corporate U.S. Holders, such as individuals) or loss if, on the date of sale or disposition, such ADSs were held by such U.S. Holder for more than one year. The deductibility of capital losses is subject to significant limitations.

The surrender of ADSs in exchange for ordinary shares (or vice versa) will not result in the realization of gain or loss for U.S. federal income tax purposes, and U.S. Holders will not recognize

any gain or loss upon such a surrender. A U.S. Holder's tax basis in withdrawn shares will be the same as such holder's tax basis in the ADSs surrendered, and the holding period of the shares will include the holder's holding period for the ADSs.

Passive Foreign Investment Companies

Certain adverse tax consequences could apply to a U.S. Holder if we are treated as a PFIC for any taxable year during which a U.S. Holder holds ADSs or ordinary shares. A non-U.S. corporation will be classified as a PFIC for U.S. federal income tax purposes for any taxable year in which, after applying certain look-through rules, either (i) 75% or more of its gross income for such year consists of certain types of "passive" income or (ii) 50% or more of the value of its assets (determined on the basis of a quarterly average) during such year produce or are held for the production of passive income.

Based on our financial reports, we believe that we were not a PFIC for our taxable year ended December 31, 2012. In addition, we do not expect to be a PFIC for our current taxable year ending December 31, 2013 or for any future taxable year. Because the determination of whether we are a PFIC is a factual determination made annually and because there are uncertainties in the application of the relevant rules, there can be no assurance that we will not be considered a PFIC for any prior taxable year, the current taxable year or any future taxable year. If we were a PFIC, a U.S. Holder of ADSs or ordinary shares generally may be subject to imputed interest charges and other disadvantageous tax treatment with respect to any gain from the sale or exchange of ADSs or ordinary shares and certain distributions with respect to ADSs or ordinary shares.

If we were a PFIC, certain elections (including a mark-to-market election) may be available to U.S. Holders with respect to ADSs or ordinary shares that may mitigate some of the adverse tax consequences resulting from PFIC treatment. U.S. Holders should consult their tax advisers regarding the application of the PFIC rules to an investment in ADSs or ordinary shares.

U.S. Information Reporting and Backup Withholding

A U.S. Holder may be subject to information reporting unless it establishes that payments to it are exempt from these rules. For example, certain payments to corporations generally are exempt from information reporting and backup withholding. Payments that are subject to information reporting may be subject to backup withholding if a U.S. Holder does not provide its taxpayer identification number and otherwise comply with the backup withholding rules. Backup withholding is not an additional tax. Amounts withheld under the backup withholding rules are available to be credited against a U.S. Holder's U.S. federal income tax liability and may be refunded to the extent they exceed such liability, provided the required information is timely provided to the IRS.

An individual U.S. Holder and certain entities may be required to submit to the IRS certain information with respect to his or her beneficial ownership of the ADSs, if such ADSs are not held on his or her behalf by a financial institution. This law also imposes penalties if an individual U.S. Holder is required to submit such information to the IRS and fails to do so.

U.S. Holders should consult their own tax advisers regarding application of the information reporting and backup withholding rules.

F. Dividends and Paying Agents.

For a discussion of the declaration and payment of dividends on our ordinary shares, see "*Item 10. Additional Information—Memorandum and Articles of Association.*"

G. Statements by Experts.

The consolidated financial statements of Marine Harvest ASA as of December 31, 2012, 2011 and 2010, and for each of the three years in the period ended December 31, 2012, appearing in this registration statement have been audited by Ernst & Young AS, independent registered public accounting firm, Dronning Eufemias gate 6, Oslo Atrium, P.O. Box 20 NO-0051 Oslo, Norway, as set forth in their report thereon appearing elsewhere herein, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

Ernst & Young has been our auditor since 2003.

H. Documents on Display.

When this registration statement on Form 20-F becomes effective, we will be subject to the information reporting requirements of the Exchange Act, applicable to foreign private issuers and under those requirements will file reports with the SEC. Those other reports or other information and this registration statement may be inspected without charge at Sandviksboder 77 A/B, 5035 Bergen, Norway or Tordenskiolds gate 8-10, 0160 Oslo, Norway, and inspected and copied at the public reference facilities of the SEC located at 100 F Street, N.E., Washington, D.C. 20549. You may also obtain copies of the documents at prescribed rates by writing to the Public Reference Section of the SEC at 100 F Street, N.E., Washington, DC 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC also maintains a website at <http://www.sec.gov> from which certain filings may be accessed.

As a foreign private issuer, we will be exempt from the rules under the Exchange Act related to the furnishing and content of proxy statements, and our officers, directors and principal shareholders will be exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we will not be required under the Exchange Act to file annual, quarterly and current reports and financial statements with the SEC as frequently or as promptly as United States companies whose securities are registered under the Exchange Act. However, we will file with the SEC, within 120 days after the end of each fiscal year, or such applicable time as required by the SEC, an annual report on Form 20-F containing financial statements audited by an independent registered public accounting firm, and will submit to the SEC, on a Form 6-K, unaudited quarterly financial information.

In addition, because our ordinary shares are traded on the OSE, we have filed periodic and immediate reports with, and furnish information to, the OSE. Copies of our filings with the OSE can be retrieved electronically through www.newsweb.no.

We maintain a corporate website at www.marineharvest.com. Information contained on, or that can be accessed through, our website does not constitute a part of this registration statement on Form 20-F. We have included our website address in this Registration Statement on Form 20-F solely as an inactive textual reference.

I. Subsidiary Information.

Not applicable.

ITEM 11. Quantitative and Qualitative Disclosures About Market Risk

The main risks that could adversely affect our financial assets, liabilities or future cash flows are reference price of salmon risk, fish feed price risk, foreign exchange risk, liquidity and capital management risks, interest rate risk and credit risk. Our management reviews and supports policies for managing each of the risks summarized below.

Reference Price of Salmon

Our financial position and development depend significantly on developments of the reference price for salmon; these prices are driven by the global and regional supply and demand for salmon and have historically been volatile. As such, we are exposed to movements in supply and demand for salmon. To some extent we mitigate our exposure to reference prices by entering into bilateral fixed price/volume contracts with our customers and using hedging instruments. The hedging rate (which includes our contract coverage ratio) has historically varied between 15% and 40% of our sold volume and the duration of the contracts have typically been three to twelve months. To a limited extent, such contracts have been entered into with duration of more than twelve months. Furthermore, we are reducing our exposure to reference price movements through our value added processing activities and tailoring of products for our customers' needs.

The reference prices for salmon also influence the fair value of our biological assets, which were valued at NOK 7,043.7 million and NOK 5,607.3 million at June 30, 2013 and 2012, respectively. If the reference price of salmon increased by NOK 2 per kilogram in all markets, the effect on the fair value as of June 30, 2013 would be NOK 242.5 million.

Price of Fish Feed

We purchase all of our fish feed, which contains certain commodities, primarily fishmeal, canola oil, soy bean protein and wheat, from third parties. We use fish feed to feed our salmon and halibut. We purchase fish feed on a cost-plus basis, exposing us to fluctuations in prices for the commodities included in the feed. As a result, our earnings are affected by changes in the price and availability of such feed ingredients. These ingredients are subject to unpredictable price changes caused by factors described below, including weather, size of harvest, transportation and storage costs and the agricultural policies of governments throughout the world. The price fluctuations of fish feed ingredients have a direct and material effect on our profitability.

We purchase all our fish feed through volume contracts made with two significant salmon feed manufacturers operating in our farming locations.

Factors affecting the fish feed manufacturers' decisions on the purchasing of raw materials include:

- Current market prices;
- Current and predicted weather patterns in the United States, South America, China and other grain producing areas. Weather patterns might affect the planting, growing, harvesting and yield of feed grains;
- The expected size of the harvest feed grains in the United States and other grain producing areas of the world as reported by governmental and private sources;
- Current and expected changes to agricultural policies of the United States and foreign governments;
- The current and expected volumes of feed grain commodities as reported by governmental and private sources; and
- Fishing quotas in the Pacific Ocean, Gulf of Mexico and Atlantic Ocean.

We do not enter into any derivative transactions or purchase any fish feed-related contracts other than the physical fish feed contracts described above.

During the year ended December 31, 2012, we purchased approximately 529,000 tons of fish feed. Within that, 16% of the cost of the fish feed was determined by the price of fishmeal, 15% by the price of canola oil, 13% by the price of soy beans and 12% by the price of wheat. A NOK 1,000 per ton change in the average market price of fishmeal would have affected our cash outlays for fish feed by approximately NOK 67 million for the year ended December 31, 2012. Likewise, a NOK 1,000 per ton change in the average market price of canola oil would have affected our cash outlays for fish feed by approximately NOK 92 million, for the year ended December 31, 2012. For soy beans a NOK 1,000 per ton change in the average market price would have affected our cash outlays for fish feed by approximately NOK 89 million and for wheat a NOK 1,000 per ton change in the average market price would have affected our cash outlays for fish feed by approximately NOK 74 million for the year ended December 31, 2012.

Because it takes two to three years to bring a salmon to its harvest size, fish feed prices and prices for other costs associated with the farming of fish accumulate over multiple periods (i.e., the entire life of fish) and affect our cost of materials recognized in the period when our fish is harvested and sold. Thus, there is a time lag between the time cash is paid for fish feed and the time the cost of such fish feed ingredients is reported in cost of materials.

During the year ended December 31, 2012, our average fish feed cost of salmon harvested totaled NOK 11.75 per kilogram. The average fish feed cost per kilogram is influenced not only by the price of fish feed ingredients but also by the efficiency by which salmon convert feed into body weight. Factors such as weather, husbandry, quality of fish feed ingredients, seawater temperature and the health of the salmon, among others, affect the quantity of fish feed necessary to mature salmon to the target live weight and the efficiency of that process.

Foreign Exchange

Foreign exchange risk is the risk that fluctuations in exchange rates will adversely affect items in our statement of comprehensive income, statement of financial position and/or cash flows. Foreign currency denominated assets and liabilities give rise to foreign exchange exposure.

Several of our business units carry out a large number of business transactions in currencies different from the domestic currency. The relative importance of these transactions is substantially larger on the revenue side than on the cost side.

To mitigate the potential fluctuation effects on its cash flows, we maintain a foreign exchange strategy designated to manage these exposures both in the short and long term. For each of our legal units, we have defined a hedging strategy. For some units, the cash inflow is generated in a currency different from the functional currency.

Marine Harvest Norway	EUR
Marine Harvest Chile	USD
Marine Harvest Scotland	GBP
Marine Harvest Canada	USD
Marine Harvest VAP	EUR
Marine Harvest Faroe Islands	DKK
Marine Harvest Cold Water Species	NOK
Marine Harvest Asia	USD

The exposure horizon depends on the duration of the commitment, but will normally be of relatively short duration. Hedging transactions designated to manage transaction exposures are referred to as cash flow hedges.

Through hedging of transaction exposures, each business unit aims to ensure that its net cash flows in currencies other than its main hedging currency are hedged towards this currency. Cash flow exposures arise from structural imbalances between the main currency on the revenue side versus the expense side. This imbalance is predominantly a result of production taking place in a country different from where the product is sold. Due to their structural nature, the exposure horizon for cash flow exposures is longer than for transaction exposures and is therefore quantified on the basis of estimates for future revenues and expenses. In this estimation, focus is kept on the underlying currency structure of the individual revenue and cost item and the actual currency in which transactions are invoiced is of lesser importance. Hedging transaction designated to manage cash flow exposures are defined as cash flow hedges.

We normally have a net positive cash flow exposure towards EUR, GBP, USD and JPY and a net negative cash flow exposure towards NOK, CAD and CLP. To hedge our cash flows against exchange rate fluctuations, we have a policy for long-term hedging of the most predominant net exposures. We hedge 30% to 80% of our underlying exposure between EUR and NOK and between USD and CAD with a horizon of one to four years.

Where the hedge program comprises more than one year, the percentage of the exposure to be hedged is reduced over time.

At the end of June 2013 we held a portfolio of hedging instruments designated to mitigate transaction and cash flow exposure with a total contract value of NOK 2.2 billion. Instruments equivalent to 74% of the contract value mature in 2013 and no instruments matures beyond December 31, 2014. The portfolio had a net positive market value of NOK 31 million at June 30, 2013.

On the basis of financial positions and currency hedges in existence as of June 30, 2013, the effect of a 10% change in exchange rate of the following relevant currency pairs has been estimated:

	<u>EUR/NOK</u>	<u>Currency Pair:</u> <u>USD/NOK JPY/NOK</u>		<u>USD/CAD</u>
		(in NOK million)		
Effect in NOK from a 10% Increase in the Value of:				
Financial items	388.9	- 48.8	- 10.6	- 41.7
Other comprehensive income	55.2	—	—	—
Total	<u>444.1</u>	<u>- 48.8</u>	<u>- 10.6</u>	<u>- 41.7</u>

Liquidity Risk and Capital Management

We are continuously monitoring liquidity and estimate expected liquidity development on the basis of budgets and monthly updated forecasts from our units. Our financial position and development depend significantly on the reference price developments for salmon. Other key liquidity risks are fluctuations in production and harvest volumes, biological issues and changes in the fish feed price, which is the most important individual factor on the cost side.

Interest Rate

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. We are exposed to fluctuations in interest rates as most of our interest-bearing debt is associated with floating interest rates.

We have a policy to hedge 100% of our non-current interest-bearing debt in our main financing currencies (EUR, USD and GBP) for a period of five years and 50% of the non-current interest-bearing debt in the following five years. The hedging is based on the targeted currency composition. At the end of June 2013, we had a portfolio of interest swaps with a net market value of NOK – 394 million after an increase in market value in 2013 by NOK 55 million, recognized through other comprehensive income.

A 0.50% point parallel increase in all relevant yield curves will cause a NOK 161.4 million increase in the market value of our non-current interest-bearing debt. A decrease of 0.50% will take some yields below zero and the calculation will only be of theoretical in nature.

Risk associated with fluctuations in convertible bonds liability

We issued a EUR 350 million convertible bond in May 2013, with a coupon interest of 2.375%. The bond matures in 2018 at the nominal value of EUR 350 million or can be converted into shares at the holder’s option. The value of the debt liability component and conversion liability component were determined at issuance of the bond. The fair value of the debt liability component was calculated using a market interest rate for an equivalent, non-convertible bond. The residual amount was the fair value of the conversion liability component at initial recognition.

Subsequent to initial recognition the conversion liability components are measured at fair value in accordance with IFRS 13. The measurement is categorized into Level 3 in the fair value hierarchy, as some of the input is unobservable. The valuations are performed using Black-Scholes valuation model for option valuation, with quoted prices for share value, exchange rate and risk free interest rate, and unobservable input for volatility. The following tables shows the sensitivity analysis for certain liability components:

Sensitivity analyses conversion liability components:

	<u>2013 Bond</u>	<u>2010 Bond</u>
	(NOK in million)	
A 10% increase in share price	112.5	173.9
A 10% increase in exchange rate EUR/NOK	– 100.2	– 156.3
A 0.50 point increase in risk free interest rate	16.5	9.5

The carrying amounts of the debt liability component of the convertible bonds are classified as non-current interest-bearing debt, and the conversion liability components are classified as other non-current interest-free liabilities in the statement of financial position. All profit and loss elements related to the convertible bonds, are included in the specification of financial items in note 11 to our audited financial statements included elsewhere in this registration statement.

Credit Risk

We trade only with recognized, creditworthy third parties. It is our policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis and as a main rule our trade receivables are fully credit insured. We are monitoring exposure towards individual customers closely and are not substantially exposed in relation to any individual customer or contractual partner as of June 30, 2013.

ITEM 12. Description of Securities Other Than Equity Securities

A. Debt Securities.

Not applicable.

B. Warrants and Rights.

Not applicable.

C. Other Securities.

Not applicable.

D. American Depositary Shares.

Citibank, N.A., or Citibank, has agreed to act as the depositary bank for the American Depositary Shares. Citibank's depositary offices are located at 388 Greenwich Street, New York, New York 10013. American Depositary Shares are frequently referred to as "ADSs" and represent ownership interests in securities that are on deposit with the depositary bank. ADSs may be represented by certificates that are commonly known as "American Depositary Receipts" or "ADRs." The depositary bank typically appoints a custodian to safekeep the securities on deposit. In this case, the custodian is DNB NOR BANK ASA Custody and Investor Services, located at Stranden 21, or P.O. Box 1171, No-0021 Oslo, Norway.

We will appoint Citibank as depositary bank pursuant to a deposit agreement. A copy of the deposit agreement is on file with the SEC under cover of a Registration Statement on Form F-6. You may obtain a copy of the deposit agreement from the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549 and from the SEC's website (www.sec.gov).

We are providing you with a summary description of the material terms of the ADSs and of your material rights as an owner of ADSs. Please remember that summaries by their nature lack the precision of the information summarized and that the rights and obligations of an owner of ADSs will be determined by reference to the terms of the deposit agreement and not by this summary. We urge you to review the deposit agreement in its entirety. The portions of this summary description that are italicized describe matters that may be relevant to the ownership of ADSs but that may not be contained in the deposit agreement.

Each ADS represents the right to receive one ordinary share, or the Share, having a nominal value of NOK 7.5 per share of Marine Harvest ASA on deposit with the custodian. An ADS also represents the right to receive any other property received by the depositary bank or the custodian on behalf of the owner of the ADS but that has not been distributed to the owners of ADSs because of legal restrictions, practical considerations or for any other reason. The custodian, the depositary bank and their respective nominees will hold all deposited property for the benefit of the holders and beneficial owners of ADSs. The deposited property does not constitute the proprietary assets of the depositary bank, the custodian or their nominees. Beneficial ownership in the deposited property will under the terms of the deposit agreement be vested in the beneficial owners of the ADSs. The depositary bank, the custodian and their respective nominees will be the record holders of the deposited property represented by the ADSs for the benefit of the holders and beneficial owners of the corresponding ADSs. Owners of ADSs will be able to exercise beneficial ownership interests in the deposited property only through the registered holders of the ADSs, the registered holders of the ADSs (on behalf of the applicable ADS owners) only through the depositary bank, and the depositary bank (on behalf of the owners of the corresponding ADSs) directly, or indirectly, through the custodian or their respective nominees, in each case upon the terms of the deposit agreement.

If you become an owner of ADSs, you will become a party to the deposit agreement and therefore will be bound to its terms and to the terms of any ADR that represents your ADSs. The deposit agreement and the ADRs specify our rights and obligations as well as your rights and obligations as owner of ADSs and those of the depository bank. As an ADS holder you appoint the depository bank to act on your behalf in certain circumstances. The deposit agreement and the ADRs are governed by New York law. However, our obligations to the holders of the Shares will continue to be governed by the laws of Norway, which may be different from the laws of the United States.

In addition, applicable laws and regulations may require you to satisfy reporting requirements and obtain regulatory approvals in certain circumstances. You are solely responsible for complying with such reporting requirements and obtaining such approvals. Neither the depository bank, the custodian, us or any of their or our respective agents or affiliates shall be required to take any actions whatsoever on your behalf to satisfy such reporting requirements or obtain such regulatory approvals under applicable laws and regulations.

As an owner of ADSs, we will not treat you as one of our shareholders and you will not have direct shareholder rights. The depository bank will hold on your behalf the shareholder rights attached to the Shares underlying your ADSs. As an owner of ADSs you will be able to exercise the shareholders rights for the Shares represented by your ADSs through the depository bank only to the extent contemplated in the deposit agreement. To exercise any shareholder rights not contemplated in the deposit agreement you will, as an ADS owner, need to arrange for the cancellation of your ADSs and become a direct shareholder.

As an owner of ADSs, you may hold your ADSs either by means of an ADR registered in your name, through a brokerage or safekeeping account or through an account established by the depository bank in your name reflecting the registration of uncertificated ADSs directly on the books of the depository bank (commonly referred to as the “direct registration system” or “DRS”). The direct registration system reflects the uncertificated (book-entry) registration of ownership of ADSs by the depository bank. Under the direct registration system, ownership of ADSs is evidenced by periodic statements issued by the depository bank to the holders of the ADSs. The direct registration system includes automated transfers between the depository bank and The Depository Trust Company (“DTC”), the central book-entry clearing and settlement system for equity securities in the United States. If you decide to hold your ADSs through your brokerage or safekeeping account, you must rely on the procedures of your broker or bank to assert your rights as ADS owner. Banks and brokers typically hold securities such as the ADSs through clearing and settlement systems such as DTC. The procedures of such clearing and settlement systems may limit your ability to exercise your rights as an owner of ADSs. Please consult with your broker or bank if you have any questions concerning these limitations and procedures. All ADSs held through DTC will be registered in the name of a nominee of DTC. This summary description assumes you have opted to own the ADSs directly by means of an ADS registered in your name and, as such, we will refer to you as the “holder.” When we refer to “you,” we assume the reader owns ADSs and will own ADSs at the relevant time.

Dividends and Distributions

As a holder of ADSs, you generally have the right to receive the distributions we make on the securities deposited with the custodian. Your receipt of these distributions may be limited, however, by practical considerations and legal limitations. Holders of ADSs will receive such distributions under the terms of the deposit agreement in proportion to the number of ADSs held as of a specified record date, after deduction the applicable fees, taxes and expenses.

Distributions of Cash

Whenever we make a cash distribution for the securities on deposit with the custodian, we will deposit the funds with the custodian. Upon receipt of confirmation of the deposit of the requisite

funds, the depositary bank will arrange for the funds to be converted into U.S. dollars and for the distribution of the U.S. dollars to the holders, subject to the Norwegian laws and regulations.

The conversion into U.S. dollars will take place only if practicable and if the U.S. dollars are transferable to the United States. The depositary bank will apply the same method for distributing the proceeds of the sale of any property (such as undistributed rights) held by the custodian in respect of securities on deposit.

The distribution of cash will be made net of the fees, expenses, taxes and governmental charges payable by holders under the terms of the deposit agreement. The depositary bank will hold any cash amounts it is unable to distribute in a non-interest bearing account for the benefit of the applicable holders and beneficial owners of ADSs until the distribution can be effected or the funds that the depositary bank holds must be escheated as unclaimed property in accordance with the laws of the relevant states of the United States.

Distributions of Shares

Whenever we make a free distribution of the Shares for the securities on deposit with the custodian, we will deposit the applicable number of the Shares with the custodian. Upon receipt of confirmation of such deposit, the depositary bank will *either* distribute to holders new ADSs representing the Shares deposited *or* modify the ADS-to-Share ratio, in which case each ADS you hold will represent rights and interests in the additional Shares so deposited. Only whole new ADSs will be distributed. Fractional entitlements will be sold and the proceeds of such sale will be distributed as in the case of a cash distribution.

The distribution of new ADSs or the modification of the ADS-to-Share ratio upon a distribution of the Shares will be made net of the fees, expenses, taxes and governmental charges payable by holders under the terms of the deposit agreement. In order to pay such taxes or governmental charges, the depositary bank may sell all or a portion of the new Shares so distributed.

No such distribution of new ADSs will be made if it would violate a law (*i.e.*, the U.S. securities laws) or if it is not operationally practicable. If the depositary bank does not distribute new ADSs as described above, it may sell the Shares received upon the terms described in the deposit agreement and will distribute the proceeds of the sale as in the case of a distribution of cash.

Distributions of Rights

Whenever we intend to distribute rights to purchase additional Shares, we will give prior notice to the depositary bank and we will assist the depositary bank in determining whether it is lawful and reasonably practicable to distribute rights to purchase additional ADSs to ADS holders.

The depositary bank will establish procedures to distribute rights to purchase additional ADSs to ADS holders and to enable such holders to exercise such rights if it is lawful and reasonably practicable to make the rights available to ADS holders, and if we provide all of the documentation contemplated in the deposit agreement (such as opinions to address the lawfulness of the transaction). You may have to pay fees, expenses, taxes and other governmental charges to subscribe for the new ADSs upon the exercise of your rights under the terms of the deposit agreement. The depositary bank is not obligated to establish procedures to facilitate the distribution and exercise by holders of rights to purchase new Shares other than in the form of ADSs.

The depositary bank will *not* distribute the rights to you if:

- We do not timely request that the rights be distributed to you or we request that the rights not be distributed to you; or
- We fail to deliver satisfactory documents to the depositary bank; or

- It is not reasonably practicable to distribute the rights.

The depositary bank will sell the rights that are not exercised or not distributed if such sale is lawful and reasonably practicable. The proceeds of such sale will be distributed to ADS holders as in the case of a cash distribution. If the depositary bank is unable to sell the rights, it will allow the rights to lapse.

Elective Distributions

Whenever we intend to distribute a dividend payable at the election of shareholders either in cash or in additional Shares, we will give prior notice thereof to the depositary bank and will indicate whether we wish the elective distribution to be made available to you. In such case, we will assist the depositary bank in determining whether such distribution is lawful and reasonably practicable.

The depositary bank will make the election available to you only if it is reasonably practicable and if we have provided all of the documentation contemplated in the deposit agreement (such as opinions to address the lawfulness of the transaction). In such case, the depositary bank will establish procedures to enable you to elect to receive either cash or additional ADSs, in each case as described in the deposit agreement.

If the election is not made available to you, you will receive either cash or additional ADSs, depending on what a shareholder in Norway would receive upon failing to make an election, as more fully described in the deposit agreement.

Other Distributions

Whenever we intend to distribute property other than cash, Shares or rights to purchase additional Shares, we will notify the depositary bank in advance and will indicate whether we wish such distribution to be made to you. If so, we will assist the depositary bank in determining whether such distribution to holders is lawful and reasonably practicable.

If it is reasonably practicable to distribute such property to you and if we provide all of the documentation contemplated in the deposit agreement, the depositary bank will distribute the property to the holders in a manner it deems practicable.

The distribution will be made net of fees, expenses, taxes and governmental charges payable by holders under the terms of the deposit agreement. In order to pay such taxes and governmental charges, the depositary bank may sell all or a portion of the property received.

The depositary bank will *not* distribute the property to you and will sell the property if:

- we do not request that the property be distributed to you or if we ask that the property not be distributed to you; or
- we do not deliver satisfactory documents to the depositary bank in accordance with the deposit agreement; or
- the depositary bank determines that all or a portion of the distribution to you is not reasonably practicable.

The proceeds of such a sale will be distributed to ADS holders as in the case of a cash distribution.

Redemption

Whenever we decide to redeem any of the securities on deposit with the custodian, we will notify the depositary bank in advance. If it is practicable and if we provide all of the documentation contemplated in the deposit agreement (such as opinions to address the lawfulness of the transaction), the depositary bank will provide notice of the redemption to the ADS holders.

The custodian will be instructed to surrender the Shares being redeemed against payment of the applicable redemption price. The depository bank will convert the redemption funds received into U.S. dollars upon the terms of the deposit agreement and will establish procedures to enable holders to receive the net proceeds from the redemption upon surrender of their ADSs to the depository bank. You may have to pay fees, expenses, taxes and other governmental charges upon the redemption of your ADSs under the terms of the deposit agreement. If less than all ADSs are being redeemed, the ADSs to be retired will be selected by lot or on a *pro rata* basis, as the depository bank may determine.

Changes Affecting Shares

The Shares held on deposit for your ADSs may change from time to time. For example, there may be a change in nominal or par value, a split-up, cancellation, consolidation or reclassification of such Shares or a recapitalization, reorganization, merger, consolidation or sale of assets.

If any such change were to occur, your ADSs would, to the extent permitted by law, represent the right to receive the property received or exchanged in respect of the Shares held on deposit. The depository bank may in such circumstances deliver new ADSs to you, amend the deposit agreement, the ADRs and the applicable Registration Statement(s) on Form F-6, call for the exchange of your existing ADSs for new ADSs and take any other actions that are appropriate to reflect as to the ADSs the change affecting the Shares. If the depository bank may not lawfully distribute such property to you, the depository bank may sell such property and distribute the net proceeds to you as in the case of a cash distribution.

Issuance of ADSs upon Deposit of Shares

The depository bank may create ADSs on your behalf if you or your broker deposit Shares with the custodian. The depository bank will deliver these ADSs to the person you indicate only after you pay any applicable issuance fees and any charges and taxes payable for the transfer of the Shares to the custodian in each case under the terms of the deposit agreement. Your ability to deposit Shares and receive ADSs may be limited by U.S. and Norwegian legal considerations applicable at the time of deposit.

The issuance of ADSs may be delayed until the depository bank or the custodian receives confirmation that all required approvals have been given and that the Shares have been duly transferred to the custodian. The depository bank will only issue ADSs in whole numbers.

When you make a deposit of Shares, you will be responsible for transferring good and valid title to the depository bank. As such, you will be deemed to represent and warrant that:

- the Shares are duly authorized, validly issued, fully paid, non-assessable and legally obtained;
- all preemptive (and similar) rights, if any, with respect to such Shares have been validly waived or exercised;
- you are duly authorized to deposit the Shares;
- the Shares presented for deposit are free and clear of any lien, encumbrance, security interest, charge, mortgage or adverse claim, and are not, and the ADSs issuable upon such deposit will not be, “restricted securities” (as defined in the deposit agreement); and
- the Shares presented for deposit have not been stripped of any rights or entitlements.

If any of the representations or warranties are incorrect in any way, we and the depository bank may, at your cost and expense, take any and all actions necessary to correct the consequences of the misrepresentations.

Transfer, Combination and Split Up of ADRs

As an ADR holder, you will be entitled to transfer, combine or split up your ADRs and the ADSs evidenced thereby. For transfers of ADRs, you will have to surrender the ADRs to be transferred to the depositary bank and also must:

- ensure that the surrendered ADR is properly endorsed or otherwise in proper form for transfer;
- provide such proof of identity and genuineness of signatures as the depositary bank deems appropriate;
- provide any transfer stamps required by the State of New York or the United States; and
- pay all applicable fees, charges, expenses, taxes and other government charges payable by ADR holders pursuant to the terms of the deposit agreement, upon the transfer of ADRs.

To have your ADRs either combined or split up, you must surrender the ADRs in question to the depositary bank with your request to have them combined or split up, and you must pay all applicable fees, charges and expenses payable by ADR holders, pursuant to the terms of the deposit agreement, upon a combination or split up of ADRs.

Withdrawal of Shares Upon Cancellation of ADSs

As a holder, you will be entitled to present your ADSs to the depositary bank for cancellation and then receive the corresponding number of underlying Shares to an account within the VPS as directed by you. Your ability to withdraw the Shares may be limited by U.S. and Norwegian law considerations applicable at the time of withdrawal. In order to withdraw the Shares represented by your ADSs, you will be required to pay to the depositary bank the fees for cancellation of ADSs and any charges and taxes payable upon the transfer of the Shares being withdrawn in each case under the terms of the deposit agreement. You assume the risk for delivery of all funds and securities upon withdrawal. Once canceled, the ADSs will not have any rights under the deposit agreement.

If you hold ADSs registered in your name, the depositary bank may ask you to provide proof of identity and genuineness of any signature and such other documents as the depositary bank may deem appropriate before it will cancel your ADSs. The withdrawal of the Shares represented by your ADSs may be delayed until the depositary bank receives satisfactory evidence of compliance with all applicable laws and regulations. Please keep in mind that the depositary bank will only accept ADSs for cancellation that represent a whole number of securities on deposit.

You will have the right to withdraw the securities represented by your ADSs at any time except for:

- temporary delays that may arise because (i) the transfer books for the Shares or ADSs are closed, or (ii) Shares are immobilized on account of a shareholders' meeting or a payment of dividends;
- obligations to pay fees, taxes and similar charges in accordance with the deposit agreement; and
- restrictions imposed because of laws or regulations applicable to ADSs or the withdrawal of securities on deposit.

The deposit agreement may not be modified to impair your right to withdraw the securities represented by your ADSs except to comply with mandatory provisions of law.

Voting Rights

As a holder, you generally have the right under the deposit agreement to instruct the depositary bank to exercise the voting rights for the Shares represented by your ADSs, provided that you are, or

are acting upon the instruction of, the beneficial owner of the ADSs and are registered as a shareholder of Marine Harvest ASA in the VPS prior to the meeting. The voting rights of holders of Shares are described in “*Item 10. Additional Information—B. Memorandum and Articles of Association.*”

At our request, the depositary bank will distribute to you any notice of shareholders’ meeting received from us together with information explaining how to instruct the depositary bank to exercise the voting rights of the securities represented by ADSs.

If the depositary bank timely receives valid voting instructions from a holder of ADSs, it will endeavor to:

- cause the number of Shares represented by that holder’s ADSs and to which that holder’s voting instructions relate to be temporarily registered on an account in the VPS in the name of the beneficial owner(s); and
- vote the securities (in person or by proxy) represented by the holder’s ADSs in accordance with such voting instructions.

In order to give the depositary bank a valid voting instruction with respect to the ADSs, holders of the ADSs must (i) either state in their voting instruction that they are the beneficial owners of those ADSs or identify in their voting instruction the beneficial owner(s) of those ADSs; and (ii) either agree with the depositary bank that the depositary bank will block registration of transfer of their ADSs or deliver their ADSs to a blocked account with DTC for the account of the depositary bank, in each case, until the conclusion of the meeting.

Please note that the ability of the depositary bank to carry out voting instructions may be limited by practical and legal limitations and the terms of the securities on deposit. We cannot assure you that you will receive voting materials in time to enable you to return voting instructions to the depositary bank in a timely manner. Securities for which no voting instructions have been received will not be voted.

Fees and Charges

As an ADS holder, you will be required to pay the following fees under the terms of the deposit agreement:

<u>Service</u>	<u>Fees</u>
• Issuance of ADSs upon deposit of Shares (excluding issuances as a result of distributions of shares)	Up to U.S. 5¢ per ADS issued ⁽¹⁾
• Cancellation of ADSs	Up to U.S. 5¢ per ADS canceled ⁽²⁾
• Distribution of ADSs pursuant to (i) stock dividends or other free stock distributions, or (ii) exercise of rights to purchase additional ADSs	Up to U.S. 5¢ per ADS held ⁽²⁾
• Distribution of securities other than ADSs or rights to purchase additional ADSs (i.e., spin-off shares)	Up to U.S. 5¢ per ADS held ⁽²⁾
• Distribution of cash dividends or other cash distribution (i.e., sale of rights and other entitlements)	Up to U.S. 5¢ per ADS held ⁽³⁾

- (1) For a period of three years from January 27, 2014, we have agreed with Citibank, N.A. to cap the foregoing fee at 1¢ per ADS issued.
- (2) For a period of three years from January 27, 2014, we have agreed with Citibank, N.A. to cap the foregoing fee at 3¢ per ADS.
- (3) For a period of three years from January 27, 2014, we have agreed with Citibank, N.A. for Citibank, N.A. to not charge this fee.

As an ADS holder you will also be responsible to pay certain charges such as:

- taxes (including applicable interest and penalties) and other governmental charges applicable to you;
- the registration fees as may from time to time be in effect for the registration of Shares on the VPS and applicable to transfers of Shares to or from the name of the custodian, the depository bank or any nominees upon the making of deposits and withdrawals, respectively;
- certain cable, telex and facsimile transmission and delivery expenses;
- the expenses and charges incurred by the depository bank in the conversion of foreign currency;
- the expenses incurred by the depository bank in connection with compliance with exchange control regulations and other regulatory requirements applicable to Shares, ADSs and ADRs; and
- the expenses incurred by the depository bank, the custodian, or any nominee in connection with the servicing or delivery of deposited property.

ADS fees and charges payable upon (i) deposit of Shares against issuance of ADSs and (ii) surrender of ADSs for cancellation and withdrawal of Shares are charged to the person to whom the ADSs are delivered (in the case of ADS issuances) and to the person who delivers the ADSs for cancellation (in the case of ADS cancellations). In the case of ADSs issued by the depository bank into DTC or presented to the depository bank via DTC, the ADS issuance and cancellation fees and

charges are charged to the DTC participant(s) receiving the ADSs or the DTC participant(s) surrendering the ADSs for cancellation, as the case may be, on behalf of the beneficial owner(s) and will be charged by the DTC participant(s) to the account(s) of the applicable beneficial owner(s) in accordance with the procedures and practices of the DTC participant(s) as in effect at the time. ADS fees and charges in respect of distributions are charged to the holders as of the applicable ADS record date. In the case of distributions of cash, the amount of the applicable ADS fees and charges is deducted from the funds being distributed. In the case of distributions other than cash, holders as of the ADS record date will be invoiced for the amount of the ADS fees and charges. For ADSs held through DTC, the ADS fees and charges for distributions other than cash are charged to the DTC participants in accordance with the procedures and practices prescribed by DTC and the DTC participants in turn charge the amount of such ADS fees and charges to the beneficial owners for whom they hold ADSs.

In the event of refusal to pay the depositary bank fees, the depositary bank may, under the terms of the deposit agreement, refuse the requested service until payment is received or may set off the amount of the depositary bank fees from any distribution to be made to the ADS holder. Note that the fees and charges you may be required to pay may vary over time and may be changed by us and by the depositary bank, acting jointly. You will receive prior notice of such changes. The depositary bank may reimburse us for certain expenses incurred by us in respect of the ADR program, by making available a portion of the ADS fees charged in respect of the ADR program or otherwise, upon such terms and conditions as we and the depositary bank agree from time to time.

Amendments and Termination

We may agree with the depositary bank to modify the deposit agreement at any time without your consent. We undertake to give holders 30 days' prior notice of any modifications that would materially prejudice any of their substantial rights under the deposit agreement. We will not consider to be materially prejudicial to your substantial rights any modifications or supplements that are reasonably necessary for the ADSs to be registered under the Securities Act or to be eligible for book-entry settlement, in each case without imposing or increasing the fees and charges you are required to pay. In addition, we may not be able to provide you with prior notice of any modifications or supplements that are required to accommodate compliance with applicable provisions of law.

You will be bound by the modifications to the deposit agreement if you continue to hold your ADSs after the modifications to the deposit agreement become effective. The deposit agreement cannot be amended to prevent you from withdrawing the Shares represented by your ADSs (except as permitted by law).

We have the right to direct the depositary bank to terminate the deposit agreement. Similarly, the depositary bank may in certain circumstances on its own initiative terminate the deposit agreement. In either case, the depositary bank must give notice to the holders at least 30 days before termination. Until termination, your rights under the deposit agreement will be unaffected.

After termination, the depositary bank will continue to collect distributions received (but will not distribute any such property until you request the cancellation of your ADSs) and may sell the securities held on deposit. After the sale, the depositary bank will hold the proceeds from such sale and any other funds then held for the holders of ADSs in a non-interest bearing account. At that point, the depositary bank will have no further obligations to holders other than to account for the funds then held for the holders of ADSs still outstanding (after deduction of applicable fees, taxes and expenses).

Books of Depositary

The depositary bank will maintain ADS holder records at its depositary office. You may inspect such records at such office during regular business hours but solely for the purpose of communicating

with other holders in the interest of business matters relating to the Company, ADSs or the deposit agreement.

The depositary bank will maintain in New York facilities to record and process the issuance, cancellation, combination, split-up and transfer of ADSs. These facilities may be closed from time to time, to the extent not prohibited by law.

Limitations on Obligations and Liabilities

The deposit agreement limits our obligations and the depositary bank's obligations to you. Please note the following:

- we and the depositary bank are obligated only to take the actions specifically stated in the deposit agreement without negligence or bad faith;
- the depositary bank disclaims any liability for any failure to carry out voting instructions, for any manner in which a vote is cast or for the effect of any vote, provided it acts in good faith and in accordance with the terms of the deposit agreement;
- except to the extent of its own negligence or bad faith, the depositary bank disclaims any liability for any failure to determine the lawfulness or practicality of any action, for the content of any document forwarded to you on our behalf or for the accuracy of any translation of such a document, for the investment risks associated with investing in Shares, for the validity or worth of the Shares, for any tax consequences that result from the ownership of ADSs, for the credit-worthiness of any third party, for allowing any rights to lapse under the terms of the deposit agreement, for the timeliness of any of our notices or for our failure to give notice;
- we and the depositary bank will not be obligated to perform any act that is inconsistent with the terms of the deposit agreement;
- we and the depositary bank disclaim any liability if we or the depositary bank are prevented or forbidden from or subject to any civil or criminal penalty or restraint on account of, or delayed in, doing or performing any act or thing required by the terms of the deposit agreement, by reason of any provision, present or future of any law or regulation, or by reason of present or future provision of any provision of our Articles of Incorporation, or any provision of or governing the securities on deposit, or by reason of any act of God or war or other circumstances beyond our control;
- we and the depositary bank disclaim any liability by reason of any exercise of, or failure to exercise, any discretion provided for in the deposit agreement or in our Articles of Incorporation or in any provisions of or governing the securities on deposit;
- we and the depositary bank further disclaim any liability for any action or inaction in reliance on the advice or information received from legal counsel, accountants, any person presenting Shares for deposit, any holder of ADSs or authorized representatives thereof, or any other person believed by either of us in good faith to be competent to give such advice or information;
- we and the depositary bank also disclaim liability for the inability by a holder to benefit from any distribution, offering, right or other benefit that is made available to holders of Shares but is not, under the terms of the deposit agreement, made available to you;
- we and the depositary bank may rely without any liability upon any written notice, request or other document believed to be genuine and to have been signed or presented by the proper parties;
- we and the depositary bank also disclaim liability for any consequential or punitive damages for any breach of the terms of the deposit agreement; and

- no disclaimer of any Securities Act liability is intended by any provision of the deposit agreement.

Pre-Release Transactions

Subject to the terms and conditions of the deposit agreement, the depositary may issue to broker/dealers ADSs before receiving a deposit of Shares or release Shares to broker/dealers before receiving ADSs for cancellation. These transactions are commonly referred to as “pre-release transactions,” and are entered into between the depositary bank and the applicable broker/dealer. The deposit agreement limits the aggregate size of pre-release transactions (not to exceed 30% of the Shares on deposit in the aggregate) and imposes a number of conditions on such transactions (i.e., the need to receive collateral, the type of collateral required, the representations required from brokers, etc.). The depositary bank may retain the compensation received from the pre-release transactions.

Taxes

You will be responsible for the taxes and other governmental charges payable on the ADSs and the securities represented by the ADSs. We, the depositary bank and the custodian may deduct from any distribution the taxes and governmental charges payable by holders and may sell any and all property on deposit to pay the taxes and governmental charges payable by holders. You will be liable for any deficiency if the sale proceeds do not cover the taxes that are due.

The depositary bank may refuse to issue ADSs, to deliver, transfer, split and combine ADRs or to release securities on deposit until all taxes and charges are paid by the applicable holder. The depositary bank and the custodian may take reasonable administrative actions to obtain tax refunds and reduced tax withholding for any distributions on your behalf. However, you may be required to provide to the depositary bank and to the custodian proof of taxpayer status and residence and such other information as the depositary bank and the custodian may require to fulfill legal obligations. You are required to indemnify us, the depositary bank and the custodian for any claims with respect to taxes based on any tax benefit obtained for you.

Foreign Currency Conversion

The depositary bank will arrange for the conversion of all foreign currency received into U.S. dollars if such conversion is practical, and it will distribute the U.S. dollars in accordance with the terms of the deposit agreement. You may have to pay fees and expenses incurred in converting foreign currency, such as fees and expenses incurred in complying with currency exchange controls and other governmental requirements.

If the conversion of foreign currency is not practical or lawful, or if any required approvals are denied or not obtainable at a reasonable cost or within a reasonable period, the depositary bank may take the following actions in its discretion:

- convert the foreign currency to the extent practical and lawful and distribute the U.S. dollars to the holders for whom the conversion and distribution is lawful and practical;
- distribute the foreign currency to holders for whom the distribution is lawful and practical; or
- hold the foreign currency (without liability for interest) for the applicable holders.

PART II

ITEM 13. Defaults, Dividend Arrearages and Delinquencies

Not applicable.

ITEM 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

Not applicable.

ITEM 15. Controls and Procedures

Not applicable.

ITEM 16. [RESERVED]

ITEM 16A. Audit Committee Financial Expert

Not applicable.

ITEM 16B. Code of Ethics

Not applicable.

ITEM 16C. Principal Accountant Fees and Services

Not applicable.

ITEM 16D. Exemptions from the Listing Standards for Audit Committees

Not applicable.

ITEM 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Not applicable.

ITEM 16F. Change in Registrant's Certifying Accountant

Not applicable.

ITEM 16G. Corporate Governance

Not applicable.

ITEM 16H. Mine Safety Disclosure

Not applicable.

PART III

ITEM 17. Financial Statements

We have responded to Item 18 in lieu of responding to this item.

ITEM 18. Financial Statements

Please refer to the financial statements beginning on page F-1.

ITEM 19. Exhibits

Index to Exhibits

Exhibit Number	Description of Document
1.1	Articles of Association of Marine Harvest ASA
2.1 [†]	Form of Registrant's American Depositary Receipt
2.2 [†]	Form of Deposit Agreement among the Registrant, the Depositary and Owners and Beneficial Owners of the American Depositary Shares issued thereunder
2.3*	Amendment and Restatement Agreement Relating to a Facility Agreement, dated July 26, 2012, by and among Marine Harvest ASA, DNB Bank ASA, Nordea Bank Norge ASA, Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A. and ABN AMRO Bank N.V., DNB Bank ASA, as Agent and Security Agent
8.1	Subsidiaries of the Registrant
15.1	Consent of Independent Registered Public Accounting Firm

[†] Incorporated by reference to the Registration Statement on Form F-6 (File No. 333-193499), filed with the Securities and Exchange Commission on January 23, 2014

* Portions of Exhibit 2.3 have been omitted pursuant to a grant of confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this registration statement on its behalf.

MARINE HARVEST ASA

By: /s/ IVAN VINDHEIM
Name: Ivan Vindheim
Title: Chief Financial Officer

Date: January 24, 2014

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Marine Harvest ASA and its subsidiaries

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Consolidated cash flow statements for the six months ended June 30, 2013 and 2012 (Unaudited)	F-67
Consolidated statements of changes in equity for the six months ended June 30, 2013 and 2012 (Unaudited)	F-68
Notes to the interim financial statements for three months ended June 30, 2013 and 2012 (Unaudited)	F-69
Interim financial statements for the three and nine month periods ended September 30, 2013 released in Norway on October 23, 2013 (Unaudited)	S-1

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Marine Harvest ASA

We have audited the accompanying consolidated statement of financial position of Marine Harvest ASA as of December 31, 2012, 2011 and 2010, and the related consolidated statements of comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2012. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Marine Harvest ASA at December 31, 2012, 2011 and 2010, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2012, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

/s/ Ernst & Young AS

Oslo, Norway
November 5, 2013

STATEMENT OF COMPREHENSIVE INCOME

MARINE HARVEST GROUP (NOK MILLION)	NOTE	2012	2011	2010
Revenue		15 420.4	15 757.4	15 146.8
Other income		43.1	375.4	134.4
Revenue and other income	5	15 463.5	16 132.8	15 281.2
Cost of materials	2	-9 666.5	-8 398.6	-7 732.0
Fair value uplift on harvested fish	6	-1 597.5	-3 260.1	-4 370.3
Fair value adjustment on biological assets	6	1 993.5	949.3	5 882.8
Salary and personnel expenses	13	-2 418.6	-2 177.8	-2 202.5
Other operating expenses	27	-2 163.6	-2 063.2	-1 502.5
Depreciation and amortisation	8/9	-677.2	-666.7	-653.0
Provision for onerous contracts		-6.1	-5.8	-14.3
Restructuring costs	31	-0.8	-21.8	-4.4
Income/loss from associated companies	20	83.6	-15.0	194.9
Impairment losses	8/9	-0.5	-67.0	-5.0
Earnings before interest and taxes (EBIT)		1 009.8	406.0	4 874.9
Interest expenses	11	-382.8	-405.8	-380.3
Net currency effects	11	523.3	236.4	366.7
Other financial items	11	-320.0	342.9	-195.3
Earnings before taxes		830.3	579.4	4 666.0
Taxes	14	-388.9	-46.7	-1 254.3
Profit or loss for the year		441.4	532.7	3 411.7
Other comprehensive income				
Change in fair value of cash flow hedges	11	-113.5	-141.1	216.6
Deferred tax related to fair value of cash flow hedges	14	31.1	38.5	-61.8
Currency translation cash flow hedges	11	-0.2	-1.2	5.4
Currency translation differences		-325.5	84.2	-10.9
Currency translation differences related to non-controlling interests		-4.0	-0.3	-3.2
Other gains and losses in comprehensive income		3.5	-8.0	0.0
Total other comprehensive income		-408.6	-28.0	146.1
Comprehensive income for the year		32.7	504.7	3 557.8
Profit or loss for the year attributable to				
Non-controlling interests		4.0	5.5	30.5
Owners of Marine Harvest ASA		437.4	527.2	3 381.2
Comprehensive income for the year attributable to				
Non-controlling interests		0.0	5.2	27.3
Owners of Marine Harvest ASA		32.7	499.5	3 530.5
Earnings per share—basic and diluted	24	0.12	0.15	0.95

STATEMENT OF FINANCIAL POSITION

MARINE HARVEST GROUP (NOK MILLION)	NOTE	2012	2011	2010
ASSETS				
Non-current assets				
Licenses	8	5 435.4	5 577.5	5 442.5
Goodwill	8	2 115.5	2 146.1	2 111.6
Deferred tax assets	14	73.9	160.1	118.6
Other intangible assets	8	114.2	123.1	132.9
Total intangible assets		7 738.9	8 006.8	7 805.6
Property, plant and equipment	9	4 111.9	4 167.5	3 885.1
Investments in associated companies	20	647.3	629.0	690.1
Other shares	5/21	1 008.6	92.1	124.2
Other non-current assets		73.2	25.8	2.6
Total non-current assets		13 579.9	12 921.2	12 507.6
Current assets				
Inventory	6	819.7	783.0	775.8
Biological assets	6	6 207.9	6 239.3	8 034.0
Trade receivables	16	1 782.0	1 914.9	1 844.9
Other receivables	16	592.7	609.8	814.7
Restricted cash	15	89.2	66.0	74.8
Cash in bank	15	246.1	213.1	244.2
Total current assets		9 737.6	9 826.1	11 788.3
Total assets		23 317.4	22 747.3	24 295.9
EQUITY AND LIABILITIES				
Equity				
Share capital and reserves attributable to owners of Marine				
Harvest ASA	23	11 619.7	10 737.5	13 063.5
Non-controlling interests		69.0	75.8	70.5
Total equity		11 688.7	10 813.4	13 134.1
Non-current liabilities				
Deferred tax liabilities	14	2 543.7	2 339.4	2 441.7
Non-current interest-bearing debt	10	5 338.5	6 589.4	5 107.3
Other non-current liabilities	19	414.7	99.3	571.1
Total non-current liabilities		8 296.9	9 028.2	8 120.1
Current liabilities				
Current tax liabilities	14	26.2	86.6	49.7
Current interest-bearing debt	10	377.8	157.0	429.7
Trade payables	17	1 452.5	1 481.8	1 450.2
Other current liabilities	17	1 475.4	1 180.3	1 112.2
Total current liabilities		3 331.9	2 905.7	3 041.8
Total equity and liabilities		23 317.4	22 747.3	24 295.9

STATEMENT OF CASH FLOW

MARINE HARVEST GROUP (NOK MILLION)	NOTE	2012	2011	2010
Cash flow from operations				
Earnings before taxes		830.3	579.5	4 666.1
Interest expense		382.8	405.8	380.3
Currency effects		-523.3	-236.4	-366.8
Other financial items		320.0	-342.9	195.3
Impairment losses and depreciation	9	677.7	733.7	658.1
Fair value adjustment on biological assets and onerous contracts	6	-389.9	2 316.6	-1 498.2
Gain/loss on disposal of assets		-6.6	-44.3	-5.6
Associated companies	20	-83.6	15.0	-194.9
Taxes paid	14	-122.8	-86.0	-203.8
Change in inventory, trade payables and trade receivables		472.4	-523.4	-958.3
Other adjustments		-4.1	-19.6	-103.1
Cash flow from operations		1 552.9	2 798.0	2 569.1
Cash flow from investments				
Proceeds from sale of fixed assets		70.6	68.6	22.1
Payments made for purchase of fixed assets	4	-732.9	-1 054.9	-986.5
Proceeds from sale of shares and other investments		124.3	77.2	59.8
Purchase of shares and other investments ⁽¹⁾	5	-519.6	-215.0	-0.6
Cash flow from investments		-1 057.6	-1 124.1	-905.2
Cash flow from financing				
Proceeds from convertible bond		—	—	1 820.3
Proceeds from new interest-bearing debt (current and non-current)	10	12.2	3 125.0	3 874.4
Down payment of interest-bearing debt (current and non-current)	10	-796.6	-1 894.7	-4 931.1
Interest received		56.2	13.1	12.5
Interest paid		-358.5	-361.7	-362.1
Realised currency effects		209.9	251.6	172.4
Equity paid-in ⁽¹⁾	5	425.0	42.1	—
Dividends paid to owners of Marine Harvest ASA		—	-2 878.5	-2 131.1
Dividends paid to non-controlling interests		—	—	-1.7
Transactions own shares		—	-2.8	—
Cash flow from financing		-451.8	-1 705.9	-1 546.4
Currency effects on cash		-10.6	1.0	-1.2
Net change in cash in period		32.9	-31.0	116.3
Cash—opening balance		213.2	244.2	127.9
Net change in cash in period		32.9	-31.0	116.3
Cash—closing balance total	15	246.1	213.2	244.2

(1) The acquisition of 48,5% of the shares in Morpol ASA was paid with NOK 512,6 million in cash and NOK 425,0 million in issuance of shares in Marine Harvest ASA.

STATEMENT OF CHANGES IN EQUITY

ATTRIBUTABLE TO OWNER'S OF MARINE HARVEST ASA								
MARINE HARVEST GROUP (NOK MILLION) 2012	SHARE CAPITAL	SHARE PREMIUM RESERVES	CASH FLOW HEDGE RESERVE	FOREIGN CURRENCY TRANSLATION RESERVE	OTHER EQUITY	TOTAL	NON- CONTROLLING INTERESTS	TOTAL EQUITY
Equity 01.01.12	2 685.9	54.9	171.5	- 441.9	8 267.2	10 737.6	75.8	10 813.4
Comprehensive income								
Profit					437.3	437.3	4.0	441.3
Other comprehensive income			- 82.6	- 345.5	23.5	- 404.6	- 4.0	- 408.6
Transactions with owners								
Issue of shares	125.4	724.1				849.5		849.5
Acquisition of non-controlling interests							- 6.9	- 6.9
Total equity 31.12.12	2 811.3	779.0	88.9	- 787.4	8 728.0	11 619.8	69.0	11 688.7

Dividend per share for 2012 was NOK 0.00

ATTRIBUTABLE TO OWNER'S OF MARINE HARVEST ASA								
MARINE HARVEST GROUP (NOK MILLION) 2011	SHARE CAPITAL	SHARE PREMIUM RESERVES	CASH FLOW HEDGE RESERVE	FOREIGN CURRENCY TRANSLATION RESERVE	OTHER EQUITY	TOTAL	NON- CONTROLLING INTERESTS	TOTAL EQUITY
Equity 01.01.11	2 681.2	17.5	275.3	- 405.5	10 494.9	13 063.4	70.6	13 134.0
Comprehensive income								
Profit					527.3	527.3	5.5	532.8
Other comprehensive income			- 103.8	- 36.4	112.5	- 27.7	- 0.3	- 28.0
Transactions with owners								
Acquisition of treasury shares					- 2.8	- 2.8		- 2.8
Issue of shares related to share price based incentive scheme	4.7	37.4				42.1		42.1
Dividend					- 2 864.7	- 2 864.7		- 2 864.7
Total equity 31.12.11	2 685.9	54.9	171.5	- 441.9	8 267.2	10 737.6	75.8	10 813.4

Dividend per share for 2011 was NOK 0.80

ATTRIBUTABLE TO OWNER'S OF MARINE HARVEST ASA								
MARINE HARVEST GROUP (NOK MILLION) 2010	SHARE CAPITAL	SHARE PREMIUM RESERVES	CASH FLOW HEDGE RESERVE	FOREIGN CURRENCY TRANSLATION RESERVE	OTHER EQUITY	TOTAL	NON- CONTROLLING INTERESTS	TOTAL EQUITY
Equity 01.01.10	2 681.2	5 917.5	115.1	- 394.6	3 358.6	11 677.8	45.0	11 722.8
Comprehensive income								
Profit					3 381.2	3 381.2	30.5	3 411.7
Other comprehensive income			160.2	- 10.9		149.3	- 3.2	146.1
Transactions with owners								
Reduction of share premium reserve		- 5 900.0			5 900.0			
Dividend					- 2 144.9	- 2 144.9	- 1.7	- 2 146.6
Total equity 31.12.10	2 681.2	17.5	275.3	- 405.5	10 494.9	13 063.4	70.6	13 134.0

Dividend per share for 2010 was NOK 0.60

NOTE 1—GENERAL INFORMATION

Marine Harvest ASA is a Norwegian company located in Sandviksboder 77A/B 5035 Bergen. Marine Harvest ASA is a publicly listed company at the Oslo Stock Exchange, and the ticker is MHG.

The Group's operations and its operating activities are described in note 5. Marine Harvest has operations in 22 countries and has structured the main part of the operations in two business areas: Farming and Sales and Marketing. The Farming activities are located in Norway, Scotland, Canada, Chile, Ireland and the Faroes. Sales and Marketing comprises the global sales organisation, in addition to MH VAP Europe and Delifish and Ducktrap in Americas.

The financial statements are presented in NOK, and all figures are presented in millions, unless otherwise stated. The companies in the Group have their national currency as functional currency, except for Singapore and the Chilean companies where USD is the functional currency. The parent company has NOK as its functional currency.

Comparable figures for two years are presented.

The financial statements were authorised for issue by the Board of Directors on 22 October 2013.

NOTE 2—SIGNIFICANT ACCOUNTING PRINCIPLES

The principal accounting policies applied in the preparation of these consolidated financial statements are described below. These policies have been consistently applied to all periods presented.

STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The consolidated financial statements of Marine Harvest ASA and its subsidiaries ("the Group" or "Marine Harvest") as of December 31, 2012, 2011 and 2010 and for each of the three years then ended have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The Company has previously issued financial statements for the same periods in accordance with IFRS as endorsed by the EU. As applied by the Company, there are no differences between IFRS as endorsed by the EU and IFRS as issued by the IASB. In preparing these financial statements the Company has assessed events after the reporting through October 22, 2013, the date of authorisation of these financial statements, and reflected the same as required by IAS 10 Events After the Reporting Period. As a result, certain disclosures have been amended and/or clarified and the model applied for measurement of biomass at fair value less cost to sell has been applied consistently for all three years.

At the end of 2012, there are new standards, changes in existing standards and interpretations that are enacted, but not yet effective. Relevant effects for Marine Harvest are further described in Note 33.

The consolidated financial statements have been prepared on the historical cost basis, except when IFRS require recognition at fair value. This relates to measurement of certain financial instruments and valuation of biomass as further described below. The reporting period equals the calendar year.

CONSOLIDATION

Consolidated financial statements present the financial position, comprehensive income, changes in equity, and the cash flow for the Group. All transactions, receivables and liabilities between companies in the Group are eliminated. Unrealized gains from internal transactions are eliminated. Unrealized losses from internal transactions are also eliminated, but are considered an impairment indicator of the asset transferred.

NOTE 2—SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Subsidiaries

The Group's consolidated financial statements comprise the financial statements of companies in which the parent company or subsidiaries have direct or indirect controlling influence. Controlling influence (normally ownership above 50%) is obtained when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Investment in associated companies

Associated companies are companies where the Group has significant influence and can exercise significant, but do not have a controlling influence (normally ownership of 20-50%). Associated companies are included in the Group's financial statements according to the equity method.

FOREIGN CURRENCY TRANSLATION

The financial statements for the Group are presented in NOK, which is the functional currency of the parent company. The functional currency of the subsidiaries is their local currency, with the exception of the subsidiaries in Singapore and Chile in which USD is the functional currency.

Translation of foreign subsidiaries to presentation currency

Profit or loss transactions in foreign subsidiaries are translated using the average exchange rate for the reporting period, unless the exchange rates in the period has fluctuated significantly, in which case the exchange rates at the dates of the transactions are applied. Assets and liabilities of a foreign subsidiary are translated at the exchange rate at the end of the reporting period.

Transactions in foreign currency

Foreign currency transactions are translated using the currency rate at the time of the transaction.

Receivables, debt and other monetary items in foreign currency are measured at the currency rate at the end of the reporting period and the translation differences are recognized in profit or loss. Other assets and debt in foreign currencies are translated at the currency rate on the transaction date.

FINANCIAL INSTRUMENTS—INITIAL AND SUBSEQUENT MEASUREMENT

Financial assets in Marine Harvest are classified into the following categories:

- Loans and receivables
- Financial instruments at fair value through profit or loss
- Financial derivatives designed as hedging instruments which qualify for hedge accounting

The classification depends on the nature and the purpose of the financial instrument, and is determined at the time of initial recognition. Subsequent measurement of financial instruments depends on their classification in the specified categories.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that

NOTE 2—SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

are an integral part of the EIR. The EIR amortization is presented as finance income in the statement of comprehensive income. Any losses arising from impairment are presented in the statement of comprehensive income as finance costs for loans and as cost of sales or other operating expenses for receivables.

Fair value through profit or loss

Financial instruments at fair value through profit or loss include

- financial instruments held for trading
- financial instruments designated upon initial recognition at fair value through profit or loss

Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments that are not designated as hedging instruments that qualify for hedge accounting.

Financial instruments at “fair value through profit or loss” are recognized in the statement of financial position at fair value, with changes in the fair value recognized in profit or loss as financial items. Marine Harvest has designated investments in other shares listed on the stock exchange into this category.

Measurement of financial assets at cost because the fair value cannot be reliably measured

Financial assets where the fair value cannot be reliably measured are recognized in the statement of financial position at cost less impairment.

Impairment of financial assets

Financial assets, other than those subsequently measured at fair value, are assessed for indicators of impairment. Financial assets are considered to be impaired when there is objective evidence that the estimated future cash flow of the investment will be negatively affected.

FINANCIAL LIABILITIES—INITIAL AND SUBSEQUENT MEASUREMENT

Financial assets in Marine Harvest are classified into the following categories:

- Loans and borrowings
- Financial instruments at fair value through profit or loss
- Financial derivatives designed as hedging instruments which qualify for hedge accounting

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is presented as finance costs in the statement of comprehensive income.

NOTE 2—SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

All financial instruments are recognized in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument. At initial recognition it is assessed whether a financial instrument shall be accounted for as a financial liability, a financial asset or an equity instrument based on the substance of the contractual instrument. The terms of a non-derivative financial instrument are evaluated to determine whether the instrument contains a liability and an equity component, and such components are classified separately as financial liabilities, financial assets or equity instruments as appropriate. When a non-derivative financial instrument contains an embedded derivative that would have met the definition of a derivative instrument as a separate instrument, that embedded derivative is separated from the host contract and is accounted for as a freestanding derivative instrument, if the economic characteristics and risk of the embedded derivative are not closely related to that of the host contract. Multiple embedded derivatives in a single instrument are treated as a single compound instrument if the embedded derivatives relate to the same risk exposures and are not readily separable and independent of each other.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of the financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations, without any deduction for transaction costs. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques.

OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount recognized in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

The Group uses derivative financial instruments such as forward currency contracts and interest rate swaps to hedge its foreign currency risks and interest rate risks. The Group trades in salmon derivatives, both as an operational activity and a financial activity. Operational trading of salmon derivatives is presented as other operating income, while financial trading of salmon derivatives is presented as other financial items. Derivative financial instruments are recognized at fair value. Derivatives are presented as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Gains or losses at expiration as well as unrealized changes in fair value on derivatives are recognized in profit or loss, except for cash flow hedges.

Cash flow hedges

The effective portion of the gain or loss on hedging instruments are recognized directly in other comprehensive income as cash flow hedge reserve, while any ineffective portion is recognized immediately in the statement of comprehensive income. The Group uses forward currency contracts to hedge its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognized in finance costs.

Amounts recognized as other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognized or when a forecast sale occurs.

NOTE 2—SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

If the forecasted transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognized in OCI, is transferred to the statement of comprehensive income. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognized in other comprehensive income remains in other comprehensive income until the forecast transaction or firm commitment affects profit or loss.

REVENUE RECOGNITION

Sale of fish products

Revenue for the Group is related to sales of fish and elaborated fish products. Sales of fish and elaborated fish products are recognized when the significant risk associated with these products have been transferred to the customers, which is normally at delivery.

Biomass

Changes in the estimated fair value on biomass are recognized in profit or loss. The fair value adjustment is classified on a separate line; “fair value adjustment on biomass”. The change in fair value adjustment is calculated as the change in fair value of the biomass less the change in accumulated cost of production for the biomass.

Interest income

For all financial instruments measured at amortized cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the income statement.

Dividends

Revenue is recognized when the Group’s right to receive the payment is established, which is generally when shareholders approve the dividend.

GOVERNMENT GRANTS

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

GOODWILL AND LICENSES

Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed through a business combination.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition

NOTE 2—SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed off in such circumstance is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash generating unit (CGU)(or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Other intangible assets (licenses)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite. The value of licenses acquired by Marine Harvest (mainly licenses for salmon farming) in Norway, Chile, Ireland, Faroes, Scotland and Canada are considered indefinite. Intangible assets with indefinite useful lives are not amortized, but are tested impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be appropriate. If not, the change in useful life from indefinite to finite is made on a prospective basis.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is measured at acquisition cost less accumulated depreciation and any impairment. Costs associated with normal maintenance and repairs are expensed as incurred. Costs of major replacements and renewals that substantially extend the economic life and functionality of the asset are capitalized. Assets are normally considered property, plant and equipment if the useful economic life exceeds one year. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset.

Straight-line depreciation is applied over the useful life of property, plant and equipment, based on the asset's historical cost and estimated residual value at disposal. If a substantial part of an asset has an individual and different useful life, this part is depreciated separately. The asset's residual value and useful life is evaluated annually. The gain or loss arising from the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset.

IMPAIRMENT NON-CURRENT ASSETS

The carrying amounts of the Group's assets are at the end of the reporting period reviewed to determine whether there are indications that specific assets have suffered an impairment loss. If such indications exist, the recoverable amount of the asset is estimated in order to determine the extent of

NOTE 2—SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

the impairment loss (if any). Recoverable amount is the higher of fair value less costs to sell and the net present value of discounted cash flows (value in use).

If the recoverable amount of a cash generating unit is estimated to be less than the carrying amount of the net assets of the cash generating unit, impairment to the recoverable amount is recognized. If impairment is required, goodwill is written down first, thereafter other intangible assets. If further impairment is required, other fixed assets will be written down.

Impairment losses recognized in previous periods are reversed if the recoverable amount in a later period exceeds the carrying amount. The reversal will not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

LEASING

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Finance leases that transfer substantially all the risks and benefits incidental to ownership of the leased item to the Group, are capitalized at the commencement of the lease at the fair value of the leased assets or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are presented as finance costs in the statement of comprehensive income.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an operating expense in the statement of comprehensive income on a straight-line basis over the lease term.

INVENTORY

Inventories mainly comprise of feed, goods in progress, packaging materials and finished goods. Inventories of goods are measured at the lower of cost and net realizable value.

The cost of finished goods includes direct material costs, direct personnel expenses, and indirect processing costs (full production cost). Interest costs are not included in the inventory value. The cost price of purchased goods is the actual purchase price. The cost is based on the principle of first-in first-out, except for feed where weighted average is used.

If fish farmed by the Group is included in inventory as raw material for further processing in one of the Groups processing entities, such fish is included in inventory at fair value.

BIOLOGICAL ASSETS

Biological assets comprise eggs, juveniles, smolt and fish in the sea. Biological assets are, in accordance with IAS 41, measured at fair value less cost to sell, unless the fair value cannot be measured reliably. Broodstock and smolt are measured at cost less impairment losses. For live fish below 1 kg cost is an approximation to fair value. Biomass between 1 kg and 4 kg is measured at fair

NOTE 2—SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

value less cost to sell, including a proportionate expected net profit at harvest. Live fish above 4 kg are measured to net value.

Effective markets for sale of live fish do not exist so the valuation of live fish under IAS 41 implies establishment of an estimated fair value of the fish in a hypothetical market. The calculation of the estimated fair value is based on market prices for harvested fish and adjusted for estimated differences in accordance with IAS 41.18 b). The prices are reduced for harvesting costs and freight costs to market, to arrive at a net value back to farm. The valuation reflects the expected quality grading and size distribution. The valuation is completed for each business unit and is based on biomass in sea for each sea water site and the estimated market price in each market derived from the development in contract as well as spot prices. Forward prices have been included in the estimation where reliable information is available. The change in estimated fair value is recognized in profit or loss on a continuous basis, and is classified separately. At harvest the fair value adjustment is classified as fair value uplift on harvested fish.

ONEROUS CONTRACTS

At each reporting date, management assesses if there are contracts in which the unavoidable costs of meeting the obligation under the contract exceed the economic benefits expected to be received. A provision recorded by estimating the present obligation under the contract.

TAXES

Income taxes comprise taxes on the taxable profit for the year, changes in deferred taxes and any adjustments in prior year's taxes. Taxes on transactions that are recorded in other comprehensive income or directly in equity do not form part of the tax expense in profit and loss.

Tax payable is calculated using the nominal tax rate for the relevant tax jurisdiction at the end of the reporting period.

Deferred tax is calculated on the basis of temporary differences between accounting and taxation values at the close of the accounting year. Deferred tax assets arise from temporary differences that give rise to future tax deductions. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

Tax increasing and tax decreasing temporary differences are offset against each other to the extent that the taxes can be netted within one tax regime.

PROVISIONS

A provision is recognized if the company has a legal or constructive obligation related to a past event, and it is likely that the obligation will lead to a financial outflow for the company. Long-term provisions are valued based on discounted expected cash flows.

RESTRUCTURING COSTS

Provisions for restructuring costs will be recognized if the company within the end of the reporting period has published or started a restructuring plan, which identifies what parts of the company, and approximately how many employees that will be affected, the actions that will be taken, and when the plan will be implemented. Provisions are recognized only for costs that cannot be associated with future earnings. Costs related to restructuring are classified on a separate line in the profit or loss.

NOTE 2—SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

SHARE -BASED BONUS SCHEME

The Group has a share price based bonus scheme which will be settled in cash. The fair value of the program is recognized as a payroll expense and a liability. The fair value of each allotment is measured at the end of each reporting period and accrued over the period until the employees have earned an unconditional right to receive them.

CASH FLOW STATEMENT AND CASH

The cash flow statement is prepared in accordance with the indirect method, comprise cash and bank deposits, except restricted funds.

NOTE 3—ACCOUNTING ESTIMATES

The preparation of financial statements in accordance with IFRS requires management to make estimates (note 3) and judgements (note 4) that affect the recognised amounts of assets and liabilities, income and expenses. The estimates and underlying assumptions are based on past experience and information perceived to be relevant and probable when the judgments are made. Estimates are reviewed on on-going basis and actual values and results may deviate from these estimates. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

Intangible assets—goodwill and farming licenses

The annual impairment test on intangible assets is based on a discounted cash flow model per cash generating unit (CGU). The cash flows used in the calculations represents management's best estimate at the time of reporting. The assumptions used, rests on uncertainty with regards to product prices, input prices, biological performance and the future regulatory frames. Costs can normally be estimated with a higher degree of accuracy than income. As the profitability in the salmon farming industry historically has been very volatile, depending on the development in the price of salmon, Marine Harvest uses budgets and long-term plans for the first four years of the analysis, but return to long term historic averages for profitability in the fifth year and terminal value.

The WACC model is used for estimating the discount rate. The model input is updated every year for the annual impairment test. The choice of input to the model significantly influences the model outcome, and to ensure that there is as little uncertainty as possible with regards to the calculation of the WACC, third party sources are used where available (interest, inflation, beta). The WACC is calculated separately for the different geographic CGUs for improved accuracy. Indications of impairment that initiate testing beyond the year end test include, significant reduction in the profitability of the CGU compared to previous periods, negative deviations from budgets, changes in the use of assets, market changes and regulatory changes.

For further information about uncertainty in the valuation of intangible assets and impairment testing, reference is made to note 7, Impairment testing. Note 8, Intangible assets, illustrates the distribution of intangible assets in the Group.

Biological assets

Biological assets comprise eggs, juveniles, smolt and fish in the sea. These assets are measured at fair value less cost to sell, unless the fair value cannot be measured reliably. The estimation of the fair value relies on a series of uncertain assumptions e.g. biomass volume, biomass quality, size distribution, market prices and costs.

NOTE 3—ACCOUNTING ESTIMATES (Continued)

Marine Harvest measures all deviations in biomass volume compared to estimates when a site is emptied or harvested out. Excepting situations where there has been an incident causing mass mortality, in particular early in the cycle, combined with inability to count and weigh fish post the event in fear of stressing the fish additionally, the volume deviations are normally minor. Similarly, excluding the effects of soft flesh and melanin, the quality of the fish can normally be estimated with a relatively high degree of accuracy. Categorisation of quality is normally set per country based on averages, but can be set individually per site when needed. The size distribution shows some degree of variation, but normally not to an extent that significantly changes the estimated value of the biomass (the value of two fish at average weight 5 kg is very similar to the value of two fish with weights 4 kg and 6 kg).

The accumulated cost of the fish per kg will only deviate from the estimate if the volume is different than the estimate. For the estimation of future costs, there is uncertainty with regards to feed prices, other input costs and biological development. Marine Harvest measures cost deviations vs budget as part of the follow up of business units. Excluding special situations (incidents etc), the deviations in costs vs budgets are normally limited for a group of sites, although individual sites might show deviations. The estimation of costs influences the biomass value through the recognised fair value adjustment in the statements of comprehensive income and financial position (calculated as fair value less accumulated biological costs).

The key element in the estimation of fair value is the assumed market price.

In Marine Harvest, the assumed market price is derived from a variety of sources, normally a combination of achieved prices last month and the most recent contract entered into. For Marine Harvest Norway, quoted forward prices (Fishpool) are also included in the estimation. The introduction of third party forward prices in the price basket improves the reliability of the price estimation, but a major part of the base for the price estimate is still historic price achievement, which may not be a good proxy for the future price.

For further information about biological asset values reference is made to note 6 Biological assets.

NOTE 4—ACCOUNTING JUDGMENT

At 18 December 2012 Marine Harvest ASA acquired 48.5% of the shares in Morpol ASA, which is listed on the Oslo Stock Exchange. The purchase price was NOK 938 million (NOK 11.50 per share), based on a market capitalization of NOK 1 932 million. NOK 513 million was paid in cash and the remaining NOK 425 million was contributed through issuance of shares in Marine Harvest ASA. On 15 January 2013 Marine Harvest ASA submitted a mandatory offer for the remaining shares in Morpol ASA of NOK 11.50 per share, with acceptance deadline 26 February 2013. The result of the offer was that Marine Harvest ASA acquired additional 38.6% of the shares in Morpol ASA, which resulted in total ownership of 87.1% at a total purchase price of NOK 1 682 million. The acquisition was approved by the competition authorities within EU on September 30, 2013.

Marine Harvest ASA was not be eligible to vote for its Morpol shares until the transaction was approved by the competition authorities within EU. As a result, the Company has concluded that Marine Harvest ASA did not have the opportunity govern the financial or operating policies of Morpol ASA or have significant or controlling influence until such approval have been obtained. The shares in Morpol ASA are hence classified as Investment in other shares as of 31 December 2012 and recognized at fair value through profit and loss. Refer to note 30 for further information.

NOTE 5—BUSINESS SEGMENTS

For management purposes, Marine Harvest is organized in two business areas, Farming and Sales and Marketing. Farming is a separate reportable segment, while the business area Sales and Marketing is divided in two reportable segments, Market and VAP Europe.

Operating segments are components of a business that are regularly reviewed by the chief operating decision makers for the purpose of assessing performance and allocating resources. The Group Management Team is the Group's chief operating decision makers.

The business area Farming, consists of the farming components in Norway, Scotland, Canada, Chile, Ireland and the Faroe Islands. These components due to similar production processes, correlation in both input and market prices, in addition to similar biological risk factors are considered to have similar economic characteristics and the farming business is therefore presented as one reportable segment.

The business area Sales and Marketing consists of processing and markets components in Americas, Asia and Europe, and VAP Europe. The processing and markets components in Americas, Asia and Europe are considered to have same similar economic characteristics, and the Market business is therefore presented as one reportable segment while VAP Europe is presented as one reportable segment.

The reportable segment "other" consists of corporate functions and holding companies in addition to Sterling White Halibut.

The performance of the segments is monitored to reach the overall objective of maximising the operational EBIT per kg and margins. Consequently, reporting is focused towards measuring and illustrating the overall profitability of harvested volume based on source of origin (operational EBIT/kg) and operational EBIT margin for MH VAP Europe. Legal entities with activities in Farming and Marketing do not split their financial items or their statement of financial position. Assets and Liabilities are therefore reported country by country in the segment reporting.

The pricing principle between the two business areas is based on NOS prices or similar for spot sales, while contracts are on market terms, with the target for Sales and Marketing to maximize profit beyond these terms.

Accounting principles and comparable information

The same accounting principles as described for the consolidated financial statements have been applied for the segment reporting. Intersegment transfers or transactions are entered into under normal commercial terms and conditions, and the measurement used in the segment reporting is the same as used for the third parties transactions.

NOTE 5—BUSINESS SEGMENTS (Continued)

Effective from 2011, the Company changed its internal management reporting, which led to changes in the operating segments. Comparable segment information for 2010 has been restated accordingly.

KEY SEGMENT FIGUREST (NOK MILLION) BUSINESS AREAS	SALES AND MARKETING				ELIMINATIONS	TOTAL
	FARMING	MARKET	VAP EUROPE	OTHER		
2012						
External revenue	403.4	11 156.3	3 927.2	82.5	—	15 569.3
Internal revenue	10 206.1	1 550.0	16.9	48.7	- 11 821.7	—
Operational revenue	10 609.5	12 706.3	3 944.1	131.1	- 11 821.7	15 569.3
Change in unrealised salmon derivatives . . .	—	—	—	- 105.8	—	- 105.8
Revenue in profit and loss	10 609.5	12 706.3	3 944.1	25.4	- 11 821.7	15 463.5
Operational EBITDA	997.8	356.0	80.0	- 113.2	—	1 320.6
Operational EBIT	415.1	344.2	5.8	- 121.7	—	643.4
Change in unrealised salmon derivatives . . .	—	—	—	- 105.8	—	- 105.8
Fair value uplift on harvested fish	- 1 597.5	—	—	—	—	- 1 597.5
Fair value adjustment on biological assets . .	2 002.2	—	—	- 8.8	—	1 993.5
Onerous contracts provision	- 6.1	—	—	—	—	- 6.1
Restructuring cost	- 0.8	—	—	—	—	- 0.8
Income from associated companies	80.7	—	2.9	—	—	83.6
Impairment losses	1.1	—	- 1.6	—	—	- 0.5
EBIT	894.8	344.2	7.1	- 236.3	—	1 009.8
2011						
External revenue	516.3	11 260.5	4 204.8	82.1	- 40.1	16 023.6
Internal revenue	10 943.6	1 721.5	74.4	29.2	- 12 768.8	—
Operational revenue	11 460.0	12 982.0	4 279.2	111.3	- 12 808.9	16 023.6
Change in unrealised salmon derivatives . . .	—	—	—	109.3	—	109.3
Revenue in profit and loss	11 460.0	12 982.0	4 279.2	220.6	- 12 808.9	16 132.8
Operational EBITDA	3 064.4	238.0	183.5	- 93.8	- 8.2	3 384.0
Operational EBIT	2 489.6	228.2	107.9	- 102.0	- 6.4	2 717.3
Change in unrealised salmon derivatives . . .	—	—	—	109.3	—	109.3
Fair value uplift on harvested fish	- 3 260.1	—	—	—	—	- 3 260.1
Fair value adjustment on biological assets . .	947.5	—	—	1.7	—	949.2
Onerous contracts provision	- 4.8	—	- 1.0	—	—	- 5.8
Restructuring cost	- 23.4	—	1.6	—	—	- 21.8
Income from associated companies	- 15.0	—	—	—	—	- 15.0
Impairment losses	- 64.4	- 0.4	- 2.2	—	—	- 67.0
EBIT	69.5	227.7	106.2	9.0	- 6.4	406.0
2010						
External revenue	432.0	10 600.9	4 154.4	93.9	0.0	15 281.2
Internal revenue	9 820.9	1 845.2	286.3	41.8	- 11 994.2	0.0
Operational revenue	10 252.9	12 446.1	4 440.8	135.6	- 11 994.2	15 281.2
Change in unrealised salmon derivatives . . .	0.0	0.0	0.0	0.0	0.0	0.0
Revenue in profit and loss	10 252.9	12 446.1	4 440.8	135.6	- 11 994.2	15 281.2
Operational EBITDA	3 458.9	239.2	232.4	- 86.3	0.0	3 844.3
Operational EBIT	2 905.2	230.8	151.4	- 96.1	0.0	3 191.3
Change in unrealised salmon derivatives . . .	—	—	—	—	—	—
Fair value uplift on harvested fish	- 4 370.3	—	—	—	—	- 4 370.3
Fair value adjustment on biological assets . .	5 880.3	—	—	2.4	—	5 882.8
Onerous contracts provision	- 14.3	—	—	—	—	- 14.3
Restructuring cost	- 6.2	—	1.9	—	—	- 4.4
Income from associated companies	194.9	—	—	—	—	194.9
Impairment losses	- 0.5	—	- 4.5	—	—	- 5.0
EBIT	4 589.1	230.8	148.8	- 93.7	—	4 874.9

NOTE 5—BUSINESS SEGMENTS (Continued)

ASSETS, LIABILITIES, INVESTMENTS AND NUMBER OF EMPLOYEES (NOK MILLION)

	NORWAY FARMING	SCOTLAND FARMING	CANADA FARMING	CHILE FARMING	US ⁽¹⁾	MH VAP EUROPE	CORPORATE/ OTHER ⁽²⁾	ELIMINATIONS	TOTAL
2012									
Investment in associated companies	262.4	—	—	—	—	—	384.9	—	647.3
Other assets ⁽³⁾	12 464.1	1 737.5	2 703.8	2 432.6	592.1	2 304.3	5 787.6	-5 351.9	22 670.2
Total assets	12 726.5	1 737.5	2 703.8	2 432.6	592.1	2 304.3	6 172.5	-5 351.9	23 317.4
Total liabilities	-4 510.2	-588.9	-384.3	-1 752.4	-294.3	-1 101.4	-8 349.1	5 351.9	-11 628.7
Gross investments	266.2	176.5	52.7	104.7	0.9	85.7	46.3	—	732.9
Number of employees 31.12 (FTE)	1 622	444	417	497	558	2 236	615	—	6 389
2011									
Investment in associated companies	304.1	—	—	—	—	—	324.9	—	629.0
Other assets ⁽³⁾	12 245.7	1 928.1	3 073.9	2 816.2	607.2	2 411.7	4 373.9	-5 338.4	22 118.3
Total assets	12 549.8	1 928.1	3 073.9	2 816.2	607.2	2 411.7	4 698.8	-5 338.4	22 747.3
Total liabilities	-4 152.6	-451.5	-482.4	-1 909.2	-279.0	-1 108.4	-8 885.5	5 338.4	-11 933.9
Gross investments	520.6	111.4	71.3	150.3	3.9	-117.3	80.0	—	1 054.9
Number of employees 31.12 (FTE)	1 556	464	473	489	543	2 332	467	—	6 324
2010									
Investment in associated companies	306.7	—	2.5	—	—	—	380.9	—	690.1
Other assets ⁽³⁾	13 924.1	1 946.4	3 358.1	2 425.2	534.1	2 483.6	3 458.1	-4 523.6	23 605.9
Total assets	14 230.7	1 946.4	3 360.5	2 425.2	534.1	2 483.6	3 839.0	-4 523.6	24 295.9
Total liabilities	-3 927.6	-473.5	-569.8	-1 562.7	-223.3	-1 219.5	-7 708.8	4 523.6	-11 161.8
Gross investments	634.6	93.6	109.6	0	1.3	84.8	62.5	—	986.5
Number of employees 31.12 (FTE)	1 631	434	570	484	322	2 322	385	—	6 148

(1) US includes smoked processing in Delifish in Chile.

(2) Other includes Ireland, Faroes and Asia.

(3) Assets held by Corporate include internal receivables

REVENUE BY CUSTOMERS LOCATION (NOK MILLION)

	2012	2011	2010
Norway	845.2	579.8	1 252.5
Europe excluding Norway	10 285.5	10 948.9	9 198.0
America	2 738.0	2 870.7	3 623.3
Asia	1 371.7	1 141.3	945.9
Other markets	104.3	125.1	171.6
External gross revenue	15 344.7	15 665.8	15 191.3
Other income	224.6	357.8	89.9
Operational revenue	15 569.3	16 023.6	15 281.2

Marine Harvest has no customers accounting for 10% or more of the revenues

NOTE 5—BUSINESS SEGMENTS (Continued)

<u>REVENUE BY PRODUCT</u> <u>(NOK MILLION)</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Salmon whole fresh	8 351.9	8 609.9	7 755.3
Salmon smoked fresh	1 041.1	1 277.5	1 018.4
Salmon processed fresh	3 130.4	3 199.9	3 078.1
Salmon whole frozen	117.5	160.0	119.1
Salmon smoked frozen	165.7	160.5	3.7
Salmon processed frozen	969.9	936.6	1 625.9
Non salmon species and Ingredients	1 568.2	1 321.4	1 551.5
External gross revenue	<u>15 344.7</u>	<u>15 665.8</u>	<u>15 151.9</u>

NOTE 6—BIOLOGICAL ASSETS

Valuation of biological assets

The accounting principles and the valuation model applied for valuation of biological assets are explained in note 2—Significant accounting principles.

Valuation of biological assets is affected by the market prices of fish. The market price risk is reduced through fixed price/volume customer contracts and financial contracts as explained in note 12.

Assumptions used for determining fair value of live fish

The estimated fair value of biomass will always be based on uncertain assumptions, even though the company has built substantial expertise in assessing these factors. Estimates are applied to the following factors: biomass volume, the quality of the biomass, the size distribution and market prices.

Biomass volume: The biomass volume is in itself an estimate based on the number of smolt put to sea, the estimated growth from the time of stocking, estimated mortality based on observed and expected mortality etc. The uncertainty with regards to biomass volume is normally low. The uncertainty will, however, be higher if an incident has resulted in mass mortality, especially early in the cycle, or if the health status restricts handling the fish.

The quality of the biomass: The quality of the biomass can be difficult to assess prior to harvesting, if the reason for downgrading is related to muscle quality (e.g. the effect of Kudoa in Canada). In Norway downgraded fish is normally priced based on standard rates of deduction compared to a Superior quality fish. For fish classified as ordinary the standard rate of reduction is NOK 1.50 - NOK 2.00 per kg gutted weight. For fish classified as production grade the standard rate of reduction is NOK 5.00 to NOK 15.00 per kg gutted weight depending on the reason for downgrading. In other countries the price deductions related to quality are not as standardized. Excluding the Kudoa effects, the quality of harvested fish has been good in 2012.

The size distribution: Fish in sea grows at different rates and even in a situation with good estimates for the average weight of the fish there can be considerable spread in the quality and weight of the fish. The size distribution affects the price achieved for the fish as each size category of fish is priced separately in the market. When estimating the biomass value a normal, expected size distribution is applied.

Market price: The market price assumption is very important for the valuation and even minor changes in the market price will give significant changes in the valuation. The methodology used for

NOTE 6—BIOLOGICAL ASSETS (Continued)

establishing the market price is explained in note 2. If assumed that all fish per 31 December 2012 were of harvest size and the volume is 240 572 tons live weight, a change in the price of NOK 1 per kg gutted weight would change the valuation by NOK 200 million.

Write-down of biomass (extraordinary mortality)

Extraordinary mortality is accounted for when a site either experiences elevated mortality over time or mass mortality due to an incident on the farm (outbreak of disease, lack of oxygen etc.). In 2012, all farming units, except Marine Harvest Faroes, recorded extraordinary mortality losses.

RECONCILIATION OF CHANGES IN CARRYING AMOUNT OF BIOLOGICAL ASSETS (NOK MILLION)	2012	2011	2010
Carrying amount 01.01	6 239.3	8 034.0	5 688.9
Purchases	7 704.8	7 400.6	6 249.6
Fair value on harvested biomass	1 597.5	-3 260.1	-4 370.3
Change in fair value	1 993.5	949.3	5 882.8
Mortality fish in sea in period	-141.4	-163.0	-85.6
Costs of harvested fish	-7 879.0	-6 749.0	-5 335.5
Currency translation differences	-111.8	27.4	4.1
Total carrying amount of biological assets as of 31.12	6 207.9	6 239.3	8 034.0
FAIR VALUE ADJUSTMENTS ON BIOLOGICAL ASSETS IN THE STATEMENT OF FINANCIAL POSITION (NOK MILLION)	2012	2011	2010
Marine Harvest Norway	701.3	172.5	1 910.2
Marine Harvest Chile	-40.8	29.0	99.0
Marine Harvest Canada	-16.0	-0.3	244.9
Marine Harvest Scotland	160.4	173.4	376.8
Marine Harvest Faroes	9.3	3.0	55.9
Marine Harvest Ireland	21.0	59.0	71.5
Sterling White Halibut	0.6	9.4	7.7
Total fair value adjustment included in carrying amount in the statement of financial position	835.7	445.9	2 766.1
Biomass at cost	5 372.1	5 793.4	5 268.0
Total biological assets	6 207.9	6 239.3	8 034.0

NOTE 6—BIOLOGICAL ASSETS (Continued)

FAIR VALUE ADJUSTMENTS ON BIOLOGICAL ASSETS IN THE STATEMENT OF COMPREHENSIVE INCOME (NOK MILLION)	2012	2011	2010
Marine Harvest Norway	1 767.3	223.4	4 132.5
Marine Harvest Chile	– 97.6	143.2	272.4
Marine Harvest Canada	– 6.8	– 38.4	506.7
Marine Harvest Scotland	268.3	488.7	683.3
Marine Harvest Faroes	24.3	28.2	136.0
Marine Harvest Ireland	46.8	102.6	149.4
Sterling White Halibut	– 8.8	1.7	2.4
Total fair value adjustment in the statement of comprehensive income	1 993.5	949.3	5 882.8
FAIR VALUE ON HARVESTED BIOMASS IN THE STATEMENT OF COMPREHENSIVE INCOME (NOK MILLION)	2012	2011	2010
Marine Harvest Norway	1 238.5	– 1 961.1	– 3 154.5
Marine Harvest Chile	27.1	– 210.9	– 170.1
Marine Harvest Canada	– 9.7	– 198.6	– 401.7
Marine Harvest Scotland	– 276.5	– 693.7	– 423.3
Marine Harvest Faroes	– 17.7	– 81.0	– 90.6
Marine Harvest Ireland	– 82.2	– 114.8	– 130.1
Total fair value on harvested fish in the statement of comprehensive income	– 1 597.5	– 3 260.1	– 4 370.3
VOLUMES OF BIOMASS (TONNES)	2012	2011	2010
Volume of biomass harvested during the year (gutted weight) ⁽¹⁾	393 170	343 652	296 762
Volume of biomass in the sea at year-end (live weight)	240 572	261 010	250 966
INVENTORY (NOK MILLION)			
	2012	2011	2010
Raw materials and goods in process	364.5	357.7	355.1
Finished goods	455.3	425.4	420.7
Total carrying amount of inventory	819.7	783.0	775.8

(1) Volume harvested for all entities. The figure includes Sterling White Halibut

Raw materials include packaging materials and feed. Goods in process includes semi-finished products and spare parts. Finished goods include all products ready for sale.

NOTE 7—IMPAIRMENT TESTING

Goodwill acquired through business combinations and licenses with indefinite lives has been allocated to the CGU's below.

(NOK MILLION) CGU'S	GOODWILL			LICENSES		
	2012	2011	2010	2012	2011	2010
MH Norway Farming	1 591.0	1 591.0	1 553.9	3 223.0	3 225.6	3 113.5
MH Chile Farming	—	—	—	1 289.6	1 404.6	1 392.3
MH Scotland Farming	—	—	—	410.0	413.8	404.4
MH Canada Farming	22.6	23.7	23.6	448.3	470.0	468.6
MH Faroes—Farming				48.1	50.9	51.1
MH Ireland				16.3	12.6	12.7
MH VAP Europe	502.0	531.5	534.1	—	—	—
Total for the Group as of 31.12	2 115.5	2 146.1	2 111.6	5 435.4	5 577.5	5 442.5

At year-end 2012 the market value of the Group's equity was higher than the carrying amount of equity, which is an indication that the market considers the value of the Group's assets to exceed the carrying amount. Since yearend the market value has continued to increase. For all CGUs the recoverable amount has been determined based on a value in use calculation using cash flow projections based on approved budgets for the first year. The three next years are based on the approved long termed plan. The cash flow projections beyond the fourth year are estimated by extrapolating the projections reflecting steady state operations. The Group has tested both goodwill and licenses in combination in the impairment test. The net present value of the cash flow is compared to invested capital in the CGU. If the carrying amount (invested capital) is higher than the calculated value in use, an impairment loss is recognized in profit and loss in the statement of comprehensive income, reducing the asset value to the calculated value in use. The estimated cash flows are based on the assumption of continued operation as part of the Marine Harvest Group.

Key assumptions:

The key assumptions used in the calculation of value in use are harvest volume, EBIT(DA)/margins, capital expenditure, discount rates and the residual growth rates. Please refer table below for a summary of the key assumptions for each CGU.

Harvest volume:

Harvested volume is based on the current stocking plans for each unit and forecasted figures for sea water growth and mortality.

EBIT(DA)/Margins:

The key profit target for Salmon farming and sales is EBIT per kg, while value added operations are measured in terms of EBIT/EBITDA in % of sales. EBIT per kg is highly volatile due to the fluctuations in the price of salmon. Costs can under normal circumstances be forecasted with a relatively high level of accuracy. As Marine Harvest has entered into long term sales contracts for a share of the volume to be harvested in 2013, the margin for 2013 can be forecasted with a higher level of accuracy than the margin for the years beyond (2014-2017).

NOTE 7—IMPAIRMENT TESTING (Continued)

Capital expenditure (CapEx):

In the 5 year forecast period, the capital expenditure necessary to meet the expected growth in revenue and profit is taken into consideration. Consistent with the Group's plan, the capital expenditure level for 2013 is high to further grow the operations. Beyond 2013, capital expenditures are aligned with the growth and replacement plans. Capital expenditure to comply with current laws and regulations has been included. Capex related to committed and approved efficiency improvement programs has also been included to support the inclusion of the benefits in the applied margin.

Changes in applicable laws and regulations may affect future estimated capital expenditure needs; this is not reflected in the figures used in the impairment test but reflected in the discount rate. Beyond the forecast period capital expenditure will in general equal depreciation and relate to maintenance investments. The capital expenditure per year in the forecast period exceeds NOK 1000 million, which is higher than maintenance level and following a plan to develop freshwater and processing operations to capitalize on the market conditions going forward.

Discount rate:

The discount rates are based on the Capital Asset Pricing Model (CAPM) and the Weighted Average Cost of Capital (WACC) methodology. The cost of debt is based on the risk free rate in the applicable country. In the model, the average of the 10 and the 30 year risk free rate has been used if available. In cases with only one rate available, the relevant available rate has been used. The calculation of the final discount rates (WACC) also takes into account market risk premium, debt risk premium, the gearing and beta value. In the calculations, the Group has applied estimated cash flows before tax and the corresponding discount rates before tax.

Residual growth rates:

Growth after the 5 year forecast period has in general been set independently for each cash generating unit based on the 5 year average historic inflation rate. The maximum growth rate applied beyond the forecast period is 1.8%. This is lower than the expected growth rates in the first 5 years and lower than the historic growth rate in salmon demand.

FURTHER DESCRIPTION OF ASSUMPTIONS FOR CERTAIN CGUs

Farming Chile

Due to the ISA challenges in the Chilean salmon industry (2007-2009), volumes have been significantly reduced. Marine Harvest's Chilean farming operation has successfully adjusted to a lower level of activity with good biological performance. A very challenging US market as a result of the supply/demand imbalance caused the Chilean operation to sustain losses in 2012. The market situation is expected to improve in 2013 and beyond and as a result Marine Harvest has decided to increase the number of smolts stocked in the long term plan. As a result there is significant headroom in the impairment test for the farming operation in Chile.

NOTE 7—IMPAIRMENT TESTING (Continued)

Sensitivity

With regard to the assessment of recoverable amount, the Group is of the view that no reasonably possible change in any of the above key assumptions would cause the carrying value to materially exceed the recoverable amount for any of the CGU's.

ASSUMPTIONS (NOK MILLION) CGU	HARVEST HOG. 2012 TONNES	CAGR VOLUME 2012 - 2017	CAGR VOLUME 2013 - 2017	2012 WACC BEFORE TAX %	2011 WACC BEFORE TAX %	2010 WACC BEFORE TAX %	2012 RESIDUAL VAL. GR. %	2011 RESIDUAL VAL. GR. %	2010 RESIDUAL VAL. GR. %
MH Norway Farming	255 306	1.8%	5.0%	8.2%	7.5%	8.4%	1.8%	1.7%	1.8%
MH Chile Farming	40 222	8.3%	15.7%	9.0%	7.5%	8.5%	1.7%	1.8%	2.0%
MH Canada Farming	40 217	-0.1%	5.1%	8.2%	7.4%	8.0%	1.7%	1.7%	1.8%
MH Scotland Farming . . .	40 261	10.1%	10.4%	8.6%	7.7%	8.5%	1.8%	1.7%	1.8%
MH Ireland	9 407	11.9%	31.9%	10.5%	13.4%	13.7%	1.8%	1.7%	1.8%
MH Faroes Farming	6 893	-10.1%	-9.6%	8.2%	7.5%	8.4%	1.8%	1.7%	1.8%
Sterling White Halibut . . .	864	6.8%	7.0%	8.2%	7.5%	8.4%	1.8%	1.7%	1.8%
MH VAP Europe				8.6%	9.3%	8.8%	1.5%	1.5%	1.6%
MH Asia				8.2%	7.5%	8.4%	1.8%	1.7%	1.8%
MH USA sale and smoked				9.0%	7.5%	na	1.7%	1.8%	na
MH Spain				8.6%	9.3%	na	1.5%	1.5%	na
Total	393 170	3.4%	7.3%						

NOTE 8—INTANGIBLE ASSETS

SPECIFICATION OF INTANGIBLE ASSETS (NOK MILLION)	GOODWILL			LICENSES			OTHER INTANGIBLE ASSETS			TOTAL		
	2012	2011	2010	2012	2011	2010	2012	2011	2010	2012	2011	2010
Acquisition cost as of 01.01	4 480.8	4 411.7	4 422.5	6 272.3	6 102.9	6 067.8	264.8	264.4	259.6	11 017.9	10 778.8	10 749.9
Additions in the year as a result of acquisitions	—	33.0	—	—	114.6	—	—	—	—	—	147.6	—
Additions in the year	—	4.0	0.7	12.3	—	—	6.4	4.0	7.6	18.8	8.1	8.3
Reclassification	—	—	—	1.4	2.0	—	-1.4	-2.1	—	—	—	—
Disposals / scrapping in the year	-2.3	—	—	-17.2	—	—	-0.7	-0.6	-3.1	-20.1	-0.6	-3.1
Foreign currency adjustments	-107.0	32.1	-11.5	-144.6	52.8	35.1	-10.1	-0.9	0.2	-261.7	84.1	23.8
Total acquisition cost as of 31.12	4 371.5	4 480.8	4 411.7	6 124.3	6 272.3	6 102.9	259.1	264.8	264.4	10 754.9	11 017.8	10 778.8
Accumulated amortisation and impairment losses as of 01.01	2 334.7	2 300.0	2 279.9	694.8	660.4	658.3	141.7	131.5	123.6	3 171.1	3 091.8	3 061.8
Amortisation in the year	—	—	—	—	—	2.6	11.5	12.9	11.7	11.5	12.9	14.2
Impairment losses in the year	1.1	—	—	—	24.6	—	0.5	—	—	1.6	24.6	—
Reclassification	—	—	—	2.5	2.5	—	-2.5	-1.7	—	0.1	0.8	—
Accumulated amortisation and impairment losses on disposals	-2.3	—	—	—	—	—	-0.6	-0.6	-3.0	-2.9	-0.6	-2.9
Foreign currency adjustments	-77.5	34.7	20.2	-8.4	7.3	-0.5	-5.8	-0.3	-0.9	-91.7	41.7	18.8
Total accumulated amortisation and impairment losses as of 31.12	2 256.0	2 334.7	2 300.0	688.9	694.8	660.4	144.9	141.7	131.5	3 089.7	3 171.1	3 091.8
Total net book value as of 31.12	2 115.5	2 146.1	2 111.6	5 435.4	5 577.5	5 442.5	114.2	123.1	132.9	7 665.1	7 846.7	7 686.9
INTANGIBLE FIXED ASSETS IN CASH-GENERATING UNITS (NOK MILLION)							GOODWILL			LICENSES		
				2012	2011	2010	2012	2011	2010			
Marine Harvest Norway Farming				1 591.0	1 591.0	1 553.9	3 223.0	3 225.6	3 113.5			
Marine Harvest Chile Farming				—	—	—	1 289.6	1 404.6	1 392.3			
Marine Harvest Scotland Farming				—	—	—	410.0	413.8	404.4			
Marine Harvest Canada Farming				22.6	23.7	23.6	448.3	470.0	468.6			
Marine Harvest VAP Europe				502.0	531.5	534.1	—	—	—			
Other units				—	—	—	64.4	63.6	63.7			
Total for the Group as of 31.12				2 115.5	2 146.1	2 111.6	5 435.4	5 577.5	5 442.5			

Impairment testing is described in Note 7.

NOTE 9—PROPERTY, PLANT AND EQUIPMENT

SPECIFICATION OF PROPERTY, PLANT AND EQUIPMENT (NOK MILLION) 2012	PROPERTY	PLANT MACHINERY & TRANSPORT	NET CAGES & MOORINGS	OTHER TANGIBLE	TOTAL 2012
Acquisition cost as of 01.01	2 476.5	6 476.1	2 011.0	874.5	11 838.1
Accumulated cost at the time of acquisitions	—	—	—	—	—
Additions in the year	5.3	35.6	—	694.3	735.3
Reclassification	124.6	296.6	162.4	- 691.7	- 108.1
Disposals / Scrapping in the year .	- 19.1	- 116.2	- 265.1	- 20.7	- 421.2
Foreign currency adjustments . . .	- 82.9	- 194.4	- 54.7	- 35.0	- 366.9
Total acquisition cost as of 31.12 .	2 504.5	6 497.6	1 853.6	821.4	11 677.1
Accumulated depreciation and impairment losses as of 01.01 . .	1 476.0	4 523.9	1 228.8	442.8	7 671.5
Accumulated depreciation at the time of acquisition	—	—	—	—	—
Depreciation in the year	94.1	382.0	172.8	16.7	665.7
Impairment losses and reversal of previous writedown in the year .	0.1	- 1.9	0.6	—	- 1.1
Reclassification	- 1.2	- 2.4	- 34.3	- 70.2	- 108.1
Accumulated depreciation and impairment losses on disposals .	- 13.0	- 109.0	- 262.5	- 19.2	- 403.8
Foreign currency adjustments . . .	- 44.9	- 159.7	- 36.5	- 17.9	- 259.1
Total accumulated depreciation and impairment losses as of 31.12	1 511.1	4 633.0	1 068.9	352.2	7 565.2
Total net carrying amount as of 31.12	993.4	1 864.6	784.6	469.3	4 111.9
Estimated lifetime	0 - 20 years	5 - 20 years	5 - 20 years	3 - 5 years	
Depreciation method	Linear	Linear	Linear	Linear	

Sale of fixed assets

Tangible fixed assets have been sold throughout the year and net gain on sale of assets amounts to NOK 6.5 million in 2012. The corresponding figures for 2011 were NOK 44.3 million and for 2010 NOK 5.6 million.

Impairment testing of fixed assets

Impairment tests for specific fixed assets are performed when there are indications of impairment.

Contracts

At year end Marine Harvest has entered in two contracts related to the construction of feed factory totaling NOK 436.3 million.

NOTE 9—PROPERTY, PLANT AND EQUIPMENT (Continued)

SPECIFICATION OF PROPERTY, PLANT AND EQUIPMENT (NOK MLLION) 2011

	PROPERTY	PLANT MACHINERY & TRANSPORT	NET. CAGES & MOORINGS	OTHER TANGIBLE	TOTAL 2011
Acquisition cost as of 01.01	2 050.2	6 612.7	1 423.9	900.0	10 986.8
Accumulated cost at the time of acquisitions	120.5	0.0	10.0	—	130.6
Additions in the year	17.2	64.1	—	923.9	1 005.2
Reclassification	316.2	15.1	619.9	— 951.1	—
Disposals / Scrapping in the year	— 37.7	— 231.8	— 77.6	— 7.0	— 354.0
Foreign currency adjustments	— 10.0	— 16.0	— 34.8	8.7	69.5
Total acquisition cost as of 31.12	2 476.5	6 476.1	2 011.0	874.5	11 838.1
Accumulated depreciation and impairment losses as of 01.01	1 195.9	4 615.9	863.3	427.4	7 102.6
Accumulated depreciation at the time of acquisition	17.4	—	8.4	—	25.8
Depreciation in the year	107.9	380.6	151.4	13.9	653.8
Impairment losses in the year	3.6	23.9	14.9	—	42.5
Reclassification	181.8	— 418.0	231.2	5.0	—
Accumulated depreciation and impairment losses on disposals	— 37.2	— 98.9	— 62.8	— 7.2	— 206.1
Foreign currency adjustments	6.7	20.4	22.3	3.6	53.0
Total accumulated depreciation and impairment losses as of 31.12	1 476.0	4 523.9	1 228.8	442.8	7 671.5
Total net carrying amount as of 31.12	1 000.5	1 952.2	782.2	431.7	4 167.5

SPECIFICATION OF PROPERTY, PLANT AND EQUIPMENT (NOK MLLION) 2010

	PROPERTY	PLANT MACHINERY & TRANSPORT	NET. CAGES & MOORINGS	OTHER TANGIBLE	TOTAL 2010
Acquisition cost as of 01.01	1 987.5	7 678.6	—	544.4	10 210.6
Accumulated cost at the time of acquisitions	—	—	—	—	—
Additions in the year	27.0	87.8	—	912.6	1 027.4
Reclassification	104.1	— 972.5	1 423.9	— 555.5	—
Disposals / Scrapping in the year	— 52.4	— 221.6	—	— 19.6	— 293.5
Foreign currency adjustments	— 16.0	40.3	—	18.1	42.4
Total acquisition cost as of 31.12	2 050.2	6 612.7	1 423.9	900.0	10 986.8
Accumulated depreciation and impairment losses as of 01.01	1 131.9	5 130.9	—	430.5	6 693.4
Accumulated depreciation at the time of acquisition	—	—	—	—	—
Depreciation in the year	110.9	507.4	—	20.7	638.9
Impairment losses in the year	3.1	1.9	—	0.1	5.1
Reclassification	—	— 863.3	863.3	—	—
Accumulated depreciation and impairment losses on disposals	— 41.0	— 194.1	—	— 20.7	— 255.8
Foreign currency adjustments	— 9.1	33.2	—	— 3.1	21.0
Total accumulated depreciation and impairment losses as of 31.12	1 195.9	4 615.9	863.3	427.4	7 102.6
Total net carrying amount as of 31.12	854.4	1 996.8	560.6	472.5	3 884.3

NOTE 10—INTEREST-BEARING DEBT

<u>(NOK MILLION)</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Non-current interest-bearing debt	3 806.1	4944.8	3503.7
Bonds	—	78.4	78.5
Convertible bonds	1 532.4	1566.2	1525.1
Total non-current interest-bearing debt	5 338.5	6 589.4	5 107.3
Current interest-bearing debt	377.8	157.0	429.7
Total interest-bearing debt	5 716.3	6 746.4	5 537.0

Financing of the Marine Harvest Group is mainly carried out through the parent company Marine Harvest ASA. External financing in the subsidiaries is only conducted if this is optimal for the Group.

The following programs are the main sources of financing for the Marine Harvest Group per 31 December 2012:

EUR 775 MILLION SYNDICATED BORROWING FACILITY

The Group has a syndicated loan facility with an original limit of EUR 600 million. The loan facility was increased to EUR 775 million in 2011. The loan facility consists of a term loan of originally EUR 183 million together with two revolving credit facilities of EUR 512 million and USD 105.6 million.

The term loan is repaid in semi annual instalments of EUR 16 million and has final maturity in January 2015, which is also the final maturity for the revolving credit facilities.

The revolving credit facilities are available to Marine Harvest ASA and selected subsidiaries. In addition, parts of the revolving credit facilities may be allocated as bilateral credits (including overdraft facilities and facilities for the issuance of guarantees) between syndicate banks and group companies.

The syndicated loan agreement sets forth covenants on earnings (net interest bearing debt to EBITDA) and solidity (equity ratio) which has to be met by the Group. For the calculation of net interest bearing debt to EBITDA, the EBITDA is adjusted by a number of items from the reported EBITDA. These adjustments include exceptional items which are listed in note 31 to the Group financial statements.

The maximum ratio of net interest bearing debt to EBITDA allowed under the facility agreement is 3.25 up until the second quarter 2014, and 3.00 from (and including) the second quarter 2014. As a consequence of the acquisition of Morpol, the maximum ratio has however been temporarily lifted to 3.99 until the earlier of fourth quarter of 2013 and the quarter when Morpol is consolidated into the group financials. The equity ratio shall be above 40% at all times. Furthermore, the ability for the Group to take on new debt is regulated by the loan agreement.

Net interest bearing debt to EBITDA is also the basis for determining the interest margin.

EUR 225 MILLION CONVERTIBLE BOND

In March 2010, Marine Harvest issued a convertible bond loan with a EUR 225 million principal. The loan carries a fixed coupon of 4.50% p.a. payable semi-annually. Unless a prior conversion, the loan will mature in February 2015. There are no installments on the loan. The conversion share price at the end of 2012 was EUR 0.6547, representing an adjustment to the original conversion share price (EUR 0,8335) for dividends paid in 2010 and 2011. The conversion share price is subject to standard adjustment mechanisms for convertible bonds. From March 2013, Marine Harvest can under certain

NOTE 10—INTEREST-BEARING DEBT (Continued)

market conditions call the bond issue at par plus accrued interest. After receiving notice of such call, bondholders may elect to exercise their conversion rights.

BOND

In connection with the refinancing in January 2003, a subordinated convertible bond of NOK 78 million was established. It was convertible and non interest bearing the first 5 years, and thereafter interest-bearing with an interest rate of NIBOR + 2.00% p.a.

CONVERTIBLE BOND (NOK MILLION)	STATEMENT OF FINANCIAL POSITION		STATEMENT OF COMPREHENSIVE INCOME		
	NON-CURRENT INTEREST- BEARING DEBT	CONVERSION LIABILITY COMPONENT	INTEREST EXPENSES	NET CURRENCY EFFECTS	OTHER FINANCIAL ITEMS
Initial recognition					
Nominal value of convertible bond	1 820.3				
Transaction costs	– 19.3				
Conversion liability component . .	– 259.7	259.7			
Carrying amount on initial recognition	1 541.3	259.7			
Subsequent measurement					
2010					
Interest and currency effects	– 16.3		– 104.1	54.5	
Change in fair value of conversion liability component		245.7			– 245.7
2011					
Interest and currency effects	41.2		– 127.7	7.6	
Change in fair value of conversion liability component		– 481.2			481.2
2012					
Interest and currency effects	– 33.8		– 124.5	84.6	
Change in fair value of conversion liability component		305.3			– 305.3
Net recognised end of 2012	1 532.4	329.5	– 124.5	84.6	– 305.3

At initial recognition the nominal value of the convertible bond was split into a liability component and a conversion liability component. The value of the liability component, classified as non current interest-bearing debt, was calculated using a market interest rate for an equivalent, non-convertible bond. The residual amount, representing the value of the conversion liability component, was classified as other non-current liabilities.

On subsequent measurements the amortised interest is recognised as interest expense and increases the carrying amount of the convertible bond. The conversion liability component is recognised at fair value using an established model for option valuation (Black-Scholes).

NOTE 11—FINANCIAL INSTRUMENTS

FINANCIAL INSTRUMENTS IMPACT ON COMPREHENSIVE INCOME (NOK MILLION)	NOTE	2012	2011	2010
Amortized interest cost		- 75.8	- 72.2	- 70.5
Other interest expenses		- 307.0	- 333.6	- 309.8
Interest expenses		- 382.8	- 405.8	- 380.3
Net currency effects on interest-bearing debt		206.9	56.3	175.7
Net currency effects on cash, trade receivables and trade payables		1.5	- 30.2	- 48.2
Gain/loss on short-term transaction hedges		38.8	- 8.2	38.4
Realised gain (loss) on long-term cash flow hedges		276.1	218.5	200.9
Net currency effects		523.3	236.4	366.7
Interest income		- 0.9	13.1	12.0
Gain/loss on salmon derivatives		0.0	12.4	- 42.7
Change in fair value other financial instruments		- 145.0	- 129.9	67.5
Change in fair value conversion liability component	10	- 305.3	481.2	- 245.7
Change in fair value other shares		3.8	- 31.8	12.7
Dividends and gain (loss) on sales of other shares		135.6	14.5	5.8
Net other financial costs		- 8.2	- 16.6	- 4.9
Other financial items		- 320.0	342.9	- 195.3
Total financial items		- 179.5	173.5	- 208.9
Other comprehensive income				
Non-current cash flow hedges qualified for hedge accounting . .		- 113.5	- 141.1	216.6
CASH FLOW HEDGING EQUITY RESERVE (NOK MILLION)		2012	2011	2010
Cash flow hedging equity reserve as of 01.01		171.5	275.3	115.1
Change in fair value of cash flow hedges		162.6	77.4	417.5
Realised gain (loss) recycled through profit or loss		- 276.1	- 218.5	- 200.9
Change in deferred tax		31.1	38.5	- 61.8
Currency translation cash flow hedges		- 0.2	- 1.2	5.4
Cash flow hedging equity reserve as of 31.12.		88.9	171.5	275.3

All outstanding hedge instruments are evaluated for hedge effectiveness on an on-going basis. Instruments no longer qualifying as hedges are immediately recycled to profit and loss. Amounts recognised as other comprehensive income are transferred to profit or loss when the hedge transaction affects profit or loss.

NOTE 11—FINANCIAL INSTRUMENTS (Continued)

CATEGORIES OF FINANCIAL INSTRUMENTS IN THE STATEMENT OF FINANCIAL POSITION (NOK MILLION) 31 DECEMBER 2012	FINANCIAL ASSETS AND LIABILITIES				NON-FINANCIAL ASSETS AND LIABILITIES	TOTAL
	LOANS AND RECEIVABLES, AND LIABILITIES, AT AMORTISED COST	FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS	COST	FINANCIAL DERIVATIVES QUALIFIED FOR HEDGE ACCOUNTING		
Non-current assets						
Other shares		1 002.0	6.6			1 008.6
Current assets						
Trade receivables	1 782.0					1 782.0
Other receivables	240.1	44.4		123.5	184.7	592.7
Cash	335.3					335.3
Non-current liabilities						
Non-current interest-bearing debt	- 5 338.5					- 5 338.5
Other non-current liabilities		- 329.5			- 85.2	- 414.7
Current liabilities						
Current interest-bearing debt	- 377.8					- 377.8
Trade payables	- 1 452.5					- 1 452.5
Other current liabilities	- 436.6	- 450.4			- 588.4	- 1 475.4
Total	- 5 248.1	266.5	6.6	123.5		
Fair value	- 5 334.7	266.5	6.6	123.5		

CATEGORIES OF FINANCIAL INSTRUMENTS IN THE STATEMENT OF FINANCIAL POSITION (NOK MILLION) 31 DECEMBER 2011	FINANCIAL ASSETS AND LIABILITIES				NON-FINANCIAL ASSETS AND LIABILITIES	TOTAL
	LOANS AND RECEIVABLES, AND LIABILITIES, AT AMORTISED COST	FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS	COST	FINANCIAL DERIVATIVES QUALIFIED FOR HEDGE ACCOUNTING		
Non-current assets						
Other shares		60.6	31.5			92.1
Current assets						
Trade receivables	1 914.8					1 914.8
Other receivables	226.9	6.1		237.2	139.5	609.8
Cash	279.1					279.1
Non-current liabilities						
Non-current interest-bearing debt	- 6 589.4					- 6 589.4
Other non-current liabilities		- 24.2			- 75.2	- 99.3
Current liabilities						
Current interest-bearing debt	- 157.0					- 157.0
Trade payables	- 1 481.8					- 1 481.8
Other current liabilities	- 370.7	- 304.6			- 505.0	- 1 180.3
Total	- 6 178.1	- 262.1	31.5	237.2		
Fair value	- 6 003.8	- 262.1	31.5	237.2		

NOTE 11—FINANCIAL INSTRUMENTS (Continued)

(NOK MILLION) 31 DECEMBER 2010	FINANCIAL ASSETS AND LIABILITIES				NON-FINANCIAL ASSETS AND LIABILITIES	TOTAL
	LOANS AND RECEIVABLES, AND LIABILITIES, AT AMORTISED COST	FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS	COST	FINANCIAL DERIVATIVES QUALIFIED FOR HEDGE ACCOUNTING		
Non-current assets						
Other shares		91.7	32.5			124.2
Current assets						
Trade receivables	1,844.9					1,844.9
Other receivables	238.7	13.2		379.9	183.0	814.7
Cash	318.9					318.9
Non-current liabilities						
Non-current interest- bearing debt	-5,107.3					-5,107.3
Other non-current liabilities		-505.4			-65.7	-571.1
Current liabilities						
Current interest-bearing debt	-429.7					-429.7
Trade payables	-1,450.2					-1,450.2
Other current liabilities . .	-439.9	-183.2			-489.2	-1,112.2
Total	-5,024.6	-583.6	32.5	379.9		
Fair value	-5,170.9	-583.6	32.5	379.9		

There has not been any reclassification between the categories of financial assets or liabilities in 2012, 2011 and 2010.

Details regarding criteria for recognition and the basis for measurement for each class of financial instrument are disclosed in note 2—Significant accounting principles.

FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value of financial instruments carried at amortised cost

With the exception of the EUR 225 million convertible bond, the Group consider that the carrying amount of financial assets and liabilities recognised at amortised cost in the financial statements approximates their fair value. Reference is made to note 10 for further information regarding the convertible bond.

Fair value measurements recognised in the statement of financial position

Financial instruments that are measured at fair value subsequent to initial recognition are according to IFRS 7 grouped into a hierarchy of 3 different levels based on the degree to which the fair value is observable:

- Level 1:** fair value determined directly by reference to published quotations
- Level 2:** fair value estimated using a valuation technique based on observable data
- Level 3:** fair value estimated using a valuation technique based on unobservable data.

NOTE 11—FINANCIAL INSTRUMENTS (Continued)

ASSETS AND LIABILITIES MEASURED AT FAIR VALUE: (NOK MILLION)	NOTE	31.12.2012			31.12.2011			31.12.2010		
		LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
Financial assets to fair value through profit or loss										
Other shares	21	59.3		942.7	60.6			91.7		
Other financial instruments			32.8							
Current currency hedges			11.6			6.1			13.2	
Financial derivatives qualified for hedge accounting			123.5			237.2			379.9	
Liabilities measured at fair value:										
Financial liabilities to fair value through profit or loss										
Conversion liability component	10			-329.5			-24.2			-505.4
Interest swaps			-448.7			-270.9			-141.0	
Other derivatives									-32.1	
Current currency hedges			-1.8			-33.7			-10.1	

There have been no transfers between the levels in 2012, 2011 or 2010. Shares listed on Oslo stock exchanges are valued at quoted prices. Other shares are valued on level 3 partly based on OTC—listing and partly based on acquisition price as of 17 December 2012. For specification reference is made to note 21.

The market value of derivative instruments is calculated by comparing the terms agreed under each derivative contract to the market terms for a similar contract on the valuation date. To the extent the difference in cash flow resulting from this comparison takes place at a future date, the amount is discounted to represent the value at the valuation date. The market terms are calculated by upload of representative market data into a dedicated third party application.

Sensitivity analyses

The conversion liability component is valued on level 3, using an acknowledged valuation model (Black Scholes). There is estimation uncertainty related to some of the parameters in the model. Reference is made to note 10.

Sensitivity analyses conversion liability component:

A 10% increase in share price MHG	- 120.3 million
A 10% increase in exchange rate EUR/NOK	71.8 million
A 0.50% point increase in risk free interest rate	- 8.6 million

Investment in shares in Morpol ASA and Stofnfiskur is valued on level 3, and a 10% increase in share price represents 94.3 million.

NOTE 12—CAPITAL MANAGEMENT AND RISK MANAGEMENT

CAPITAL MANAGEMENT

Capital management refers to the process of acquiring and utilising capital in the most efficient manner compared to the available alternatives. The primary objective of the Group's capital management is to ensure access to capital contributing to satisfactory operations and maximum generation of shareholder values. The Group manages its capital structure and makes adjustments in light of changes in the underlying economic conditions. Access to borrowed capital is continuously monitored and the Group has a continuous dialog with its lenders. The syndicated loan facility sets forth covenants on the financial ratio of net interest-bearing debt to EBITDA and the equity ratio. Marine Harvest complied with the covenants in its loan agreements at the end of 2012. Details relating to the main loan programmes in the Group are described in note 10.

Marine Harvest intends to maintain an equity base suitable to the characteristics of the operations, taking into consideration that fish farming is a cyclical business. Capital not deemed necessary for further growth will be returned to shareholders as dividends or repurchase of shares. At year-end 2012, Marine Harvest had an equity of NOK 11 689 million. The equity share, defined by equity/total assets, was at the same time 50.1%. Net interest-bearing debt, defined as total interest-bearing debt less cash was NOK 5 381 million at year-end. The Board of Directors of Marine Harvest ASA considers the equity in the Group appropriate for the scale of the operation.

A dividend policy has been resolved by the Board of Directors. The policy states that:

- The dividend level shall reflect the present and future cash generation potential of the Group.
- Marine Harvest will target a ratio of net interest-bearing debt to equity of less than 0.5.
- When the target level is met, at least 75% of the annual free cash flow after operational and financial commitments will be distributed as dividend.

The Board of Directors has further adopted guidelines targeting dividend distribution twice a year, whereby each dividend proposal shall be dimensioned with a view to manage net interest bearing debt around a target level. The target level is dimensioned relative to the scope of the Group's operations and was set to NOK 6.0 billion in 2012. Based on the planned reduction in harvest volume in the existing business, the target for net interest bearing debt has currently been reduced to NOK 5.6 billion. This target will be revised in 2013 as a consequence of the completion of the Morpol acquisition and the investment into feed operations.

The Board of Directors of Marine Harvest ASA has been given proxies from the Annual General Meeting in June 2012 to:

- Purchase shares in the company up to a maximum total nominal value of NOK 268 585 000 which equals approximately 10% of the share capital.
- Increase the company's share capital through issuance of new shares with an aggregate nominal value of up to NOK 134 300 000 divided into 179 066 667 shares at a nominal value of NOK 0.75 per share. 167 201 054 shares were issued under this proxy in relation to the acquisition of 48.5% of Morpol.
- Raise convertible bond loans with a maximum par value of NOK 3 200 million convertible into maximum 640 million new shares with a total nominal value of NOK 480 million.

The Annual General Meeting also expanded the authority given to the Board of Directors in November 2009 to issue shares as a consequence of the outstanding EUR 225 million convertible bond. The expansion allowed for the issuance of an additional 100 000 000 shares.

NOTE 12—CAPITAL MANAGEMENT AND RISK MANAGEMENT (Continued)

The Group's principal financial liabilities, other than loans, consist of convertible and non-convertible bonds, derivatives and trade payables. These financial liabilities constitute the majority of the Group's third party financing. The Group holds financial assets such as trade receivables, cash and shares.

The Group uses financial derivatives, mainly forward contracts and interest rate swaps. The purpose of these instruments is to manage the interest rate and currency risk arising from the operations of the Group. No trading activities in financial instruments are undertaken.

Details regarding significant accounting policies for financial assets and liabilities are disclosed in note 2 Significant accounting principles.

FINANCIAL RISK MANAGEMENT

The Group monitors and manages the financial risks arising from the operations. These include currency risks, interest rate risk, credit risk and price/liquidity risk.

The Group seeks to manage these risks through operational measures or (where such measures are not available) through the use of financial derivatives.

A policy on the management of these risks has been approved by the Board of Directors. The policy includes principles on currency risk, interest rate risk, price risk, the use of financial instruments and other operational means as well as limits on the maximum and minimum levels of these exposures.

CURRENCY RISK

In the Marine Harvest Group, several business units carry out a large number of business transactions in currencies different from the domestic currency. For the Group, the relative importance of these transactions is substantially larger on the revenue side than on the cost side.

To mitigate the potential fluctuation effects on its cash flows, the Group maintains a foreign exchange strategy designated to manage these exposures both in the short and long term. For each of Marine Harvest's legal units, the Group has defined a hedging strategy. For some units the cash inflow is generated in a currency different from the functional currency.

Marine Harvest Norway	EUR
Marine Harvest Chile	USD
Marine Harvest Scotland	GBP
Marine Harvest Canada	USD
Marine Harvest VAP	EUR
Marine Harvest Faroes	DKK
Marine Harvest Cold Water Species	NOK
Marine Harvest Asia	USD

Transaction exposures arise from firm commitments made to transact in a currency different from the main currency. The transaction exposure depends on the duration of the commitment, but will normally be of relatively short duration. Hedging transactions designated to manage transaction exposures are referred to as cash flow hedges.

Through hedging of transaction exposures, each business unit aims to ensure that its net cash flows in currencies other than its main hedging currency are hedged towards this currency. Cash flow exposures arise from structural imbalances between the main currency on the revenue side versus the expense side. This imbalance is predominantly a result of production taking place in a country different

NOTE 12—CAPITAL MANAGEMENT AND RISK MANAGEMENT (Continued)

from where the product is sold. Due to their structural nature, the exposure horizon for cash flow exposures is longer than for transaction exposures and is therefore quantified on the basis of estimates for future revenues and expenses. In this estimation, focus is kept on the underlying currency structure of the individual revenue and cost item and the actual currency in which transactions are invoiced is of lesser importance. Hedging transaction designated to manage cash flow exposures are defined as cash flow hedges.

The Marine Harvest Group normally has a net positive cash flow exposure towards EUR, GBP, USD and JPY and a net negative cash flow exposure towards NOK, CAD and CLP. To hedge Group cash flows against exchange rate fluctuations Marine Harvest has a policy for long-term hedging of the most predominant net exposures. The Group hedges 30-80% of its' underlying exposure between EUR and NOK and between USD and CAD with a horizon of 1-4 years.

Where the hedge program comprises more than one year, the percentage of the exposure to be hedged is reduced over time.

At the end of 2012 the Group held a portfolio of hedging instruments designated to mitigate transaction and cash flow exposure with a total contract value of NOK 1 661 million. Instruments equivalent to 99% of the contract value mature in 2013 and no instrument matures beyond 31 December 2014. The portfolio had a net positive market value of NOK 131.6 million at year-end.

Currency exposure in the statement of financial position

As a consequence of the Group's net cash flows being generated in EUR, GBP and USD, the interest-bearing debt should reflect this currency structure. On 31 December 2012, the currency structure of the interest-bearing debt was 79% EUR, 14% USD, 4% GBP and 3% in other currencies, in line with the policy for 2012. This currency mix is obtained through borrowings as well as the use of currency derivatives.

The aim is a gradual transition to a currency composition consisting of:

- 69% EUR
- 20% USD
- 7% GBP
- 4% in other currencies.

CURRENCY STRUCTURE OF NET INTEREST-BEARING DEBT

As of 31 December 2012 net interest-bearing debt (incl long term basis swaps) had the following currency structure

<u>(NOK MILLION)</u>	<u>NOK</u>	<u>USD</u>	<u>EUR</u>	<u>GBP</u>	<u>JPY</u>	<u>DKK</u>	<u>CAD</u>	<u>OTHER</u>	<u>TOTAL</u>
Cash	241.5	12.3	-11.2	15.7	0.0	34.8	32.4	9.9	335.3
Current interest-bearing debt	78.8		299.0						377.8
Non-current interest-bearing debt	65.1	840.0	4 196.2	207.3		29.9			5 338.5
Net interest-bearing debt	-97.5	827.8	4 506.4	191.6	0.0	-5.0	-32.4	-9.9	5 381.1

The carrying amount of interest-bearing debt has been reduced by NOK 28.5 million in capitalised borrowing costs. With the exception of the EUR 225 million convertible bonds, there are no significant difference between the carrying amount and the fair value of non-current interest-bearing debt and

NOTE 12—CAPITAL MANAGEMENT AND RISK MANAGEMENT (Continued)

leasing. Details related to the EUR 225 million convertible bonds and a significant part of the non-current debt are described in note 10.

SENSITIVITY ANALYSIS—CHANGE IN EXCHANGE RATES

On the basis of financial positions and currency hedges in existence as of 31 December 2012, the effect of a 10 percent change in exchange rate of the following relevant currency pairs has been estimated:

(NOK MILLION) CURRENCY PAIR	EUR/NOK	USD/NOK	JPY/NOK	USD/CAD
EFFECT IN NOK FROM A 10 PERCENT INCREASE IN THE VALUE OF	NOK	NOK	NOK	CAD
Financial items	468.5	46.4	-10.6	-90.6
Other comprehensive income	103.3			
Total	571.8	46.4	-10.6	-90.6

INTEREST RATE RISK

Marine Harvest ASA shall hedge 100% of the Group's non-current interest-bearing debt in its main financing currencies (EUR, USD and GBP) for a period of five years and 50% of the non-current interest-bearing debt in the following five years. The hedging shall be based on the targeted currency composition. At year-end 2012 the Group had a portfolio of interest swaps with a net negative market value of NOK 448.7 million after a reduction of market value in 2012 of NOK 178.8 million, recognised through profit and loss.

The portfolio held at the end of 2012, will ensure the payment of the following weighted fixed rates against receipt of 3 month Euribor/Libor for each of the below currencies and periods:

(NOK MILLION) CURRENCY	UNTIL MARCH 2013		MARCH 2013 - MARCH 2014		MARCH 2014 - MARCH 2015	
	NOMINAL VALUE	WEIGHTED FIXED RATE	NOMINAL VALUE	WEIGHTED FIXED RATE	NOMINAL VALUE	WEIGHTED FIXED RATE
EUR	341.0	2.82%	341.0	2.81%	341.0	2.45%
USD	215.0	2.57%	215.0	2.55%	215.5	2.61%
GBP	52.5	3.03%	52.5	3.03%	53.0	2.82%
(NOK MILLION) CURRENCY	MARCH 2015 - MARCH 2016		MARCH 2016 - MARCH 2017		MARCH 2017 - MARCH 2022	
	NOMINAL VALUE	WEIGHTED FIXED RATE	NOMINAL VALUE	WEIGHTED FIXED RATE	NOMINAL VALUE	WEIGHTED FIXED RATE
EUR	567.0	3.31%	566.0	2.48%	283.0	2.54%
USD	216.0	2.64%	215.0	2.64%	107.5	2.41%
GBP	52.5	2.91%	47.0	2.53%	23.5	2.81%

MARKET VALUE 31.12.2012

EUR	-313.6
USD	-94.1
GBP	-41.0
TOTAL	-448.7

NOTE 12—CAPITAL MANAGEMENT AND RISK MANAGEMENT (Continued)

A 0.50% point parallel increase in all relevant yield curves will cause a NOK 169,1 million increase in the market value. A decrease of 0.50% will take sum yields below zero and the calculation will only be of theoretical in nature. This change would be classified as a financial item in the statement of comprehensive income for the Group. In addition, the fixed rate coupon on the convertible bond as described in note 10 is part of the hedging of interest rate risk in the Group.

CREDIT RISK

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and as a main rule the Group's trade receivables are fully credit insured. The Group is monitoring exposure towards individual customers closely and is not substantially exposed in relation to any individual customer or contractual partner as of 31 December 2012. The maximum exposure is disclosed in note 16.

PRICE/LIQUIDITY RISK

The Group is continuously monitoring liquidity and estimates expected liquidity development on the basis of budgets and monthly updated forecasts from the units. Marine Harvest's financial position and development depend significantly on the spot price developments for salmon, and these prices have historically been volatile. As such Marine Harvest is exposed to movements in supply and demand for salmon. Marine Harvest has to some extent mitigated its exposure to spot prices by entering into bilateral fixed price/volume contracts with its' customers. The hedging rate has normally varied between 15 and 40% of Marine Harvest's sold volume and the duration of the contracts have typically been three to twelve months. To a limited extent such contracts have been entered into with duration of more than twelve months. Furthermore Marine Harvest is reducing its' exposure to spot price movements through its' value added processing activities and tailoring of products for its customers. Other key liquidity risks are fluctuations in production and harvest volumes, biological issues, and changes in the feed price, which is the most important individual factor on the cost side. Feed costs are correlated to the marine and agricultural commodity prices of the ingredients.

Marine Harvest's aim is to maintain a balance between long-term financing and flexibility by using credit facilities, new borrowings and bonds.

NOTE 12—CAPITAL MANAGEMENT AND RISK MANAGEMENT (Continued)

**MATURITY PROFILE OF THE FINANCIAL LIABILITIES AND DERIVATIVES
BASED ON CONTRACTUAL UNDISCOUNTED PAYMENTS, INCLUDING INTEREST**

(NOK MILLION)	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	WITHIN 1 YEAR	1 - 2 YEARS	2 - 5 YEARS	MORE THAN 5 YEARS
Non-derivative financial liabilities						
Syndicated loan	- 3 921.8	- 4 185.1	- 352.0	- 345.0	- 3 488.1	
Convertible bond	- 1 558.6	- 1 842.2	- 74.5	- 74.5	- 1 693.3	
Unsecured bond	- 79.3	- 79.0	- 79.0			
Leasing debt	- 5.7	- 5.7	- 0.8	- 3.0	- 1.9	
Trade payables and other liabilities	- 1 646.4	- 1 692.5	- 1 535.4	- 16.0	- 44.6	- 96.5
Derivative financial liabilities						
Conversion liability component	- 329.5					
Interest swaps	- 448.7	- 860.4	- 104.7	- 97.7	- 375.9	- 282.2
Cash flow hedges	123.5	135.2	135.2			
Transaction hedges	8.1	8.4	7.9	0.5		
Total financial liabilities	- 7 858.4	- 8 521.4	- 2 003.3	- 535.7	- 5 603.8	- 378.7

NOTE 13—REMUNERATION

SALARY AND PERSONNEL EXPENSES

(NOK MILLION)	2012	2011	2010
Wages and salaries	- 1 635.6	- 1 582.0	- 1 604.1
Social security taxes	- 256.5	- 240.6	- 250.4
Pension expenses	- 78.7	- 73.7	- 45.0
Other benefits	- 447.9	- 281.5	- 303.1
Total salary and personnel expenses	- 2 418.7	- 2 177.8	- 2 202.5
Average number of employees	6 357	6 236	6 080

At year-end 2012 there were 6 389 full time employees in the Group.

The Board of Marine Harvest ASA determines the principles applicable to the Marine Harvest Group's policy for senior executive compensation. The Board is directly responsible for the determination of the CEO's salary and other benefits. The CEO is, in consultation with the chairman of the board, responsible for the determination of the salary and other benefits for the Group's other senior executives. The Marine Harvest Group's senior executives include the management team of each business area as well as the senior members of the corporate staff.

The following guidelines form the basis of the determination of compensation to the Marine Harvest Group's senior executives:

- The total compensation offered to senior executives shall be competitive, both nationally and internationally.
- The compensation shall contain elements providing necessary financial security following termination of the employment, both before the age of retirement and in connection with this.

NOTE 13—REMUNERATION (Continued)

- The compensation shall be motivating, both for the individual and for the Group's senior executives as a group.
- Variable elements in the total compensation to the Group's senior executives shall be linked to the values generated by the Group for Marine Harvest ASA's shareholders.
- The system of compensation shall be understandable and meet general acceptance internally in the Group, among the Company's shareholders and with the public.
- The system of compensation shall be flexible and contain mechanisms which make it possible to carry out individual adjustments based on the results achieved and contributions made towards the development of the Group.

Fixed salary

The fixed salary which each individual senior executive in the Marine Harvest Group will receive is a consequence of existing employment agreements. Adjustments of individual fixed salaries will be carried out in accordance with trends in local labour markets, the results achieved, and individual contributions to the development of the Group.

Benefits in kind

The Marine Harvest Group's compensation schemes include only a limited number of benefits in kind. These benefits are offered in line with what is common practice in local labour markets and typically include personal communication equipment, access to media, and in some instances car and parking arrangements.

Pension

The Group currently has a number of pension schemes for its employees. The pension schemes comply with local statutory requirements which the individual companies in the Group are obliged to comply with. Schemes which go beyond what is required by law are mainly contribution based. The corporate management team in Norway is included in defined contribution plan where the contribution is limited to 5% - 8% of salaries up to NOK 1.0 million (12 G).

Termination payment

The Marine Harvest Group has individual agreements on termination payments upon dismissal with several of its senior executives. The right to receive a termination payment is linked to a waiver of the general protection against termination. The period of termination payment is maximum 24 months from resignation.

Bonus

The Marine Harvest Group's senior executives have, as a part of their employment terms, a right to receive an annual bonus. The scheme is cash-based and is triggered for each individual if targets for the Group, and for the individual entitled to a bonus, are met. 70% of the bonus is linked to the target achievement of the Group and a business area, while 30% is linked to individual goal achievement. The size of the bonus is, for each individual, limited to a share of the person's fixed salary. The CEO is entitled up to a 50% of the annual fixed salary. Other GMT members, Business Unit managing directors and Senior Group Staff are entitled to up to 30% of annual fixed salary.

NOTE 13—REMUNERATION (Continued)

The costs of salary and other benefits to the key management personnel are:

REMUNERATION TO KEY MANAGEMENT PERSONNEL

	(NOK Million)		
	2012	2011	2010
Salaries and other short-term employee benefits	19.9	13.8	28.9
Termination benefits	3.5	0.0	5.6
Post-employment benefits	2.2	1.5	0.6
Shared based payments	1.3	6.4	0.0
Total	26.9	21.6	35.1

SHARE PRICE BASED BONUS SCHEME

Marine Harvest Group has a share price based bonus scheme for key employees. The scheme was launched in 2008, and the first bonus payments was in April 2011. The main characteristics of the scheme are as follows:

- The individual entitled to bonus is allotted a number of calculatory “Units”. Each Unit corresponds to one share in Marine Harvest, and the “Base value” of each Unit corresponds to the market price of Marine Harvest’s share + 7.5% at the time of allotment.
- 3 years after allotment, the individual entitled to bonus will be paid a cash bonus corresponding to the positive difference between the Marine Harvest share’s market value at such time and the Base Value, multiplied with the number of Units.
- The individual entitled to bonus is obligated to invest the bonus amount after income tax has been deducted in Marine Harvest shares at market price. These shares are purchased from Marine Harvest (if treasury shares are available), or in the market. Marine Harvest will cover the individual’s expenses for purchasing the shares.
- The individual entitled to bonus is obligated to own the purchased shares for a minimum of 12 months following their acquisition.
- The payment of bonus is conditional upon the individual entitled to bonus being employed in the Marine Harvest Group during the whole earning period. The bonus amount is, for each individual, limited to 2 years’ salary.
- The scheme has a maximum scope of 35 million Units per year.

Recent allotments taken place:

- On 26 June 2009 13 450 000 Units were allotted to 65 employees in the Group. The Base Value for this allotment was NOK 4.4887 per Unit, and strike adjusted for dividends was NOK 3.5275 per Unit. The allotment was executed in July 2012, and NOK 7.9 million was paid out.
- On 21 April 2010, 32 000 000 Units were allotted to 67 employees in the Group. The Base Value for this allotment was NOK 5.7405 per Unit, and strike adjusted for dividends was NOK 4.5125 per Unit.
- On 28 March 2011, 29 750 000 Units were allotted to 52 employees in the Group. The base value for this allotment was NOK 7.353 per Unit, and strike adjusted for dividends was NOK 6.4822 per Unit.

NOTE 13—REMUNERATION (Continued)

- No new agreements were signed in 2012.

Both the Base Value and the number of calculatory Units have been adjusted as a result of distributed dividend.

Outstanding Units will forfeit without any compensation to the beneficiary if the employment with Marine Harvest Group ceases prior to the settlement date.

SHARE PRICE BASED BONUS SCHEME FOR SENIOR EXECUTIVES

<u>OUTSTANDING UNITS PER ALLOTMENT</u>	<u>2011-ALLOTMENT</u>	<u>2010-ALLOTMENT</u>	<u>2009-ALLOTMENT</u>
Distributed units	29 750 000	32 000 000	13 450 000
Forfeited units	– 2 250 000	– 8 400 000	– 4 375 000
Dividend adjustment	3 694 240	6 419 648	2 468 572
Execution	—	—	– 11 543 572
Total Units outstanding at year end	<u>31 194 240</u>	<u>30 019 648</u>	<u>0</u>
Number of employees in the scheme at year end	<u>48</u>	<u>51</u>	<u>—</u>

SHARE PURCHASE PROGRAM

All permanent employees in Marine Harvest ASA and its Norwegian subsidiaries have in the years 2009 through 2012 had the opportunity to acquire shares in the Company within the scope of the Norwegian Tax Act Section 5-14. These provisions provide this group of employees with the opportunity to receive a tax free benefit of NOK 1,500 in connection with their participation in such a scheme. The employees are given the opportunity to get the purchase financed through a loan from Marine Harvest ASA, which will be deducted in salary over maximum 10 months.

No other loans or guaranties have been granted to key management personnel.

PENSIONS

Pensions are not a significant cost component or obligation in the financial statements. The different schemes in the Group are explained below:

DEFINED BENEFIT PLANS**Marine Harvest ASA**

Marine Harvest ASA has a defined benefit pension plan for one employee, and the net obligation(1) as of 31 December 2012 amounts to NOK 25 million (2011: NOK 23.2 million and 2010: nil).

Marine Harvest Norway

Marine Harvest Norway has a defined benefit pension plan for one employee, in addition to a provision related to the old scheme for early retirement pension. The new early retirement plan will be recognised as a defined contribution plan, as there is not sufficient information available to measure and allocate the total liability or breakdown per company.

NOTE 13—REMUNERATION (Continued)

Marine Harvest Scotland

Marine Harvest Scotland participates in a pension scheme providing benefits based on final pensionable pay which is now closed to further contributions. The scheme has 467 members. There is a nominal pension surplus balance recognised which as of 31 December 2012 is GBP 2.5 million (2011: GBP 2.4 million and 2010: GBP nil).

Marine Harvest VAP—France

The entities in France have established agreements where the employees are entitled to payments after retirement according to a legally defined benefit plan. There are 883 employees in France that are included in these pension schemes, and the net obligations as of 31 December 2012 amounts to EUR 2.7 million (2011: EUR 1.8 million and 2010: EUR 1.6 million).

Marine Harvest VAP—Belgium

For a small number of employees of the old Marine Harvest, there is still a defined benefit plan in place. There are 8 employees in Belgium that are included in this pension scheme and the net obligation as of 31 December 2012 amounts to EUR 0.5 million (2011: EUR 0.3 million and 2010: EUR 0.3 million).

CONTRIBUTION PLANS

Marine Harvest ASA

In Marine Harvest ASA there is a defined contribution plan with 38 members. For 2012 the cost related to this scheme was NOK 2.3 million. (2011: NOK 2.1 million and 2010: NOK 1.6 million).

Marine Harvest Norway and subsidiaries

Marine Harvest Norway, subsidiaries and other Norwegian group companies Marine Harvest Norway, Marine Harvest Ingredients, Sterling White Halibut and Marine Harvest Labrus has a defined contribution plan for the 1 690 employees. All permanent employees employed in minimum 20% positions are included in the plan, where the employer contributes between 4 - 8% of the salary up to a maximum of 12 G (1 G = NOK 82 122). The cost of the scheme was NOK 28.0 million in 2012 (2011: NOK 24.2 million and 2010: NOK 14.9 million).

Marine Harvest Canada

Marine Harvest Canada has a single defined contribution pension plan (DCPP) with 202 current members. The plan is voluntary and employees can join after 2 years of continuous service. The contribution rate is 6% by employer and 4% by employee. There are 68 employees that have been grandfathered in the plan. The contribution rate for these employees is 8% by employer and 6% by employee. The cost of the scheme was CAD 0.8 million in 2012 (2011: CAD 0.9 million and 2010: CAD 0.9 million).

Marine Harvest Scotland

Marine Harvest Scotland operates a defined contribution pension scheme for 517 members. The pension charge for the year represents contributions payable by the company to the scheme, and was GBP 0.6 million in 2012 (2011: GBP 0.5 million and 2010 GBP 0.4 million).

NOTE 13—REMUNERATION (Continued)

Marine Harvest Chile

In Marine Harvest Chile, the pensions are generated by an individual mandatory savings account equal for all workers, legally defined. Every month 10% of the salary is deducted and sent to the administrator chosen by the worker. The scheme had 476 members (employees) in 2012, and the cost was USD 1.2 million in 2012 (2011: USD 1.1 million and 2010: USD 1.3 million).

Marine Harvest VAP—Belgium

A contribution plan for groups of employees has been established in Belgium, covering 64 employees. The premium in the scheme is calculated as a percentage of yearly salary, and both the company and the employee contribute to the scheme. According to the law in Belgium the contribution plan has a minimum return guarantee and in 2012 the return is in line with this minimum guarantee and the cost was EUR 0.2 million in 2012 (2011: EUR 0.3 million and 2010: EUR 0.3 million).

NOTE 14—TAXES

TAX FOR THE YEAR IN THE STATEMENT OF COMPREHENSIVE INCOME (NOK MILLION)			
	2012	2011	2010
Norway	13.8	-0.2	-0.7
Foreign units	-51.9	-192.8	-184.4
Tax on profits (current tax)	-38.0	-192.9	-185.1
Norway	-316.6	19.3	-901.2
Foreign units	-34.3	126.9	-168.0
Change in deferred tax	-351.0	146.2	-1 069.2
Total taxes related to profit for the year	-389.0	-46.7	-1 254.3
RECONCILIATION BETWEEN NOMINAL AND EFFECTIVE TAX RATE (NOK MILLION)			
	2012	2011	2010
Profit before tax	830.3	579.5	4 666.0
Nominal tax rate	28%	28%	28%
Tax calculated with nominal tax rate	-232.5	-162.3	-1 306.5
Non taxable income/loss on sale of shares	38.6	-0.7	—
Convertibel bond	-85.5	134.7	-68.8
Non taxable income/loss from associated company . .	21.6	-3.9	56.6
Non taxable income/loss on change in market value on financial instruments	0.6	—	—
Effect of changed tax rate	-24.7	6.8	—
Effect of adjustment of income from previous years .	-4.2	-22.0	5.7
Effect of recognition/derecognition of tax assets	-72.7	25.0	—
Other permanent difference reported by the entities .	-6.9	-9.0	11.2
Effect of different tax rates	-23.2	-15.3	47.5
Total actual tax in the statement of comprehensive income	-389.0	-46.7	-1 254.3
TAX FOR THE YEAR RECOGNISED IN OTHER COMPREHENSIVE INCOME (NOK MILLION)			
	2012	2011	2010
Deferred tax related to income recognised as other comprehensive income	31.1	38.5	-61.8
Other comprehensive income including currency effects	29.4	-3.7	-10.0
Total tax for the year recognised in Comprehensive income . .	60.5	34.8	-71.8
TAX PREPAID/RECEIVABLE IN THE STATEMENT OF FINANCIAL POSITION (NOK MILLION)			
	2012	2011	2010
Tax prepaid/receivable in Norway	11.5	—	—
Tax prepaid/receivable in foreign units	55.5	44.2	114.3
Total tax prepaid/receivable in the statement of financial position	67.0	44.2	114.3

NOTE 14—TAXES (Continued)

TAX PAYABLE IN THE STATEMENT OF FINANCIAL POSITION (NOK MILLION)	2012	2011	2010
Tax payable in Norway	—	4,6	14,4
Tax payable, foreign units	26.2	82.0	35.3
Total tax payable in the statement of financial position	<u>26.2</u>	<u>86.6</u>	<u>49.7</u>

SPECIFICATION OF DEFERRED TAX AND BASIS FOR DEFERRED TAX/TAX ASSETS TAX INCREASING/(REDUCING) TEMPORARY DIFFERENCES (NOK MILLION)	2012	2011	2010
Non-current assets	3 887.3	5 302.6	5 027.4
Current assets	4 797.0	4 314.4	6 594.4
Debt	334.2	219.0	48.7
Pension obligation	- 50.2	- 37.7	—
Tax losses carried forward	- 677.5	- 1 703.8	- 2 955.3
Other differences	- 24.1	492.8	297.9
Total temporary differences	<u>8 266.7</u>	<u>8 587.4</u>	<u>9 013.1</u>
Tax losses carried forward in Norway	- 404.0	- 1 236.1	- 2 545.2
Other temporary differences in Norway	6 975.6	6 829.0	8 102.0
Tax losses carried forward abroad	- 273.5	- 467.7	- 410.1
Other temporary differences abroad	1 968.6	3 462.2	3 866.4
Total temporary differences	<u>8 266.7</u>	<u>8 587.4</u>	<u>9 013.1</u>

TOTAL DEFERRED TAX ASSET/LIABILITIES IN THE STATEMENT OF FINANCIAL POSITION (NOK MILLION)	2012	2011	2010
Deferred tax assets	73.9	160.1	118.6
Deferred tax liabilities ⁽¹⁾	- 2 543.7	- 2 339.4	- 2 441.6
Net deferred tax in the statement of financial position	<u>- 2 469.8</u>	<u>- 2 179.3</u>	<u>- 2 323.0</u>

(1) Purchase of Straume Fiskeoppdrett and Eggesbønes AS increased deferred tax liabilities with 37 MNOK

The Group has capitalized deferred tax assets related to tax losses carried forward. This is based on the expectation of sufficient earnings in the future, mainly in Norway, Chile and USA where the majority of tax losses carried forward are located. In Norway tax losses can be carried forward indefinitely. In addition, substantial deferred tax liabilities linked to non-current assets and current assets are recorded. Deferred tax assets linked to tax losses are offset against deferred tax liabilities in

NOTE 14—TAXES (Continued)

the tax jurisdictions where acceptable, and remaining deferred tax asset in the group accounts are mainly deferred tax assets in Norway.

MATURITY OF TAX LOSSES WHERE DEFERRED TAX LOSS IS RECOGNISED (NOK MILLION) TO YEAR	NORWAY	ABROAD	TOTAL
2013	—	—	—
2014	—	—	—
2015	—	—	—
2016	—	12.3	12.3
2017	—	3.3	3.3
2018	—	—	—
2019	—	—	—
2020	—	41.0	41.0
2021	—	3.2	3.2
2022+	—	58.7	58.7
Unlimited	404.0	154.9	558.9
Total 2012	404.0	273.5	677.5
Total 2011	1 236.1	467.7	1 703.8
Total 2010	2 545.2	410.1	2 955.3

TAX RATES APPLIED (SELECTED COUNTRIES) COUNTRY	2012	2011	2010
Japan	40.0%	40.0%	44.3%
USA	35.0%	35.0%	35.0%
Belgium	34.0%	34.0%	34.0%
France	33.3%	33.3%	33.3%
Norway	28.0%	28.0%	28.0%
Scotland	24.5%	26.5%	27.0%
The Netherlands	25.0%	25.0%	25.5%
Canada	25.0%	25.0%	25.0%
Poland	19.0%	19.0%	19.0%
Faroe Islands	20.5%	20.5%	18.0%
Chile	20.0%	20.0%	17.9%
Ireland	12.5%	12.5%	10.0%

NOTE 14—TAXES (Continued)

MATURITY OF TAX LOSSES FOR WHICH NO DEFERRED TAX ASSET IS RECOGNISED (NOK MILLION) TO YEAR	NORWAY	ABROAD
2013	—	21.6
2014	—	15.6
2015	—	321.1
2016	—	7.5
2017	—	7.0
2018	—	—
2019	—	—
2020	—	—
2021	—	—
2022+	—	—
Unlimited	—	7.0
Total	—	379.7
Total 2011	—	137.1
Total 2010	—	265.8

NOTE 15—CASH

(NOK MILLION)	2012	2011	2010
Cash in bank	246.1	213.1	244.2
Restricted cash / withheld taxes	35.9	35.1	32.9
Other restricted cash	53.3	30.9	41.9
Cash	335.3	279.1	319.0

NOTE 16—TRADE RECEIVABLES AND OTHER RECEIVABLES

SPECIFICATION OF CARRYING AMOUNT OF RECEIVABLES (NOK MILLION)	2012	2011	2010
Trade receivables	1 799.4	1 929.9	1 861.1
Provisions for bad debts	-17.5	-15.0	-16.1
Net trade receivables	1 782.0	1 914.9	1 844.9
Prepayments	95.4	65.4	67.8
Currency hedges	135.1	243.3	393.1
Other	362.3	301.1	353.8
Other receivables	592.7	609.8	814.7
Total trade receivables and other receivables	2 374.7	2 524.86	2 659.6
AGE DISTRIBUTION OF TRADE RECEIVABLES (NOK MILLION)	2012	2011	2010
Receivables not overdue	1 426.3	1 661.4	1 543.4
Overdue 0-6 months	360.3	257.7	308.6
Overdue more than 6 months	12.8	10.8	9.2
Total carrying amount of trade receivables	1 799.4	1 929.9	1 861.1

NOTE 16—TRADE RECEIVABLES AND OTHER RECEIVABLES (Continued)

MOVEMENT IN PROVISIONS FOR BAD DEBT (TRADE RECEIVABLES)

At the beginning of 2012, provisions for bad debt amounted to NOK 15.0 million. Provisions amounting to NOK –0.8 million was considered lost and thus written-off. Adjusted for additional provisions for losses of NOK 4.0 million, as well as NOK –0.7 million in currency effects, the provision for bad debt amounted to NOK 17.5 million at year-end 2012.

CURRENCY EXPOSURE TO TRADE RECEIVABLES

The Group held trade receivables amounting to NOK 1 782.0 million at year-end.

The units generally completes their sales in the main trading currency in the country of destination. Below the carrying amount of trade receivables per unit is presented, and an indication of currency is given by reference to the markets where sales from the unit generally are made.

BUSINESS UNIT (NOK MILLION)	MAIN MARKETS AND CURRENCY	2012	2011	2010
Marine Harvest Norway	European market (EUR), US market (USD), Russia (USD) and Asia (JPY&USD)	619.3	596.3	566.2
Marine Harvest Chile	US market (USD), Brazil and Argentina (USD) and Asia (JPY)	242.6	238.3	190.9
Marine Harvest Canada	US market (USD)	16.6	26.7	125.0
Marine Harvest Scotland	Domestic market (GBP) and European market (EUR)	97.4	139.9	99.2
Marine Harvest VAP Europe	Belgium, France and Holland (EUR)	642.0	728.1	723.0
Marine Harvest Other Businesses and eliminations		164.1	185.6	140.6
Net trade receivables		1 782.0	1 914.9	1 844.9

NOTE 17—TRADE PAYABLES AND OTHER CURRENT LIABILITIES

(NOK MILLION)	2012	2011	2010
Trade payables	1 452.5	1 481.8	1 450.2
Other current liabilities			
Social security and other taxes	121.8	117.4	93.1
Accrued expenses	385.9	332.7	401.8
Market value interest- and currency hedging instruments	450.4	304.6	151.1
Other liabilities	517.3	425.6	466.3
Total other current liabilities	1 475.4	1 180.3	1 112.2

CURRENT INTEREST-BEARING DEBT TO FINANCIAL INSTITUTIONS (NOK MILLION)	2012	2011	2010
First years instalment on debt	235.3	—	250.6
Bank overdrafts	45.0	154.8	175.2
Other current interest-bearing debt	97.5	2.2	3.9
Total current interest-bearing debt	377.8	157.0	429.7

NOTE 17—TRADE PAYABLES AND OTHER CURRENT LIABILITIES (Continued)

UNUSED DRAWING RIGHTS (NOK MILLION)	2012	2011	2010
Unused part of bank overdraft facility (to be renewed within one year)	73.9	79.1	81.1
Unused part of bank overdraft facility (to be renewed in more than one year)	345.6	251.0	209.5
Unused part of other drawing rights (to be renewed in more than one year) . .	1 038.9	422.4	528.9
Total unused drawing rights	1 458.4	752.5	819.5

NOTE 18—SECURED LIABILITIES AND GUARANTEES

CARRYING VALUE OF DEBT SECURED BY MORTGAGES AND PLEDGES (NOK MILLION)	2012	2011	2010
Debt to financial institutions	4 036.1	5 045.6	3 783.2
Leasing debt	5.7	12.3	127.7
Total debt secured by mortgages and pledges	4 041.8	5 057.9	3 910.9
Guarantee liabilities	88.7	96.7	47.6

The Group syndicated loan facility has been established with security in current assets, licenses (where applicable), fixed assets and guarantees from some of the entities in the Group. In addition the shares in larger subsidiaries have been pledged in favour of the bank syndicate.

CARRYING VALUE OF ASSETS PLEDGED AS SECURITY FOR DEBT (NOK MILLION)	2012	2011	2010
Tangible fixed assets and licenses	6 382.5	6 452.1	6 424.0
Inventory and biological assets	6 207.3	6 189.0	7 088.6
Trade receivables	985.0	1 154.0	1 108.4
Other assets	7.6	3.7	22.0
Total assets pledged as security	13 582.4	13 798.8	14 642.9

NOTE 19—OTHER NON-CURRENT LIABILITIES

(NOK MILLION)	2012	2011	2010
Net pension obligations	78.8	67.8	53.0
Conversion liability component—details in note 10	329.5	24.2	505.4
Other non-current liabilities	6.4	7.4	12.7
Total other non-current liabilities	414.7	99.3	571.1

NOTE 20—INVESTMENTS IN ASSOCIATED COMPANIES

Associated companies are companies where the Group has a significant ownership interest, ranging from 20-50%, and where the Group is able to exercise significant influence. Associated companies are recorded in the Group accounts in accordance with the equity method. None of the companies recognised as associated companies are listed companies.

ASSOCIATED COMPANIES (NOK MILLION)	HEAD OFFICE	OWNERSHIP	OWNED BY	ACQUISITION COST	CARRYING AMOUNT 01.01.12	SHARE OF PROFIT 2012	DIVIDENDS RECEIVED 2012	OTHER CHANGES 2012	CARRYING AMOUNT 31.12.12
Nova Sea AS	Lovund	48%	Marine Harvest Holding AS	269.2	539.5	78.7	-23.5	—	594.7
Finnøy Fisk AS	Finnøy	45%	Marine Harvest Norway AS	22.7	38.1	0.4	-8.3	—	30.2
Vågafossen Settefisk AS	Vikedal	48%	Marine Harvest Norway AS	1.3	7.6	0.6	—	—	8.2
Center for Aquaculture Competence AS	Hjelmeland	33%	Marine Harvest Norway AS	0.2	43.7	1.0	—	-30.7	14.0
Others				0.1	0.2	2.9	—	-2.9	0.2
Total				293.5	629.0	83.6	-31.8	-33.6	647.3

(NOK MILLION)	TOTAL ASSETS	TOTAL LIABILITIES	TOTAL REVENUE	TOTAL PROFIT AND LOSS
2012				
Nova Sea AS	1 343.0	725.5	1 313.2	98.8
Finnøy Fisk AS	60.8	31.8	13.0	1.3
Centre for Aquaculture Competence AS	19.2	15.4	67.2	2.7
Vågafossen Settefisk AS	19.2	3.1	17.6	2.2
2011				
Nova Sea AS	1 236.0	627.4	927.3	130.2
Finnøy Fisk AS	75.8	49.3	37.0	17.6
Centre for Aquaculture Competence AS	55.7	54.6	35.9	-0.6
Vågafossen Settefisk AS	18.5	3.6	17.9	1.6
2010				
Nova Sea AS	1 179.0	699.8	1 155.8	265.1
Finnøy Fisk AS	78.0	50.6	48.5	27.3
Centre for Aquaculture Competence AS	41.0	39.2	29.0	0.9
Vågafossen Settefisk AS	18.8	4.6	16.3	0.6

NOTE 21—INVESTMENTS IN OTHER SHARES

Shares and holdings where the Group does not have significant influence.

SHAREHOLDINGS (NOK MILLION) SELSKAP	NUMBER OF SHARES	OWNERSHIP %	ACQUISITION COST	CHANGES IN MARKET VALUE 2012	CARRYING AMOUNT 31.12.12
Aker Seafoods ASA ⁽¹⁾	10 092 923	11.9%	251.0	32.9	59.3
Morpol ASA	81 531 705	48.5%	937.6	—	937.6
Stofnfiskur	10 633 341	7.8%	6.0	—	3.0
Norway Seafoods AS ⁽¹⁾	10 092 923	11.9%	34.1	-29.1	5.0
Other shares			2.8	—	3.6
Total carrying amount of other shares			1 231.4	3.8	1 008.6

(1) Acquisition cost in Norway Seafoods AS represents the value at the time of the demerger from Aker Seafood ASA. The acquisition cost in Aker Seafood ASA has been reduced accordingly.

NOTE 21—INVESTMENTS IN OTHER SHARES (Continued)

The shares in Aker Seafoods ASA are carried at fair value based on the market price for the shares at the Oslo Stock Exchange at year-end 2012

The shares in Norway Seafoods AS are carried at fair value (OTC list).

The shares in Morpol ASA are carried at fair value based on the acquisition price. Marine Harvest does not have either control or significant influence of the shares in Morpol ASA. Reference is made to note 30.

NOTE 22—CONSOLIDATED ENTITIES

The consolidated financial statements include the following companies:

<u>PARENT COMPANY</u>	<u>COUNTRY</u>	
Marine Harvest ASA	Norway	
<u>SUBSIDIARIES—NORWAY</u>	<u>COUNTRY</u>	<u>OWNERSHIP %</u>
Marine Harvest Holding AS	Norway	100.00%
Marine Harvest Norway AS	Norway	100.00%
Marine Harvest Ingredients AS	Norway	100.00%
Sterling White Halibut AS	Norway	100.00%
Marine Harvest Minority Holding AS	Norway	100.00%
Marine Harvest Labrus AS	Norway	100.00%
<u>SUBSIDIARIES—AMERICAS</u>	<u>COUNTRY</u>	<u>OWNERSHIP %</u>
Marine Harvest North America Inc.	Canada	100.00%
Marine Harvest Canada Inc.	Canada	100.00%
Englewood Packing Company Ltd.	Canada	100.00%
Marine Harvest Chile S.A.	Chile	100.00%
Ocean Horizons S.A.	Chile	100.00%
Fjord Seafood Chile S.A.	Chile	100.00%
Cultivadora de Salmones Linao S.A.	Chile	100.00%
Salmones Americanos S.A.	Chile	100.00%
Salmones Tecmar S.A.	Chile	100.00%
Salmones Lican S.A.	Chile	100.00%
Processadora De Productos Marinos Delifish S.A.	Chile	100.00%
Salmoamerica Corp.	Panama	100.00%
Aquamerica International Holdings S.A.	Panama	100.00%
Panamerica International Holdings S.A.	Panama	100.00%
Marine Harvest USA Holding LLC	USA	100.00%
Ducktrap River of Maine LLC	USA	100.00%
Marine Harvest USA LLC	USA	100.00%

NOTE 22—CONSOLIDATED ENTITIES (Continued)

<u>SUBSIDIARIES—ASIA</u>	<u>COUNTRY</u>	<u>OWNERSHIP %</u>
Marine Harvest China Co. Ltd.	China	100.00%
Marine Harvest Hong Kong Cy Ltd.	Hong Kong	100.00%
Marine Harvest Japan Inc.	Japan	100.00%
Marine Harvest Food Service Inc.	Japan	100.00%
Marine Harvest Korea Co. Ltd.	Korea	100.00%
Marine Harvest Taiwan Co. Ltd.	Taiwan	100.00%
Marine Harvest Singapore Pte Ltd.	Singapore	100.00%
<u>SUBSIDIARIES—EUROPE</u>	<u>COUNTRY</u>	<u>OWNERSHIP %</u>
Marine Harvest Pieters NV	Belgium	100.00%
Marine Harvest VAP Europe NV	Belgium	100.00%
Marine Harvest Central and Eastern Europe s.r.o.	Czech Republic	100.00%
Marine Harvest Faroes P/F	Faroes	72.90%
Marine Harvest VAP France SAS	France	100.00%
Marine Harvest Appéti' Marine SAS	France	100.00%
Marine Harvest Boulogne SAS	France	100.00%
Marine Harvest Rolmer SAS	France	100.00%
Marine Harvest Lorient SAS	France	100.00%
J.L. Solimer SARL	France	100.00%
Marine Harvest Kritsen SAS	France	100.00%
Marine Harvest Rennes SAS	France	100.00%
Belisco Ehf	Iceland	100.00%
<u>SUBSIDIARIES—EUROPE</u>	<u>COUNTRY</u>	<u>OWNERSHIP %</u>
Comhlucht Iascaireachta Fanad Teoranta	Ireland	100.00%
Bradán (Maoil Rua) Teoranta	Ireland	100.00%
Bradán Fanad Teoranta	Ireland	100.00%
Bradán Prioseal Teoranta	Ireland	100.00%
Fanad Pettigo Teoranta	Ireland	100.00%
Feirm Farraiige Oilean Chliara Teoranta	Ireland	90.00%
Fanad Fisheries (Trading) Ltd.	Ireland	100.00%
Silverking Seafoods Ltd	Ireland	100.00%
Marine Harvest Italia S.R.L.	Italy	100.00%
Marine Harvest NV	Netherlands	100.00%
Marine Harvest International BV	Netherlands	100.00%
Marine Harvest Holland BV	Netherlands	100.00%
Marine Harvest Sterk Holding BV	Netherlands	100.00%
Marine Harvest Sterk BV	Netherlands	100.00%
Marine Harvest Poland Sp. Zoo	Poland	100.00%
Marine Harvest (Scotland) Ltd	Scotland	100.00%
Marine Harvest Spain, S.L.	Spain	100.00%

NOTE 23—SHARE CAPITAL

SHARE CAPITAL (NOK MILLION)	2012	2011	2010
Total number of shares	3 748.3	3 581.1	3 574.9
Nominal value as of 31.12 (NOK)	0.75	0.75	0.75
Share capital (total number of shares at nominal value)	2 811.3	2 685.9	2 681.2
Share premium reserve	779.0	55.0	17.5

**OVERVIEW OF THE LARGEST SHAREHOLDERS
31.12.2012:**

	NO. OF SHARES	OWNER'S SHARE %
Geveran Trading CO LTD	730 412 902	19.49%
Folketrygdfondet	290 483 992	7.75%
Morgan Stanley & CO Internat. PLC	254 203 535	6.78%
Geveran Trading CO LTD	123 480 400	3.29%
State Street Bank and Trust CO.	114 867 710	3.06%
Clearstream Banking S.A.	109 080 746	2.91%
Friendmall LTD	80 524 404	2.15%
State Street Bank & Trust CO.	80 409 314	2.15%
State Street Bank and Trust CO.	62 835 557	1.68%
State Street Bank and Trust CO	55 956 585	1.49%
DNB NOR Bank ASA	51 715 263	1.38%
Goldman Sachs & CO—Equity	51 714 000	1.38%
Deutsche Bank Trust CO. Americas	48 439 520	1.29%
The Bank of New York Mellon	46 182 666	1.23%
Statoil Pensjon	36 782 996	0.98%
Varma Mutual Pension Insurance	33 500 000	0.89%
West Coast Invest AS	30 012 000	0.80%
JPMorgan Chase Bank	26 955 832	0.72%
MP Pensjon PK	24 658 000	0.66%
Skandinaviska Enskilda Banken	23 856 153	0.64%
Total 20 largest shareholders	2 276 071 575	60.72%
Total other	1 472 270 022	39.28%
Total number of shares	3 748 341 597	100.00%

SHAREHOLDERS PER COUNTRY

	NO. OF SHARES	SHARE %
Norway	1 102 249 091	29.41%
Cyprus	955 246 829	25.48%
USA	652 890 401	17.42%
Great Britain	555 172 119	14.81%
Other countries	482 783 157	12.88%

NOTE 23—SHARE CAPITAL (Continued)

<u>SHARES OWNED BY BOARD MEMBERS, GROUP MANAGEMENT AND THEIR RELATED PARTIES AS OF 31.12.2012</u>	<u>NUMBER OF SHARES</u>
Board of Directors	
Ole-Eirik Lerøy (Chairman of the Board)	11 220 000
Leif Frode Onarheim	300 000
Solveig Strand	20 000
Michael Parker	0
Cecilie Fredriksen ⁽¹⁾	0
Tor Olav Trøim	5 000
Hege Sjø	0
Turid Lande Solheim	5 909
Geir-Elling Nygård	0
Stein Mathiesen	3 018
Total number of shares held by Board members	<u>11 553 927</u>
Group Management	
Alf-Helge Aarskog CEO	255 909
Ivan Vindheim CFO	3 018
Marit Solberg COO Farming	245 707
Ola Brattvoll COO Sales and Marketing	3 018
Øyvind Oaland R&D Global Director	80 450
Anne Lorgen Riise HR Global Director	0
Total number of shares held by Group management	<u>588 102</u>
Total number of shares held by Board members and Group management personnel	<u>12 142 029</u>
Total number of shares held by Board members and Group management personnel in % of total outstanding shares	<u>0.32%</u>

(1) Cecilie Fredriksen is a member of the class of Beneficiaries of the Trusts which indirectly control Geveran Trading Co Limited.

TRS AGREEMENTS AND FORWARD CONTRACTS

Geveran Trading Co Ltd (Geveran), which is indirectly controlled by trusts established by John Fredriksen for the benefit of his immediate family, holds 918 233 302 shares representing 24.50% of the issued capital in Marine Harvest ASA and has an additional exposure to the share through TRS agreements relating to 70 000 000 shares in Marine Harvest ASA.

Ole-Eirik Lerøy and his affiliate own 41 220 000 shares in Marine Harvest ASA, of which 30 000 000 shares are covered by a forward agreement. This represents a total ownership of 1.15% of the issued share capital. The settlement date of the forward agreement is 16 December 2013 and the purchase price is NOK 3.9287 per share.

SHAREHOLDERS RIGHTS

There are no current limitations in voting rights or trade limitations related to the Marine Harvest share.

NOTE 23—SHARE CAPITAL (Continued)

AUTHORIZATION TO INCREASE THE SHARE CAPITAL

The Board of Directors is granted an authorization to increase the company's share capital with a total par value up to NOK 134 300 000 represented by up to 179 066 667 shares, with a nominal value of NOK 0.75 per share. 167 201 054 shares were issued under this proxy in relation to the acquisition of 48.5% of Morpol. The authority also applies to capital increases in connection with mergers pursuant. The authority did not define the purpose(s) of such capital increase. The authority expired at the AGM in 2013.

POWER OF ATTORNEY TO REPURCHASE OWN SHARES

The Board is granted a power of attorney to purchase shares in the company up to a maximum total nominal par value of NOK 268 585 000, which equals approx . 10% of the current share capital in the secondary market during the period up until the AGM 2013. The shares may be purchased at a maximum price of NOK 12 per share and a minimum price corresponding to their nominal value, NOK 0.75 per share.

NOTE 24—EARNINGS PER SHARE

EARNINGS PER SHARE/DILUTED EARNINGS PER SHARE (NOK MILLION)

	2012	2011	2010
Profit for the year attributable to owners of Marine Harvest ASA	437.3	527.3	3 381.2
Number of shares as of 31 December	3 748.3	3 581.1	3 574.9
Time-weighted average of shares issued and outstanding (million)	3 586.4	3 579.3	3 574.9
Average diluted number of shares (million)	3 930.1	3 922.9	3 574.9
= Earnings per share (NOK)	0.12	0.15	0.95
= Diluted earnings per share (NOK)	0.12	0.15	0.95

Basic EPS is calculated on the weighted average number of shares outstanding during the period.

Convertible bonds that are “in the money” are considered to have a dilutive effect if EPS is reduced when assuming a full conversion into shares at the beginning of the period and reversing all its effects on earnings for the period. On the other hand, if the effect of the above increases EPS, the bond is considered anti-dilutive, and is then not included in diluted EPS. The adjustments to earnings are interest expenses, currency gains/losses, changes in fair value of equity conversion option and estimated taxes.

The equity conversion option on the convertible bond was “in the money” at the end of the reporting period, but the effect on EPS was anti-dilutive and the convertible bond is therefore not included in diluted EPS

NOTE 25—RELATED PARTY TRANSACTIONS

SHAREHOLDERS

Geveran Trading Co Ltd is indirectly controlled by trusts established by John Fredriksen for the benefit of his immediate family. At year-end 2012 Geveran Trading's affiliated ownership in Marine Harvest was 918 233 302 shares constituting 24.5% of the total share capital and TRS agreements with an underlying net exposure to 70 million shares.

NOTE 25—RELATED PARTY TRANSACTIONS (Continued)**Transactions with associated companies**

The figures presented below are with associated companies, mainly Nova Sea AS, Finnøy Fisk AS, Vågafossen Setterfisk AS and Center for Aquaculture Competence AS.

<u>RELATED PARTY TRADE TRANSACTIONS (NOK MILLION)</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Revenue	18.9	15.1	—
Purchase	– 140.2	– 67.3	– 377.3
Trade receivables	– 0.3	8.5	0.2
Trade payables	<u>22.6</u>	<u>35.7</u>	<u>56.7</u>

NOTE 26—CONTINGENCIES

We are routinely involved in various legal matters arising from the normal course of business for which no material provisions has been made in the financial statements. While the outcome of these proceedings cannot be predicted with certainty, we believe that these proceedings, when resolved, will not have a material adverse effect on our results of operations, financial position, or liquidity. Refer to note 30 for further information.

NOTE 27—OTHER OPERATING EXPENSES

<u>SPECIFICATION OF OTHER OPERATING EXPENSES (NOK MILLION)</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Maintenance	647.2	577.3	350.2
Electricity and fuel	304.6	278.6	173.7
Rent and leases	236.9	199.5	108.9
Third party services	180.8	248.0	82.7
Insurance	136.1	122.8	80.9
Consultancy fees	99.0	117.4	179.2
IT costs	91.4	85.1	74.2
Travel cost	80.2	74.2	53.6
Marketing costs	50.9	52.0	48.9
Other operating costs	336.5	308.3	350.3
Total other operating expenses	<u>2 163.6</u>	<u>2 063.2</u>	<u>1 502.5</u>

NOTE 28—OPERATING LEASES

FUTURE PAYMENTS FOR OPERATING LEASES (NOK MILLION)	2012	2011	2010
Gross amount payable within 1 year	307.8	410.2	174.8
Gross amount payable within 1 - 5 years	444.0	507.1	410.8
Gross amount payable after 5 years	81.9	72.1	68.7
Total gross amount payable	833.8	989.4	654.3

The majority of the operating leases is related to rent of wellboats in Norway and Scotland

MAJOR LEASING AGREEMENTS AS OF 31 DECEMBER 2012 (NOK MILLION)	WELLBOATS NORWAY	WELLBOATS SCOTLAND
Gross amount payable within 1 year	230.1	46.7
Gross amount payable within 1 - 5 years	384.0	—

FUTURE INCOME FOR OPERATING SUBLEASES (NOK MILLION)	2012	2011	2010
Total future income for operating subleases	—	177.9	16.3

OPERATING LEASES AND SUBLEASES (NOK MILLION)	2012	2011	2010
Operating leases expensed	-175.9	-208.7	-296.7
Income from operating subleases	11.0	24.6	4.0
Total net operating leases	-165.0	-184.2	-292.7

NOTE 29—AUDITOR’S FEES

<u>FEE TO AUDITORS 2012 (NOK MILLION)</u>	<u>ERNST & YOUNG</u>	<u>OTHER APPOINTED AUDITORS</u>
Audit services	7.6	—
Other authorisation services	0.1	—
Tax advisory services	0.3	—
Other services non-audit related	0.9	—
Total fees for 2012	<u>9.0</u>	<u>—</u>
<u>FEE TO AUDITORS 2011 (NOK MILLION)</u>	<u>ERNST & YOUNG</u>	<u>OTHER APPOINTED AUDITORS</u>
Audit services	7.9	—
Other authorisation services	0.1	—
Tax advisory services	1.0	—
Other services non-audit related	0.3	0.2
Total fees for 2011	<u>9.3</u>	<u>0.2</u>
<u>FEE TO AUDITORS 2010 (NOK MILLION)</u>	<u>ERNST & YOUNG</u>	<u>OTHER APPOINTED AUDITORS</u>
Audit services	8.1	0.7
Other authorisation services	0.3	—
Tax advisory services	0.7	—
Other services non-audit related	0.6	0.1
Total fees for 2010	<u>9.8</u>	<u>0.8</u>

Auditor’s fee is stated exclusive value added tax.

NOTE 30—SUBSEQUENT EVENTS

Unsecured bond

In February 2013 Marine Harvest ASA completed an unsecured bond issue of NOK 1 250 million with maturity in March 2018. The bond carries an interest of 3-month NIBOR plus 3.5%. The proceeds from the bond issue will be used to part-finance the acquisition of Morpol ASA and for general corporate purposes.

Convertible bond

In May 2013, Marine Harvest ASA issued a convertible bond of EUR 350 million, with maturity in 2018. The unsecured bond has an annual coupon of 2.375% payable semi-annually and the conversion price was EUR 1.0265, representing a conversion premium of 30%. Marine Harvest has, under certain circumstances, the right to call the bond after approximately three years.

NOTE 30—SUBSEQUENT EVENTS (Continued)

Legal actions in Chile

An arbitration sentence has been issued in favour of Salmenes Sur Austral S.A., ordering Marine Harvest Chile to pay an indemnification of USD 12.3 million (NOK 74 million). The sentence has been appealed.

Voluntary offer to acquire shares of Cermaq ASA

On 30 April 2013, Marine Harvest ASA announced its intention to launch a voluntary offer for all outstanding shares of Cermaq ASA. The offer was made public from 6 June 2013. At the end of the offer period Marine Harvest ASA had received acceptances below the 33.4% level set as a condition for completion of the voluntary offer. Accordingly, Marine Harvest did not complete the voluntary offer. The total gain from sales of shares in Cermaq ASA was 133 million.

Restructuring VAP Europe

As part of the dedication to become an integrated protein company, Marine Harvest has a strong commitment to strengthen the value added products (VAP) activities. The Group is determined to have the most cost efficient VAP organisation in Europe. To increase efficiency, new technology and more automated operations are required. As a consequence, a restructuring plan for VAP Europe has been approved and will be implemented by the spring of 2014. The plan includes reducing the number of processing sites in Europe from 13 to 8. A provision of EUR 27 million (NOK 205 million) was recognised in the second quarter 2013 to cover costs associated with the implementation of the plan.

Morpol ASA

In December 2012 Marine Harvest ASA acquired 48.5% of the shares in Morpol ASA at NOK 11.50 per share. In January 2013 Marine Harvest ASA submitted a mandatory offer for the remaining shares in Morpol ASA at NOK 11.50 per share. The result of the offer was that Marine Harvest ASA acquired additional 38.6% of the shares in Morpol ASA. The total ownership in Morpol ASA 94.2% as of October 31, 2013.

Morpol ASA is listed on the Oslo Stock Exchange and is a world leader in value added processing. The purchase of Morpol is in line with the Marine Harvest's strategy of forming a world leading integrated protein group. The Morpol acquisition will further strengthen the Group's capacity for processed salmon products in several markets where Marine Harvest previously not has been very active.

On 30 September 2013 the acquisition was approved by the competition authorities in EU. The approval from the Anti-monopoly committee in Ukraine is still pending, but given that Morpol historically has not been active in Ukraine, a right to consummate the transaction has been granted subject to certain terms. Marine Harvest has therefore consolidated Morpol ASA into the Marine Harvest Group as of 30 September 2013.

A preliminary purchase price allocation has been carried out. The initial accounting is not yet completed, and the fair value of assets acquired and liabilities assumed are provisional, and will be further evaluated. The provisional aggregated goodwill of NOK 107 million recognised arises from a number of factors such as expected synergies through combining highly skilled workforces, obtaining economies of scale and of forming a world leading integrated protein group.

NOTE 30—SUBSEQUENT EVENTS (Continued)

The table below summarises the consideration paid for Morpol ASA, and the preliminary assessed fair value of the assets acquired and liabilities assumed, recognised at the acquisition date 30 September 2013.

Acquisition-related costs of NOK 12.2 million have been recognised as other operating expenses in the consolidated statement of comprehensive income.

RECOGNISED AMOUNTS OF IDENTIFIABLE ASSETS REQUIRED AND LIABILITIES ASSUMED (NOK MILLION)

Provisional fair value	
Licenses	448.7
Other intangible assets	266.2
Property, plant and equipment	1 215.4
Inventories and biological assets	648.2
Other assets	702.0
Cash and cash equivalents	276.9
Long-term interest bearing debt	– 18.2
Short-term interest bearing debt	– 1 939.8
Other liabilities	– 537.8
Total identifiable net assets	1 061.6
Assets held for sale, net	809.1
Non-controlling interests	– 294.7
Goodwill	106.7
Cash consideration	1 682.7

If Morpol ASA had been consolidated from 1 January 2013, the consolidated statement of comprehensive income for the nine months ended 30 September 2013 would show pro-forma revenue of NOK 15 485 million and pro-forma profit of NOK 1 203 million, inclusive discontinued operations.

Morpol's subsidiaries relating to farming of other species than salmon, in Belize and Vietnam, will be sold no later than 2 months after the approval of the transaction by the European commission. These assets are classified as "Assets/Liabilities held for sale" in Marine Harvest's consolidated financial position as of 30 September 2013, and are measured at fair value.

As remedies for the Competition approval of the purchase, Marine Harvest has agreed to divest the farming capacity in Shetland (11 000 tonnes) and Orkney Islands (7 000 tonnes). Furthermore, the company has agreed to divest freshwater capacity and primary processing plants in the same areas. These assets and related liabilities are classified as "Assets held for sale" in Marine Harvests consolidated financial position as of 30 September 2013. The assets and liabilities are measured at carrying amount, which is considered to be an approximation to fair value less cost to sell.

NOTE 31—RESTRUCTURING

<u>RESTRUCTURING COSTS (NOK MILLION)</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Provision 1.1	25.8	21.8	35.2
New provisions in the year	0.8	21.8	4.4
Utilized provisions	-15.8	-18.4	-17.9
Currency adjustments	-0.5	0.6	0.0
Provision 31.12	10.3	25.8	21.7

NOTE 32—RESEARCH AND DEVELOPEMENT

<u>RESEARCH AND DEVELOPMENT COSTS (NOK MILLION)</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
R&D costs	58.4	37.0	32.0

In addition a fee of 0.3% of Marine Harvest Norways export value is paid to the Norwegian Seafood Research Fund.

NOTE 33—NEW IFRS STANDARDS

At the end of 2012, there are new standards/interpretations and amendments to existing standards/interpretations that are not yet effective, but will be relevant for the Marine Harvest Group at implementation.

IAS 1 Presentation of Financial Statements

The amendments to IAS 1 require companies to group together items within Other Comprehensive income (OCI) that may be reclassified (“recycled”) to the profit or loss section of the income statement, separate from items within OCI that will not be recycled through profit and loss. Examples of items that may be recycled is change in fair value of cash flow hedges and currency translation differences, while examples of item which not will be recycles is actuarial gains and losses on defined benefit plans. The Group will apply the amendment in the financial statements for 2013.

IFRS 13 Fair value measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements, and provides guidance on how to measure fair value under IFRS. IAS 41 is changed accordingly and the specific fair value requirements in IAS 41 are replaced with IFRS 13. However the fair value measurement done under IAS 41 is not expected to be changed with the application of IFRS 13. In addition IFRS 13 impacts the valuation of different financial instrument to fair value. However the group does not consider the measurement to be different. Extended disclosure, related quantitative information about fair value measurements for biomass using significant unobservable inputs will apply in the financial statements. The Group will apply IFRS 13 and the amended IAS 41 in the financial statements for 2013.

IFRS 10 Consolidated financial statements

IFRS 10 replaces parts of IAS 27 and SIC 12, and establishes a single control model that applies to all entities including special purpose entities. The change in IFRS 10 will require management to exercise significant judgment to determine which companies are controlled, and therefore, are required to be consolidated by a parent. The group has concluded that IFRS 10 does not impact on the Groups financial statements. The Group will apply IFRS 10 in the financial statements for 2013.

NOTE 33—NEW IFRS STANDARDS (Continued)

IFRS 12 Disclosure of interest in other entities

IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28 Investment in Associates. A number of new disclosures are required. The full impact of IFRS 12 is yet to be assessed, but any additional disclosures will be included in the financial statements for 2013 as the Group will apply IFRS 12 in the financial statements for 2013.

INTERIM FINANCIAL STATEMENTS
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)

<u>NOK million</u>	<u>Note</u>	<u>Q2. 13</u>	<u>Q2. 12</u>	<u>YTD Q2. 13</u>	<u>YTD Q2. 12</u>	<u>2012</u>
Revenue	4	4 413.4	3 960.4	8 165.6	7 778.0	15 463.5
Cost of materials		-2 170.4	-2 509.4	-4 148.8	-4 851.5	-9 666.5
Other operating expenses		-1 195.8	-1 094.2	-2 301.2	-2 154.7	-4 582.2
Depreciation and amortisation		- 176.9	- 170.5	- 346.8	- 338.5	- 677.2
Fair value adjustment on biological assets . .	5	139.3	-133.9	783.1	79.3	396.0
Onerous contracts provision		- 80.9	0.4	- 99.0	19.0	- 6.1
Restructuring cost		- 237.9	0.0	- 237.9	0.0	- 0.8
Other non-operational items		- 74.4	0.0	- 74.4	0.0	0.0
Income from associated companies		14.6	16.6	57.1	23.0	83.6
Impairment losses		- 3.6	- 0.1	- 2.7	- 1.2	- 0.5
Earnings before interest and taxes (EBIT) . .		627.3	69.2	1 795.1	553.4	1 009.8
Interest expenses	8	- 149.0	- 93.4	- 279.3	- 189.8	- 382.8
Net currency effects	8	- 135.3	91.8	- 179.6	246.0	523.3
Other financial items	8	- 90.8	- 216.6	- 81.7	- 193.7	- 320.0
Earnings before tax		252.1	- 148.9	1 254.4	415.9	830.3
Taxes		- 158.0	17.4	- 407.2	- 117.2	- 388.9
Profit or loss for the period		94.1	- 131.5	847.3	298.7	441.4
Other comprehensive income						
<i>Items to be reclassified to profit and loss in subsequent periods:</i>						
Change in fair value of cash flow hedges . . .		- 52.3	- 28.6	- 92.4	- 23.1	- 113.5
Deferred tax related to fair value of cash flow hedges		14.7	7.7	25.9	6.1	31.1
Change in fair value of interest swaps		15.4	0.0	54.7	0.0	0.0
Deferred tax related to fair value of interest swaps		- 4.3	0.0	- 15.3	0.0	0.0
Currency translation cash flow hedges		0.0	0.2	0.0	- 0.2	- 0.2
Currency translation differences		195.8	125.9	317.3	- 78.0	- 325.6
Currency translation differences non-controlling interests		0.6	- 0.8	1.9	- 2.1	- 4.0
		169.8	104.4	292.0	- 97.3	- 412.2
<i>Items not to be reclassified to profit and loss:</i>						
Other gains and losses in comprehensive income		19.6	- 0.2	20.0	0.1	3.5
Other comprehensive income, net of tax . . .		189.5	104.2	312.1	- 97.2	- 408.7
Total comprehensive income in the period . .		283.6	- 27.3	1 159.4	201.5	32.7
Profit or loss for the period attributable to						
Non-controlling interests		3.8	- 0.8	10.3	- 1.4	4.0
Owners of Marine Harvest ASA		90.3	- 130.7	837.0	300.1	437.4
Comprehensive income for the period attributable to						
Non-controlling interests		4.4	- 1.6	12.2	- 3.5	0.0
Owners of Marine Harvest ASA		279.2	- 25.7	1 147.2	205.0	32.7
Basic and diluted earnings per share (NOK)	10	0.02	- 0.04	0.22	0.08	0.12

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(UNAUDITED)

<u>NOK million</u>	<u>Note</u>	<u>30.06.2013</u>	<u>31.03.2013</u>	<u>31.12.2012</u>	<u>30.06.2012</u>
ASSETS					
Licences		5 564.8	5 495.9	5 435.4	5 554.5
Goodwill		2 151.3	2 124.5	2 115.5	2 129.4
Deferred tax assets		105.8	84.9	73.9	158.6
Other intangible assets		114.7	114.6	114.2	120.4
Property, plant and equipment		4 703.3	4 387.0	4 111.9	4 091.9
Investments in associated companies		694.5	699.8	647.3	580.6
Other shares and other non-current assets	7	1 755.4	1 758.6	1 081.8	138.5
Total non-current assets		15 089.9	14 665.3	13 579.9	12 773.9
Inventory		760.7	761.3	819.7	791.9
Biological assets	5	7 043.7	6 770.6	6 207.9	5 607.2
Current receivables		2 479.1	2 295.5	2 374.7	2 177.9
Cash		858.3	413.7	335.3	314.4
Total current assets		11 141.8	10 241.2	9 737.6	8 891.4
Total assets		26 231.7	24 906.5	23 317.4	21 665.3
EQUITY AND LIABILITIES					
Equity		12 392.0	12 487.6	11 619.7	10 942.7
Non-controlling interests		7.1	76.8	69.0	65.5
Total equity		12 399.1	12 564.4	11 688.7	11 008.2
Deferred taxes liabilities		2 805.2	2 793.2	2 543.7	2 397.7
Non-current interest-bearing debt		6 444.1	6 431.7	5 338.5	5 223.4
Other non-current liabilities		983.8	448.9	414.7	250.8
Total non-current liabilities		10 233.1	9 673.8	8 296.9	7 871.9
Current interest-bearing debt		271.4	296.0	377.8	267.6
Other current liabilities		3 328.1	2 372.3	2 954.1	2 517.6
Total current liabilities		3 599.5	2 668.3	3 331.9	2 785.2
Total equity and liabilities		26 231.7	24 906.5	23 317.4	21 665.3

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
(UNAUDITED)

<u>NOK million</u>	<u>Q2. 13</u>	<u>Q2. 12</u>	<u>YTD Q2. 13</u>	<u>YTD Q2. 12</u>	<u>2012</u>
Earnings before taxes (EBT)	252.1	– 148.9	1 254.4	415.9	830.3
Interest expense	149.0	93.4	279.3	189.8	382.8
Currency effects	135.3	– 91.8	179.6	– 246.0	– 523.3
Other financial items	90.8	216.6	81.7	193.7	320.0
Fair value adjustment and onerous contracts	– 58.4	133.4	– 684.1	– 98.3	– 389.9
Income/loss from associated companies . . .	– 14.6	– 16.6	– 57.1	– 23.0	– 83.6
Depreciation and impairment losses	180.5	170.7	349.5	339.7	677.7
Change in working capital	95.1	614.1	– 201.2	809.1	472.4
Taxes paid	– 9.7	– 46.8	– 26.8	– 81.2	– 122.8
Restructuring & other non-operational items	306.7	– 2.1	306.7	– 7.9	– 15.0
Other adjustments	– 4.1	– 4.2	– 8.5	– 6.9	4.3
Cash flow from operations	1 122.9	917.8	1 473.6	1 484.9	1 552.9
Proceeds from sale of fixed assets	12.7	3.4	13.2	62.5	70.6
Payments made for purchase of fixed assets	– 458.0	– 172.7	– 869.4	– 316.6	– 732.9
Proceeds from associates and other investments	153.1	19.5	224.7	28.8	124.3
Purchase of shares and other investments . .	– 55.2	0.0	– 801.4	– 6.8	– 519.6
Cash flow from investments	– 347.4	– 149.8	– 1 432.9	– 232.1	– 1 057.6
Proceeds from convertible bond	2 674.7	0.0	2 674.7	0.0	0.0
Proceeds from new interest-bearing debt . .	0.0	0.0	1 250.0	0.0	12.2
Down payment of interest-bearing debt . . .	– 2 599.8	– 704.7	– 2 958.8	– 1 138.6	– 796.6
Net interest and financial items paid	– 120.4	– 57.5	– 253.1	– 149.6	– 302.3
Realised currency effects	92.5	59.5	145.3	80.5	209.9
Net equity paid-in	0.0	0.0	0.0	0.0	425.0
Dividend paid to owners of Marine Harvest ASA	– 347.8	0.0	– 347.8	0.0	0.0
Cash flow from financing	– 300.8	– 702.7	510.3	– 1 207.7	– 451.8
Change in cash in the period	474.7	65.3	551.0	45.1	43.5
Cash—opening balance ⁽¹⁾	323.8	187.8	246.0	213.1	213.2
Currency effects on cash—opening balance	5.2	1.7	6.7	– 3.4	– 10.6
Cash—closing balance⁽¹⁾	803.7	254.8	803.7	254.8	246.1

(1) Excluded restricted cash

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(UNAUDITED)

2013 NOK million	Attributable to owners of Marine Harvest ASA					Non-controlling interests	Total equity
	Share capital	Share premium reserve	Other equity reserves	Retained earnings	Total		
Equity 01.01.2013	2 811.3	779.0	– 692.8	8 722.2	11 619.7	69.0	11 688.7
Comprehensive income							
Profit				837.0	837.0	10.3	847.3
Other comprehensive income			331.7	– 21.5	310.2	1.9	312.1
Transactions with owners							
Acquisition of non-controlling interest					0.0	– 74.1	– 74.1
Dividends				– 374.8	– 374.8		– 374.8
Total equity 30.06.2013	2 811.3	779.0	– 361.1	9 162.9	12 392.1	7.1	12 399.1

2012 NOK million	Attributable to owners of Marine Harvest ASA					Non-controlling interests	Total equity
	Share capital	Share premium reserve	Other equity reserves	Retained earnings	Total		
Equity 01.01.2012	2 685.9	54.9	– 264.6	8 261.4	10 737.6	75.8	10 813.4
Comprehensive income							
Profit				437.3	437.3	4.1	441.3
Other comprehensive income			– 428.2	23.5	– 404.7	– 4.0	– 408.7
Transactions with owners							
Issue of shares	125.4	724.1			849.5		849.5
Acquisition of non-controlling interest					0.0	– 6.9	– 6.9
Total equity 31.12.2012	2 811.3	779.0	– 692.8	8 722.2	11 619.7	69.0	11 688.7

Other equity reserves consists of cash low hedge reserve, interest swap hedge reserve and foreign currency transaction reserve.

For further information related to share capital, reference is made to note 12.

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS

Note 1 GENERAL INFORMATION

Marine Harvest (the Group) consists of Marine Harvest ASA and its subsidiaries, including the Group's interests in associated companies. There have been no significant changes in the Group's legal structure since year-end 2012.

This interim report has not been subject to any external audit.

These interim financial statements are prepared in accordance with International Financial Reporting Standards and interpretations (IFRS), as issued by the International Accounting Standards Board (IASB), including International Accounting Standard 34, Interim Financial Reporting. The quarterly report does not include all information and disclosures required in the annual financial statements and should be read in conjunction with the 2012 Annual Report.

Note 2 ACCOUNTING PRINCIPLES

All significant accounting principles applied in the consolidated financial statement are described in the Annual Report 2012. In 2013 the Group will in addition apply IAS 23 Borrowing costs related to the building of the Fish Feed Factory.

The Group has changed the principle for recognition of interest rate swaps, as the interest rate swaps are considered to qualify for hedge accounting. The change in fair value will, starting in 2013, be recognised as other comprehensive income, and not as other financial items. The realised gains or losses will be recycled through profit or loss as an adjustment to the interest expense.

New standards and amendments adopted by the Group in 2013:

*Amendments to IAS 1—Presentation of financial statements:

Presentation of groups of items in other comprehensive income (OCI) based on whether the items can be reclassified (or recycled) to profit or loss at a future point in time. The amendment affects presentation only.

IFRS 10 Consolidated financial statements

IFRS 10 replaces parts of IAS 27 and SIC 12, and establishes a single control model that applies to all entities including special purpose entities. The change in IFRS 10 will require management to exercise significant judgment to determine which companies are controlled, and therefore, are required to be consolidated by a parent. The Group has concluded that IFRS 10 does not impact on the Groups financial statements. The Group applied IFRS 10 in the interim reports in 2013, and will apply IFRS 10 in the annual financial statements for 2013.

IFRS 12 Disclosure of interest in other entities

IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28 Investment in Associates. A number of new disclosures are required. The full impact of IFRS 12 is yet to be assessed, but any additional disclosures will be included in the annual financial statements for 2013. The Group will apply IFRS 12 in the annual financial statements for 2013.

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)

Note 2 ACCOUNTING PRINCIPLES (Continued)

*Amendments to IAS 19—Employee benefits:

The impact for the Group will be that all actuarial gains and losses will be recognised in OCI and not in profit or loss. As defined benefit plans are not material for the Group, these changes will be recognised in the fourth quarter only.

*IFRS 13—Fair value measurement:

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. The application of IFRS 13 has not impacted the fair value measurements carried out by the Group. Extended disclosures are included for shares in Morpol ASA (note 7), biological assets (note 5) and Convertible bonds (note 9).

Note 3 ESTIMATES AND RISK EXPOSURE

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting principles and recognised amounts of assets, liabilities, income and expenses. The most significant estimates relate to the valuation of biological assets and some financial instruments, which are measured at fair value. Estimates and underlying assumptions are reviewed on an ongoing basis, and are based on the management's best assessment at the time of reporting. All changes in estimates are reflected in the financial statements as they occur. The accounting estimates are described in Note 3 to the financial statements in the 2012 Annual Report.

Marine Harvest is exposed to a number of operational and financial risk factors. The main operational risk factors are the development in the salmon price, biological risk linked to the salmon farming operations, the development in the salmon feed prices and feed utilisation and regulatory risk. Financially, the main risk factors are linked to general fluctuations in interest rates and exchange rates, credit risk and liquidity risk.

All risk factors are described in the 2012 Annual Report.

Note 4 BUSINESS SEGMENTS

Marine Harvest is organised in two business areas, Farming and Sales and Marketing. Fish Feed production will be a separate business area, but the operational activity has not yet started.

The performance of the Farming and Sales and Marketing business areas are monitored to reach the overall objective of maximising the Operational EBIT per kg. Consequently, external reporting will be focused towards measuring and illustrating the overall profitability of harvested volume based on source of origin (Operational EBIT/kg).

The same accounting principles as described for the Group financial statements have been applied for the segment reporting. Inter-segment transfers or transactions are entered into under normal

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)

Note 4 BUSINESS SEGMENTS (Continued)

commercial terms and conditions, and the measurement used in the segment reporting is the same as used for the actual transactions.

BUSINESS AREAS NOK million	Sales and Marketing				Eliminations⁽¹⁾	TOTAL
	Farming	MH Markets	MH VAP Europe	Other		
Q2. 13						
External revenue	65.8	3 326.5	1 038.2	14.1	0.0	4 444.5
Internal revenue	2 991.8	472.9	6.7	13.0	- 3 484.4	0.0
Operational revenue	3 057.6	3 799.4	1 044.9	27.1	- 3 484.4	4 444.5
Change in unrealised salmon derivatives . . .	0.0	0.0	0.0	- 31.1	0.0	- 31.1
Revenue in profit and loss	3 057.6	3 799.4	1 044.9	- 4.1	- 3 484.4	4 413.4
Operational EBITDA	1 011.8	86.4	26.0	- 45.9	0.0	1 078.3
Operational EBIT	859.4	82.9	7.3	- 48.2		901.4
Change in unrealised salmon derivatives . . .	0.0	0.0	0.0	- 31.1		- 31.1
Fair value adjustment on biological assets . .	138.9	0.0	0.0	0.4		139.3
Onerous contracts provision	- 80.9	0.0	0.0	0.0		- 80.9
Restructuring cost	0.0	- 32.7	- 205.1	0.0		- 237.9
Other non-operational items	- 74.4	0.0	0.0	0.0		- 74.4
Income from associated companies	14.6	0.0	0.0	0.0		14.6
Impairment losses	0.0	- 3.5	0.0	- 0.2		- 3.6
EBIT	857.6	46.7	- 197.8	- 79.2		627.3

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)

Note 4 BUSINESS SEGMENTS (Continued)

BUSINESS AREAS NOK million	Sales and Marketing				Eliminations ⁽¹⁾	TOTAL
	Farming	MH Markets	MH VAP Europe	Other		
Q2. 12						
External revenue	70.6	2 935.7	979.3	19.5	0.0	4 005.1
Internal revenue	2 639.9	380.3	4.2	18.6	- 3 042.9	0.0
Operational revenue	2 710.4	3 315.9	983.5	38.1	- 3 042.9	4 005.1
Change in unrealised salmon derivatives . . .	0.0	0.0	0.0	- 44.7	0.0	- 44.7
Revenue in profit and loss	2 710.4	3 315.9	983.5	- 6.6	- 3 042.9	3 960.4
Operational EBITDA	304.6	106.0	13.2	- 22.3	0.0	401.5
Operational EBIT	157.4	103.2	- 5.1	- 24.5		230.9
Change in unrealised salmon derivatives . . .	0.0	0.0	0.0	- 44.7		- 44.7
Fair value adjustment on biological assets . .	134.0	0.0	0.0	0.1		- 133.9
Onerous contracts provision	0.4	0.0	0.0	0.0		0.4
Income from associated companies	16.6	0.0	0.0	0.0		16.6
Impairment losses	- 0.1	0.0	0.0	0.0		- 0.1
EBIT	40.3	103.2	- 5.1	- 69.1		69.2
YTD Q2. 13						
External revenue	138.6	6 076.9	1 938.3	26.3	0.0	8 180.1
Internal revenue	5 543.0	836.9	11.7	12.4	- 6 404.1	0.0
Operational revenue	5 681.7	6 913.8	1 950.0	38.7	- 6 404.1	8 180.1
Change in unrealised salmon derivatives . . .	0.0	0.0	0.0	- 14.5	0.0	- 14.5
Revenue in profit and loss	5 681.7	6 913.8	1 950.0	24.2	- 6 404.1	8 165.6
Operational EBITDA	1 660.4	136.0	26.1	- 92.4	0.0	1 730.1
Operational EBIT	1 361.8	129.1	- 10.6	- 97.0		1 383.3
Change in unrealised salmon derivatives . . .	0.0	0.0	0.0	- 14.5		- 14.5
Fair value adjustment on biological assets . .	783.5	0.0	0.0	- 0.3		783.1
Onerous contracts provision	- 99.0	0.0	0.0	0.0		- 99.0
Restructuring cost	0.0	- 32.7	- 205.1	0.0		- 237.9
Other non-operational items	- 74.4	0.0	0.0	0.0		- 74.4
Income from associated companies	57.1	0.0	0.0	0.0		57.1
Impairment losses	1.0	- 3.5	0.0	- 0.2		- 2.7
EBIT	2 030.0	92.9	- 215.7	- 112.1		1 795.1

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)

Note 4 BUSINESS SEGMENTS (Continued)

BUSINESS AREAS NOK million	Sales and Marketing				Eliminations⁽¹⁾	TOTAL
	Farming	MH Markets	MH VAP Europe	Other		
YTD Q2. 12						
External revenue	201.3	5 724.6	1 882.6	42.7	0.0	7 851.3
Internal revenue	5 186.0	711.7	9.8	31.0	- 5 938.5	0.0
Operational revenue	5 387.3	6 436.3	1 892.5	73.7	- 5 938.5	7 851.3
Change in unrealised salmon derivatives . . .	0.0	0.0	0.0	- 73.3	0.0	- 73.3
Revenue in profit and loss	5 387.3	6 436.3	1 892.5	0.4	- 5 938.5	7 778.0
Operational EBITDA	657.3	198.3	25.9	- 36.3	0.0	845.1
Operational EBIT	365.2	192.6	- 10.4	- 40.8		506.6
Change in unrealised salmon derivatives . . .	0.0	0.0	0.0	- 73.3		- 73.3
Fair value adjustment on biological assets . .	80.9	0.0	0.0	- 1.5		79.3
Onerous contracts provision	19.0	0.0	0.0	0.0		19.0
Income from associated companies	23.0	0.0	0.0	0.0		23.0
Impairment losses	- 0.7	0.0	- 0.5	0.0		- 1.2
EBIT	487.4	192.6	- 10.9	- 115.6		553.4

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)

Note 5 SPECIFICATIONS OF BIOLOGICAL ASSETS

<u>NOK million</u>	<u>MH Norway</u>	<u>MH Scotland</u>	<u>MH Canada</u>	<u>MH Chile</u>	<u>Other</u>	<u>TOTAL</u>
Fair value adjustment on biological assets in profit and loss						
Q2. 2013	– 110.7	52.3	116.8	63.4	17.5	139.3
Q2. 2012	– 120.5	– 35.3	27.7	– 23.9	18.1	– 133.9
YTD Q2. 2013	264.3	130.9	225.0	120.4	42.6	783.1
YTD Q2. 2012	113.9	– 77.9	52.2	– 17.8	9.0	79.3
2012	528.8	– 8.2	– 16.5	– 70.5	– 37.6	396.0
Biomass in sea (1 000 tonnes)						
30.06.2013						201.5
31.03.2013						215.0
31.12.2012						240.6
Fair value of biological assets in financial position 30.06.2013						
Fair value adjustment on biological assets	965.6	291.2	213.4	82.7	77.0	1 630.0
Biomass at cost						5 413.7
Biological assets						7 043.7
31.03.2013						
Fair value adjustment on biological assets	1 076.3	232.3	93.6	16.4	56.2	1 474.7
Biomass at cost						5 295.9
Biological assets						6 770.6
31.12.2012						
Fair value adjustment on biological assets	701.3	160.4	– 16.0	– 40.8	30.9	835.7
Biomass at cost						5 372.1
Biological assets						6 207.9
Change in carrying amount of biological assets						
Carrying amount 1.4.2013						6 770.6
Purchases						1 748.3
Change in fair value						136.7
Mortality for fish in sea						– 17.6
Cost of harvested fish						– 1 684.3
Currency translation differences						90.0
Carrying amount 31.06.2013						7 043.7
Price sensitivities effect on fair value—(salmon only)						
The sensitivities are calculated based on a NOK 2 increase of the price in all markets (fish between 1-4 kg is measured proportionately based on their level of completion).						
	147.2	30.7	24.5	30.3	9.8	242.5

Biological assets are, in accordance with IAS 41, measured at fair value, unless the fair value cannot be measured reliably. Broodstock, smolt and live fish below 1 kg are measured at cost less impairment losses, as the fair value cannot be measured reliably.

Biomass beyond this is measured at fair value in accordance with IFRS 13, and the measurement is categorised into Level 3 in the fair value hierarchy, as the input is unobservable input. Live fish over 4 kg are measured to full net value, while a proportionate expected net profit at harvest is incorporated

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)

Note 5 SPECIFICATIONS OF BIOLOGICAL ASSETS (Continued)

for live fish between 1 kg and 4 kg. The valuation is completed for each business unit based on a model and basis for assumptions supplied by corporate. All assumptions are subject to quality assurance and analysis on a monthly basis from a corporate level.

The valuation is based on an income approach and takes into consideration unobservable input based on biomass in sea for each sea water site, estimated growth rate on site level, mortality in the business unit, quality of the fish going forward, costs and market price. Special assessment is performed for sites with high/low performance due to disease or other special factors. The market prices are set for each business unit, and are derived from observable market prices (when available), achieved prices and development in contract prices.

Note 6 EXCEPTIONAL ITEMS

<u>NOK million</u>	<u>Q1. 13</u>	<u>Q2. 13</u>	<u>YTD Q2. 13</u>
Exceptional items			
Sea lice mitigation in MH Norway	30.4	29.7	60.1
Exceptional mortality in MH Norway	1.8	4.3	6.1
Discards and claims from Kudoa in MH Canada	6.1	4.4	10.5
Mortality in MH Chile	3.0	7.8	10.8
Exceptional items in operational EBIT	<u>41.3</u>	<u>46.2</u>	<u>87.5</u>

The note summarises elements affecting Operasjonell EBIT in the Statement of comprehensive income that management considers exceptional relative to the underlying operations. The elements for the current quarter is commented on in the chapters for each operating unit.

Note 7 SHARES IN MORPOL ASA

The shares in Morpol ASA are, until approval from the competition authorities within EU and Ukraine, recognised as a financial instrument at fair value through profit or loss. The shares are measured at fair value in accordance with IFRS 13, and the measurement is categorised into Level 3 in the fair value hierachy, as the input is unobservable.

The shares are measured to NOK 11.50 per share, which equals the purchase price.

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)

Note 8 FINANCIAL ITEMS

<u>NOK million</u>	<u>Note</u>	<u>Q2. 13</u>	<u>Q2. 12</u>	<u>YTD Q2. 13</u>	<u>YTD Q2. 12</u>	<u>2012</u>
Interest expense		-149.0	-93.4	-279.3	-189.8	-382.8
Currency effects on interest-bearing debt .		-226.4	82.1	-275.9	151.9	206.9
Currency effects bank, trade receivables and trade payables		72.8	-59.7	54.3	-48.3	1.5
Gain/loss on short-term transaction hedges		-2.5	8.0	-6.9	18.7	38.8
Realised gain/loss on long-term cash flow hedges		20.8	61.5	49.0	123.6	276.1
Net currency effects		-135.3	91.8	-179.6	246.0	523.3
Interest income		6.5	1.7	8.6	5.5	-0.9
Gain/loss on salmon derivatives		1.1	0.0	2.5	0.0	0.0
Change in fair value of financial instruments		-71.9	-78.5	-32.8	-91.0	-145.0
Change in fair value conversion liability components	9	-154.2	-134.5	-188.8	-151.2	-305.3
Change in fair value other shares		-3.3	-4.5	-1.1	44.2	3.8
Dividends and gain/loss on sale of other shares		133.2	0.3	133.3	0.3	135.6
Net other financial items		-2.2	-0.9	-3.4	-1.6	-8.2
Other financial items		-90.8	-216.6	-81.7	-193.7	-320.0
Total financial items		-375.2	-218.1	-540.6	-137.5	-179.5

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)

Note 9 CONVERTIBLE BONDS

NOK million	Statement of financial position			Statement of comprehensive income		
	Non-current interest-bearing debt	Conversion liability 2010-bond	Conversion liability 2013-bond	Interest expenses	Net currency effects	Other financial items
Initial recognition 2010-bond—						
EUR 225 mill	1 541.3	259.7				
Subsequent measurement						
Interest and currency effects	– 8.9			– 356.3	146.7	
Change in fair value of conversion liability component		69.8				– 69.8
Net recognised 2010 - 2012				<u>– 356.3</u>	<u>146.7</u>	<u>– 69.8</u>
Recognised 2013						
Q1. 2013						
Interest and currency effects	39.1			– 32.3	– 25.9	
Change in fair value of conversion liability component		34.6				– 34.6
May 2013						
Initial recognition 2013-bond—						
EUR 350 mill	2 268.2		378.0			
Q2.2013						
Coupon interest				– 32.2		
Amortised interest	26.5			– 26.5		
Currency effects	150.5				– 150.5	
Change in fair value of conversion liability components		145.0	9.2			– 154.2
Net recognised end of period 2013	<u>4 016.7</u>	<u>509.1</u>	<u>387.2</u>	<u>– 91.0</u>	<u>– 176.4</u>	<u>– 188.8</u>

Marine Harvest ASA issued a EUR 350 million convertible bond 1. May 2013, with a coupon interest of 2.375%. The bond matures in 2018 at the nominal value of EUR 350 million or can be converted into shares at the holder's option. The value of the debt liability component and conversion liability component were determined at issuance of the bond. The fair value of the debt liability component was calculated using a market interest rate for an equivalent, non-convertible bond. The residual amount was the fair value of the conversion liability component at initial recognition.

Subsequent to initial recognition the conversion liability components are measured at fair value in accordance with IFRS 13. The measurement is categorised into Level 3 in the fair value hierarchy, as some of the input is unobservable. The valuations are performed using Black-Scholes valuation model for option valuation, with quoted prices for share value, exchange rate and risk free interest rate, and unobservable input for volatility.

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)

Note 9 CONVERTIBLE BONDS (Continued)

Sensitivity analyses conversion liability components:

	NOK million	
	2010-bond	2013-bond
A 10% increase in share price	173.9	112.5
A 10% increase in exchange rate EUR/NOK	-156.3	-100.2
A 0.50% point increase in risk free interest rate	9.5	16.5

The carrying amounts of the debt liability component of the convertible bonds are classified as non-current interest-bearing debt, and the conversion liability components are classified as other non-current interest-free liabilities in the statement of financial position. All profit and loss elements related to the convertible bonds, are included in the specification of financial items in note 8.

Note 10 EARNINGS PER SHARE

Basic Earnings per share (EPS) is calculated on the weighted average number of shares outstanding during the period.

Convertible bonds that are “in the money” are considered to have a dilutive effect if EPS is reduced when assuming a full conversion into shares at the beginning of the period and reversing all its effects on earnings for the period. On the other hand, if the effect of the above increases EPS, the bond is considered anti-dilutive, and is then not included in diluted EPS. The adjustments to earnings are interest expenses, currency gains/losses and changes in fair value of equity conversion option, adjusted for estimated taxes.

The equity conversion option on the 2010 convertible bond was “in the money” at the end of the reporting period, but the effect on EPS was anti-dilutive, and the convertible bond is therefore not included in diluted EPS.

The equity conversion option on the 2013 convertible bond was not “in the money” at the end of the reporting period, and a dilution effect has not calculated.

Note 11 SHARE CAPITAL

	No of shares	NOK million	
		Share capital	Share premium reseve
Share Capital			
Issued at the beginning of 2013	3 748 341 597	2 811.3	779.0
Share capital end of period	3 748 341 597	2 811.3	779.0
			Cost
Treasury Shares			
Treasury shares at the beginning of 2013	409 698		2.8
Treasury shares end of period	409 698		2.8

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)

Note 12 SHAREHOLDERS

Overview of the major shareholders at 30.06.2013

<u>Name of shareholder</u>	<u>No. of shares</u>	<u>%</u>
Geveran Trading CO LTD	864 212 902	23.06%
Folketrygdfondet	327 816 895	8.75%
Morgan Stanley & CO Internat. PLC	146 402 513	3.91%
Lansdowne Developed Markets Master	130 000 000	3.47%
State Street Bank and Trust CO	129 950 969	3.47%
Geveran Trading CO LTD	123 480 400	3.29%
Clearstream Banking S.A.	91 240 265	2.43%
DNB NOR Bank ASA	59 924 998	1.60%
State Street Bank and Trust CO	47 202 551	1.26%
State Street Bank and Trust CO	46 933 107	1.25%
Statoil Pensjon	39 924 509	1.07%
Verdipapirfondet DNB Norge (IV)	39 068 917	1.04%
The Bank of New York Mellon SA/NVT	38 710 921	1.03%
The Bank of New York Mellon	36 760 394	0.98%
State Street Bank & Trust CO.	36 746 608	0.98%
Verdipapirfondet DNB Norge Selektiv	35 760 294	0.95%
West Coast Invest AS	30 012 000	0.80%
J.P. Morgan Chase Bank N.A. London	29 771 757	0.79%
Skandinaviska Enskilda Banken A/S	29 607 964	0.79%
J.P. Morgan Chase Bank N.A. London	28 801 251	0.77%
Total 20 largest shareholders	<u>2 312 329 215</u>	<u>61.69%</u>
Total other	1 436 012 382	38.31%
Total number of shares	<u>3 748 341 597</u>	<u>100.00%</u>

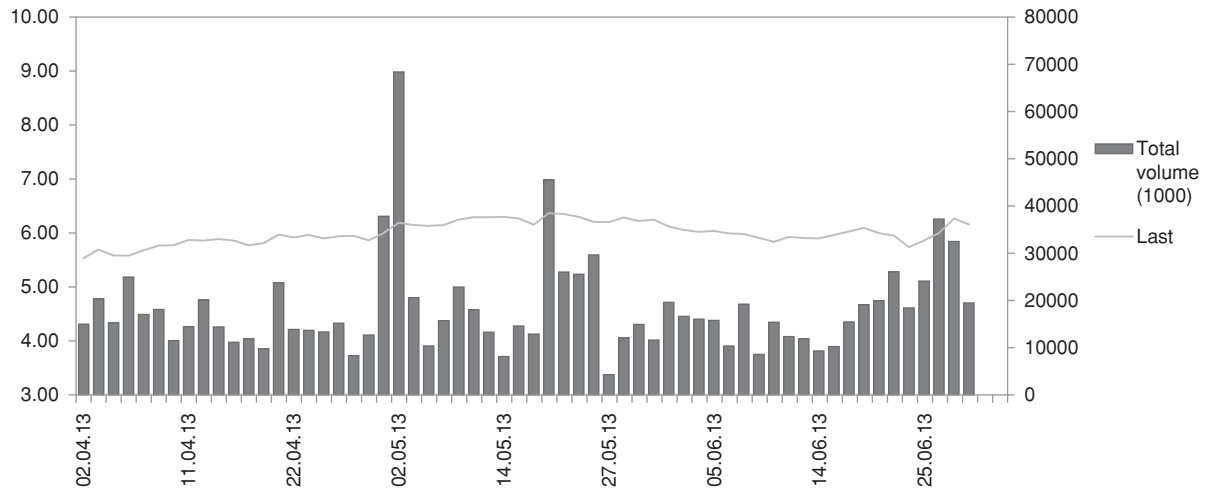
Geveran Trading Co Ltd, which is indirectly controlled by trusts established by John Fredriksen for the benefit of his immediate family, has purchased 150 000 000 shares at a price of NOK 6.00 per share 01.05.2013, 2 500 000 shares at a price of NOK 5.9452 per share 18.06.2013, 2 500 000 shares at a price of NOK 5.9356 per share 27.06.2013, 9 110 312 shares at a price of NOK 6.1844 per share 22.07.2013 and 19 688 020 shares at a price of NOK 5.9725 per share 29.07.2013. Geveran Trading's affiliated ownership in Marine Harvest ASA is following these transactions 1 102 031 634 shares constituting 29.40 percent of the issued share capital.

In addition Geveran Trading Co Ltd has TRS agreements relating to 70 million shares in Marine Harvest ASA. The expiration of the TRS agreements is 18.10.2013. The exercise price on the agreements is NOK 6.2447 per share.

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)

Note 13 SHARE PRICE DEVELOPMENT

Share price development at Oslo Stock Exchange (ticker MHG)



INTERIM FINANCIAL STATEMENTS
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)

On October 23, 2013, we published our unaudited interim financial statements for the three and nine month periods ended September 30, 2013 in Norway. We present such financials in this section of the registration statement.

NOK million	Note	Q3. 13	Q3. 12	YTD Q3. 13	YTD Q3. 12	2012
Revenue	4	4 303.6	3 633.3	12 469.2	11 411.3	15 463.5
Cost of materials		-2 075.1	-2 260.0	-6 223.9	-7 111.5	-9 666.5
Other operating expenses		-1 258.5	-1 145.7	-3 559.6	-3 300.3	-4 582.2
Depreciation and amortisation		-180.8	-167.8	-527.6	-506.3	-677.2
Fair value adjustment on biological assets	5	-112.6	-85.1	670.6	-51.5	350.2
Onerous contracts provision		116.7	-0.3	17.6	18.7	-6.1
Restructuring cost		-0.5	-0.8	-238.4	-0.8	-0.8
Other non-operational items		0.0	0.0	-74.4	0.0	0.0
Income from associated companies		48.3	30.3	105.4	57.9	88.3
Impairment losses		-5.2	-2.5	-7.9	-3.7	-0.5
Earnings before interest and taxes (EBIT)		835.9	1.4	2 631.0	513.7	968.7
Interest expenses	8	-166.3	-92.0	-445.6	-281.8	-382.8
Net currency effects	8	-105.6	154.2	-285.2	400.2	523.3
Other financial items	8	-7.1	-162.5	-88.8	-356.2	-320.0
Earnings before tax		556.9	-98.9	1 811.4	275.9	789.2
Taxes		-173.4	-47.7	-580.5	-152.5	-376.5
Profit or loss for the period		383.6	-146.6	1 230.9	123.5	412.6
Other comprehensive income						
<i>Items to be reclassified to profit and loss in subsequent periods:</i>						
Change in fair value of cash flow hedges		-25.2	-24.9	-117.6	-48.0	-113.5
Deferred tax related to fair value of cash flow hedges		7.0	6.9	32.9	13.0	31.1
Change in fair value of interest swaps		105.7	0.0	160.4	0.0	0.0
Deferred tax related to fair value of interest swaps		-29.6	0.0	-44.9	0.0	0.0
Currency translation cash flow hedges		0.0	0.1	0.0	-0.1	-0.2
Currency translation differences		138.2	-132.2	455.5	-210.2	-325.6
Currency translation differences non-controlling interests		0.2	-1.6	2.1	-3.7	-4.0
		196.3	-151.7	488.4	-249.0	-412.2
<i>Items not to be reclassified to profit and loss:</i>						
Other gains and losses in comprehensive income		0.8	-0.1	20.8	0.0	3.5
Other gains and losses in non-controlling interests		1.6	0.0	1.6	0.0	0.0
Other comprehensive income, net of tax		198.7	-151.8	510.8	-249.0	-408.7
Total comprehensive income in the period		582.3	-298.4	1 741.6	-125.5	3.9
Profit or loss for the period attributable to						
Non-controlling interests		3.3	2.6	9.8	1.2	4.0
Owners of Marine Harvest ASA		380.3	-149.2	1 221.1	122.3	408.6
Comprehensive income for the period attributable to						
Non-controlling interests		3.5	1.0	11.9	-2.5	0.0
Owners of Marine Harvest ASA		578.8	-299.4	1 729.8	-123.0	3.9
Basic and diluted earnings per share (NOK)	10	0.10	-0.04	0.32	0.03	0.11

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(UNAUDITED)

<u>NOK million</u>	<u>Note</u>	<u>30.09.2013</u>	<u>30.06.2013</u>	<u>31.12.2012</u>	<u>30.09.2012</u>
ASSETS					
Licences		6 033.2	5 564.8	5 435.4	5 482.2
Goodwill		2 399.0	2 151.3	2 115.5	2 117.7
Deferred tax assets		196.6	105.8	73.9	158.8
Other intangible assets		163.7	114.7	114.2	117.3
Property, plant and equipment		6 240.9	4 703.3	4 111.9	4 064.2
Investments in associated companies		752.3	694.5	647.3	608.0
Other shares and other non-current assets		95.0	1 755.4	1 081.8	107.0
Total non-current assets		15 880.7	15 089.9	13 579.9	12 655.3
Inventory		1 252.4	760.7	819.7	875.3
Biological assets	5	8 155.1	7 043.7	6 207.9	5 853.4
Current receivables		3 019.4	2 479.1	2 374.7	2 149.1
Cash		751.2	858.3	335.3	270.3
Total current assets		13 178.1	11 141.8	9 737.6	9 148.1
Asset held for sale	7	1 023.7	0.0	0.0	0.0
Total assets		30 082.5	26 231.7	23 317.4	21 803.4
EQUITY AND LIABILITIES					
Equity		12 788.3	12 392.0	11 619.7	10 643.4
Non-controlling interests		302.9	7.1	69.0	66.4
Total equity		13 091.3	12 399.1	11 688.7	10 709.8
Deferred taxes liabilities		2 990.0	2 805.2	2 543.7	2 416.9
Non-current interest-bearing debt		6 417.6	6 444.1	5 338.5	4 955.8
Other non-current liabilities		1 049.2	983.8	414.7	320.8
Total non-current liabilities		10 456.7	10 233.1	8 296.9	7 693.4
Current interest-bearing debt		2 215.5	271.4	377.8	319.4
Other current liabilities		4 104.4	3 328.1	2 954.1	3 080.8
Total current liabilities		6 319.9	3 599.5	3 331.9	3400.2
Liabilities held for sale	7	214.6	0.0	0.0	0.0
Total equity and liabilities		30 082.5	26 231.7	23 317.4	21 803.4

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
(UNAUDITED)

<u>NOK million</u>	<u>Q3. 13</u>	<u>Q3. 12</u>	<u>YTD Q3. 13</u>	<u>YTD Q3. 12</u>	<u>2012</u>
Earnings before taxes (EBT)	556.9	-98.9	1 811.4	275.9	789.2
Interest expense	166.3	92.0	445.6	281.8	382.8
Currency effects	105.6	-154.2	285.2	-400.2	-523.3
Other financial items	7.1	162.5	88.8	356.2	320.0
Fair value adjustment and onerous contracts . .	-4.1	85.4	-688.2	32.8	-344.1
Income/loss from associated companies	-48.3	-30.3	-105.4	-57.9	-88.3
Depreciation and impairment losses	186.0	170.3	535.5	510.1	677.7
Change in working capital	-349.7	36.6	-550.9	845.7	472.4
Taxes paid	-19.7	-19.3	-46.5	-100.5	-122.8
Restructuring & other non-operational items . .	-39.0	-3.7	267.7	-11.7	-15.0
Other adjustments	-1.7	-3.5	-10.2	-10.4	4.3
Cash flow from operations	559.4	236.9	2 033.0	1 721.8	1 552.9
Proceeds from sale of fixed assets	5.9	6.5	19.1	69.0	70.6
Payments made for purchase of fixed assets . .	-460.4	-176.0	-1 329.8	-492.6	-732.9
Proceeds from associates and other investments	0.6	6.6	225.3	35.4	124.3
Purchase of shares and other investments ⁽²⁾ . .	275.8	0.0	-525.6	-6.8	-519.6
Cash flow from investments	-178.1	-162.9	-1 611.0	-395.0	-1 057.6
Proceeds from convertible bond	-1.0	0.0	2 673.7	0.0	0.0
Proceeds from new interest-bearing debt	2.3	0.0	1 252.3	0.0	12.2
Down payment of interest-bearing debt	-224.7	-105.3	-3 183.5	-1 243.9	-796.6
Net interest and financial items paid	-115.7	-89.4	-368.8	-239.0	-302.3
Realised currency effects	55.0	55.3	200.3	135.8	209.9
Net equity paid-in	0.0	0.0	0.0	0.0	425.0
Dividend paid to owners of Marine Harvest ASA	-201.4	0.0	-549.2	0.0	0.0
Transactions with treasury shares	0.2	0.0	0.2	0.0	0.0
Cash flow from financing	-485.3	-139.4	25.0	-1 347.1	-451.8
Change in cash in the period	-104.0	-65.4	447.0	-20.3	43.5
Cash—opening balance ⁽¹⁾	803.7	254.8	246.0	213.1	213.2
Currency effects on cash—opening balance . .	2.8	-4.3	9.5	-7.7	-10.6
Cash—closing balance⁽¹⁾	702.5	185.1	702.5	185.1	246.1

(1) Excluded restricted cash

(2) Included cash received from Morpol-acquisition: NOK 275.9 million

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(UNAUDITED)

2013 NOK million	Attributable to owners of Marine Harvest ASA					Non- controlling interests	Total equity
	Share capital	Share premium reserve	Other equity reserves	Retained earnings	Total		
Equity 01.01.2013	2 811.3	779.0	– 692.8	8 722.2	11 619.7	69.0	11 688.7
Comprehensive income							
Profit				1 221.1	1 221.1	9.8	1 230.9
Other comprehensive income			499.7	7.3	507.0	3.7	510.7
Transactions with owners							
Acquisition of non-controlling interest					0.0	– 74.1	– 74.1
Non-controlling interest arising on a business combination					0.0	294.5	294.5
Share based payment expense			2.6		2.6		2.6
Transactions with treasury shares				0.2	0.2		0.2
Dividends				– 562.2	– 562.2		– 562.2
Total equity 30.09.2013	2 811.3	779.0	– 190.5	9 388.6	12 788.4	302.9	13 091.3
2012 NOK million	Attributable to owners of Marine Harvest ASA					Non- controlling interests	Total equity
	Share capital	Share premium reserve	Other equity reserves	Retained earnings	Total		
Equity 01.01.2012	2 685.9	54.9	– 264.6	8 290.2	10 766.4	75.8	10 842.2
Comprehensive income							
Profit				408.5	408.5	4.1	412.6
Other comprehensive income			– 428.2	23.5	– 404.7	– 4.0	– 408.7
Transactions with owners							
Issue of shares	125.4	724.1			849.5		849.5
Acquisition of non-controlling interest					0.0	– 6.9	– 6.9
Total equity 31.12.2012	2 811.3	779.0	– 692.8	8 722.2	11 619.7	69.0	11 688.7

Other equity reserves consists of cash low hedge reserve, interest swap hedge reserve and foreign currency transaction reserve.

For further information related to share capital, reference is made to note 11.

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS

Note 1 GENERAL INFORMATION

Marine Harvest (the Group) consists of Marine Harvest ASA and its subsidiaries, including the Group's interests in associated companies.

This interim report has not been subject to any external audit.

These interim financial statements are prepared in accordance with International Financial Reporting Standards and interpretations (IFRS), as issued by the International Accounting Standards Board (IASB), including International Accounting Standard 34, Interim Financial Reporting. The quarterly report does not include all information and disclosures required in the annual financial statements and should be read in conjunction with the 2012 Annual Report.

Note 2 ACCOUNTING PRINCIPLES

All significant accounting principles applied in the consolidated financial statement are described in the Annual Report 2012. In 2013 the Group will in addition apply IAS 23 Borrowing costs related to the building of the Fish Feed Factory.

The Group has changed the principle for recognition of interest rate swaps considered to qualify for hedge accounting. The change in fair value of swaps qualifying for hedge accounting will, starting in 2013, be recognised as other comprehensive income and not as other financial items. The change in fair value of interest rate swaps which, following evaluation, do not qualify for hedge accounting, will be recognised as other financial items. The realised gains or losses will affect profit and loss as an adjustment to the interest expense.

New standards and amendments adopted by the Group in 2013:

*Amendments to IAS 1—Presentation of financial statements:

Presentation of groups of items in other comprehensive income (OCI) based on whether the items can be reclassified (or recycled) to profit or loss at a future point in time. The amendment affects presentation only.

IFRS 10 Consolidated financial statements

IFRS 10 replaces parts of IAS 27 and SIC 12, and establishes a single control model that applies to all entities including special purpose entities. The change in IFRS 10 will require management to exercise significant judgment to determine which companies are controlled, and therefore, are required to be consolidated by a parent. The Group has concluded that IFRS 10 does not impact on the Groups financial statements. The Group applied IFRS 10 in the interim reports in 2013, and will apply IFRS 10 in the annual financial statements for 2013.

IFRS 12 Disclosure of interest in other entities

IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28 Investment in Associates. A number of new disclosures are required. The full impact of IFRS 12 is yet to be assessed, but any additional disclosures will be included in the annual financial statements for 2013. The Group will apply IFRS 12 in the annual financial statements for 2013.

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)

Note 2 ACCOUNTING PRINCIPLES (Continued)

*Amendments to IAS 19—Employee benefits:

The impact for the Group will be that all actuarial gains and losses will be recognised in OCI and not in profit or loss. As defined benefit plans are not material for the Group, these changes will be recognised in the fourth quarter only.

*IFRS 13—Fair value measurement:

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. The application of IFRS 13 has not impacted the fair value measurements carried out by the Group. Extended disclosures are included for shares in Morpol ASA (note 7), biological assets (note 5) and Convertible bonds (note 9).

Note 3 ESTIMATES AND RISK EXPOSURE

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting principles and recognised amounts of assets, liabilities, income and expenses. The most significant estimates relate to the valuation of biological assets and some financial instruments, which are measured at fair value. Estimates and underlying assumptions are reviewed on an ongoing basis, and are based on the management's best assessment at the time of reporting. All changes in estimates are reflected in the financial statements as they occur. The accounting estimates are described in Note 3 to the financial statements in the 2012 Annual Report.

Marine Harvest is exposed to a number of operational and financial risk factors. The main operational risk factors are the development in the salmon price, biological risk linked to the salmon farming operations, the development in the salmon feed prices and feed utilisation and regulatory risk. Financially, the main risk factors are linked to general fluctuations in interest rates and exchange rates, credit risk and liquidity risk.

All risk factors are described in the 2012 Annual Report.

Note 4 BUSINESS SEGMENTS

Marine Harvest is organised in two business areas, Sales and Marketing and Farming. Fish Feed production will be a separate business area, but the operational activity has not yet started.

The performance of the Farming and Sales and Marketing business areas are monitored to reach the overall objective of maximising the Operational EBIT per kg. Consequently, external reporting will be focused towards measuring and illustrating the overall profitability of harvested volume based on source of origin (Operational EBIT/kg).

The same accounting principles as described for the Group financial statements have been applied for the segment reporting. Inter-segment transfers or transactions are entered into under normal commercial terms and conditions, and the measurement used in the segment reporting is the same as used for the actual transactions.

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)

Note 4 BUSINESS SEGMENTS (Continued)

BUSINESS AREAS NOK million	Sales and Marketing				Eliminations	TOTAL
	Farming	MH Markets	MH VAP Europe	Other		
Q3. 13						
External revenue	81.7	3 193.2	1 018.5	13.5	0.0	4 306.9
Internal revenue	2 965.9	437.3	15.3	48.8	- 3 467.3	0.0
Operational revenue	3 047.6	3 630.5	1 033.8	62.3	- 3 467.3	4 306.9
Change in unrealised salmon derivatives	0.0	0.0	0.0	- 3.3	0.0	- 3.3
Revenue in profit and loss	3 047.6	3 630.5	1 033.8	59.0	- 3 467.3	4 303.6
Operational EBITDA	866.8	115.9	9.1	- 18.5	0.0	973.3
Operational EBIT	711.8	112.0	- 10.5	- 20.7		792.6
Change in unrealised salmon derivatives	0.0	0.0	0.0	- 3.3		- 3.3
Fair value adjustment on biological assets	- 114.7	0.0	0.0	2.1		- 112.6
Onerous contracts provision	116.7	0.0	0.0	0.0		116.7
Restructuring cost	- 0.5	0.0	0.0	0.0		- 0.5
Income from associated companies	48.3	0.0	0.0	0.0		48.3
Impairment losses	- 4.7	0.0	- 0.5	0.0		- 5.2
EBIT	756.8	112.0	- 11.0	- 21.9		835.9
Q3. 12						
External revenue	85.3	2 626.9	911.3	23.3	0.0	3 646.8
Internal revenue	2 414.9	406.2	0.2	7.7	- 2 829.0	0.0
Operational revenue	2 500.2	3 033.1	911.5	31.0	- 2 829.0	3 646.8
Change in unrealised salmon derivatives	0.0	0.0	0.0	- 13.5	0.0	- 13.5
Revenue in profit and loss	2 500.2	3 033.1	911.5	17.6	- 2 829.0	3 633.3
Operational EBITDA	172.0	85.2	18.3	- 34.5	0.0	241.1
Operational EBIT	27.6	82.2	- 0.1	- 36.5		73.3
Change in unrealised salmon derivatives	0.0	0.0	0.0	- 13.5		- 13.5
Fair value adjustment on biological assets	- 81.2	0.0	0.0	- 3.9		- 85.1
Onerous contracts provision	- 0.3	0.0	0.0	0.0		- 0.3
Restructuring cost	- 0.8	0.0	0.0	0.0		- 0.8
Income from associated companies	27.4	0.0	2.9	0.0		30.3
Impairment losses	- 1.4	0.0	- 1.1	0.0		- 2.5
EBIT	- 28.7	82.2	1.8	- 53.9		1.4

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)

Note 4 BUSINESS SEGMENTS (Continued)

BUSINESS AREAS NOK million	Sales and Marketing				Eliminations	TOTAL
	Farming	MH Markets	MH VAP Europe	Other		
YTD Q3. 13						
External revenue	220.3	9 270.0	2 956.8	39.8	0.0	12 486.9
Internal revenue	8 509.0	1 274.3	27.0	61.2	- 9 871.5	0.0
Operational revenue	8 729.3	10 544.3	2 983.8	101.0	- 9 871.5	12 486.9
Change in unrealised salmon derivatives	0.0	0.0	0.0	- 17.7	0.0	- 17.7
Revenue in profit and loss	8 729.3	10 544.3	2 983.8	83.3	- 9 871.5	12 469.2
Operational EBITDA	2 527.2	251.9	35.3	- 110.9	0.0	2 703.4
Operational EBIT	2 073.6	241.1	- 21.1	- 117.7		2 175.8
Change in unrealised salmon derivatives	0.0	0.0	0.0	- 17.7		- 17.7
Fair value adjustment on biological assets	668.8	0.0	0.0	1.7		670.6
Onerous contracts provision	17.6	0.0	0.0	0.0		17.6
Restructuring cost	- 0.5	- 32.7	- 205.1	0.0		- 238.4
Other non-operational items	- 74.4	0.0	0.0	0.0		- 74.4
Income from associated companies	105.4	0.0	0.0	0.0		105.4
Impairment losses	- 3.7	- 3.5	- 0.5	- 0.2		- 7.9
EBIT	2 786.8	204.9	- 226.7	- 133.9		2 631.0
YTD Q3. 12						
External revenue	286.6	8 351.5	2 793.9	66.0	0.0	11 498.0
Internal revenue	7 600.9	1 117.9	10.0	38.7	- 8 767.6	0.0
Operational revenue	7 887.5	9 469.4	2 803.9	104.7	- 8 767.6	11 498.0
Change in unrealised salmon derivatives	0.0	0.0	0.0	- 86.8	0.0	- 86.8
Revenue in profit and loss	7 887.5	9 469.4	2 803.9	18.0	- 8 767.6	11 411.3
Operational EBITDA	829.3	283.5	44.2	- 70.8	0.0	1 086.2
Operational EBIT	392.8	274.8	- 10.5	- 77.3		579.9
Change in unrealised salmon derivatives	0.0	0.0	0.0	- 86.8		- 86.8
Fair value adjustment on biological assets	- 46.1	0.0	0.0	- 5.5		- 51.5
Onerous contracts provision	18.7	0.0	0.0	0.0		18.7
Restructuring cost	- 0.8	0.0	0.0	0.0		- 0.8
Income from associated companies	55.0	0.0	2.9	0.0		57.9
Impairment losses	- 2.1	0.0	- 1.6	0.0		- 3.7
EBIT	417.6	274.8	- 9.2	- 169.5		513.7

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)

Note 5 SPECIFICATIONS OF BIOLOGICAL ASSETS

NOK million	MH Norway	MH Scotland	MH Canada	MH Chile	Morpol	Other	TOTAL
Fair value adjustment on biological assets in profit and loss							
Q3. 2013	-20.7	-46.2	-29.8	7.9		-23.8	-112.6
Q3. 2012	198.7	-68.0	-109.8	-68.0		-38.0	-85.1
YTD Q3. 2013	243.6	84.7	195.2	128.3		18.8	670.6
YTD Q3. 2012	278.8	-149.2	-64.3	-90.1		-26.7	-51.5
2012	495.0	-11.5	-23.2	-74.8		-35.3	350.2
Biomass in sea (1 000 tonnes)							
30.09.2013 Marine Harvest							249.7
30.09.2013 Morpol—continued operations							10.9
30.06.2013							201.5
31.12.2012							240.6
Fair value of biological assets in financial position							
30.09.2013							
Fair value adjustment on biological assets	944.9	259.9	177.4	88.4	63.1	51.8	1 585.4
Biomass at cost							6 569.7
Biological assets							8 155.1
30.06.2013							
Fair value adjustment on biological assets	965.6	291.2	213.4	82.7		77.0	1 630.0
Biomass at cost							5 413.7
Biological assets							7 043.7
31.12.2012							
Fair value adjustment on biological assets	701.3	160.4	-16.0	-40.8		30.9	835.7
Biomass at cost							5 372.1
Biological assets							6 207.9
Change in carrying amount of biological assets							
Carrying amount 1.7.2013							7 043.7
Purchases							2 659.6
Change in fair value							-112.6
Mortality for fish in sea							-52.2
Cost of harvested fish							-1 770.4
Assets acquired from Morpol—continued operations							338.9
Currency translation differences							48.0
Carrying amount 30.09.2013							8 155.1
Price sensitivities effect on fair value—(salmon only)							
The sensitivities are calculated based on a NOK 2 increase of the price in all markets (fish between 1-4 kg is measured proportionately based on their level of completion).							
	197.3	27.8	26.0	44.3	14.6	12.3	322.3

Biological assets are, in accordance with IAS 41, measured at fair value, unless the fair value cannot be measured reliably. Broodstock, smolt and live fish below 1 kg are measured at cost less impairment losses, as the fair value cannot be measured reliably.

Biomass beyond this is measured at fair value in accordance with IFRS 13, and the measurement is categorised into Level 3 in the fair value hierarchy, as the input is unobservable input. Live fish over 4 kg are measured to full net value, while a proportionate expected net profit at harvest is incorporated for live fish between 1 kg and 4 kg. The valuation is completed for each business unit based on a model and basis for assumptions supplied by corporate. All assumptions are subject to quality assurance and analysis on a monthly basis from a corporate level.

The valuation is based on an income approach and takes into consideration unobservable input based on biomass in sea for each sea water site, estimated growth rate on site level, mortality in the

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)

Note 5 SPECIFICATIONS OF BIOLOGICAL ASSETS (Continued)

business unit, quality of the fish going forward, costs and market price. Special assessment is performed for sites with high/low performance due to disease or other special factors. The market prices are set for each business unit, and are derived from observable market prices (when available), achieved prices and development in contract prices.

Note 6 EXCEPTIONAL ITEMS

<u>NOK million</u>	<u>Q1. 13</u>	<u>Q2. 13</u>	<u>Q3. 13</u>	<u>YTD Q3. 13</u>
Exceptional items				
Sea lice mitigation in MH Norway	30.4	29.7	32.0	92.1
Exceptional mortality in MH Norway	1.8	4.3	8.9	15.0
Discards and claims from Kudoa in MH Canada	6.1	4.4	4.0	14.5
Mortality in MH Chile	3.0	7.8	6.8	17.6
Exceptional mortality in MH Ireland	—	—	32.7	32.7
Exceptional items in operational EBIT	41.3	46.2	84.4	171.9

The note summarises elements affecting Operasjonell EBIT in the Statement of comprehensive income that management considers exceptional relative to the underlying operations. The elements for the current quarter is commented on in the chapters for each operating unit.

Note 7 SHARES IN MORPOL ASA and ASSETS HELD FOR SALE

In December 2012 Marine Harvest ASA acquired 48.5% of the shares in Morpol ASA at NOK 11.50 per share. In January 2013 Marine Harvest ASA submitted a mandatory offer for the remaining shares in Morpol ASA at NOK 11.50 per share. The result of the offer was that Marine Harvest ASA acquired additional 38.6% of the shares in Morpol ASA. The total ownership in Morpol ASA is 94.3% as of October 31, 2013.

Morpol ASA is listed on the Oslo Stock Exchange and is a world leader in value added processing. The purchase of Morpol is in line with the Marine Harvest's strategy of forming a world leading integrated protein group. The Morpol acquisition will further strengthen the Group's capacity for processed salmon products in several markets where Marine Harvest previously not has been very active.

On 30 September 2013 the acquisition was approved by the competition authorities in EU. The approval from the Anti-monopoly committee in Ukraine is still pending, but given that Morpol historically has not been active in Ukraine, a right to consummate the transaction has been granted subject to certain terms. Marine Harvest has therefore consolidated Morpol ASA into the Marine Harvest Group as of 30 September 2013.

A preliminary purchase price allocation has been carried out. The initial accounting is not yet completed, and the fair value of assets acquired and liabilities assumed are provisional, and will be further evaluated. The provisional aggregated goodwill of NOK 107 million recognised arises from a number of factors such as expected synergies through combining highly skilled workforces, obtaining economies of scale and of forming a world leading integrated protein group.

The table below summarises the consideration paid for Morpol ASA, and the preliminary assessed fair value of the assets acquired and liabilities assumed, recognised at the acquisition date 30 September 2013.

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)

Note 7 SHARES IN MORPOL ASA and ASSETS HELD FOR SALE (Continued)

Acquisition-related costs of NOK 12.2 million have been recognised as other operating expenses in the consolidated statement of comprehensive income.

<u>Recognised amounts of identifiable assets required and liabilities assumed</u>	<u>NOK million</u>
Provisional fair value	
Licenses	448.7
Other intangible assets	266.2
Property, plant and equipment	1 215.4
Inventories and biological assets	648.2
Other assets	702.0
Cash and cash equivalents	276.9
Long-term interest bearing debt	– 18.2
Short-term interest bearing debt	– 1 939.8
Other liabilities	– 537.8
Total identifiable net assets	1 061.6
Assets held for sale, net	809.1
Non-controlling interests	– 294.7
Goodwill	106.7
Cash consideration	1 682.7

If Morpol ASA had been consolidated from 1 January 2013, the consolidated statement of comprehensive income for the nine months ended 30 September 2013 would show pro-forma revenue of NOK 15 485 million and pro-forma profit of NOK 1 203 million, inclusive discontinued operations.

Morpol’s subsidiaries relating to farming of other species than salmon, in Belize and Vietnam, will be sold no later than 2 months after the approval of the transaction by the European commission. These assets are classified as “Assets/Liabilities held for sale” in Marine Harvests consolidated financial position as of 30 September 2013, and are measured at fair value.

As remedies for the Competition approval of the purchase, Marine Harvest has agreed to divest the farming capacity in Shetland (11 000 tonnes) and Orkney Islands (7 000 tonnes). Furthermore, the company has agreed to divest freshwater capacity and primary processing plants in the same areas. These assets and related liabilities are classified as “Assets held for sale” in Marine Harvests consolidated financial position as of 30 September 2013. The assets and liabilities are measured at carrying amount, which is considered to be an approximation to fair value less cost to sell.

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)

Note 8 FINANCIAL ITEMS

<u>NOK million</u>	<u>Note</u>	<u>Q3. 13</u>	<u>Q3. 12</u>	<u>YTD Q3. 13</u>	<u>YTD Q3. 12</u>	<u>2012</u>
Interest expense		-166.3	-92.0	-445.6	-281.8	-382.8
Currency effects on interest-bearing debt .		-139.5	54.3	-415.4	206.3	206.9
Currency effects bank, trade receivables and trade payables		13.7	13.5	68.0	-34.7	1.5
Gain/loss on short-term transaction hedges		8.4	11.1	1.5	29.8	38.8
Realised gain/loss on long-term cash flow hedges		11.7	75.3	60.7	198.9	276.1
Net currency effects		-105.6	154.2	-285.2	400.2	523.3
Interest income		6.6	2.0	15.2	7.5	-0.9
Gain/loss on salmon derivatives		0.8	0.0	3.3	0.0	0.0
Change in fair value of financial instruments		2.9	-65.6	-30.0	-156.6	-145.0
Change in fair value conversion liability components	9	-30.0	-68.6	-218.7	-219.8	-305.3
Change in fair value other shares		12.9	-31.4	11.8	12.8	3.8
Dividends and gain/loss on sale of other shares		0.1	3.6	133.4	3.8	135.6
Net other financial items		-0.4	-2.4	-3.8	-4.0	-8.2
Other financial items		-7.1	-162.5	-88.8	-356.2	-320.0
Total financial items		-279.0	-100.3	-819.6	-237.8	-179.5

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)

Note 9 CONVERTIBLE BONDS

NOK million	Statement of financial position			Statement of comprehensive income		
	Non-current interest-bearing debt	Conversion liability 2010-bond	Conversion liability 2013-bond	Interest expenses	Net currency effects	Other financial items
Initial recognition						
2010-bond—EUR 225 mill	1 541.3	259.7				
2013-bond—EUR 350 mill	2 267.1		378.0			
Subsequent measurement						
Interest and currency effects	- 8.9			- 356.3	146.7	
Change in fair value of conversion liability component		69.8				- 69.8
Net recognised 2010 - 2012				<u>- 356.3</u>	<u>146.7</u>	<u>- 69.8</u>
Recognised 2013						
Q1 and Q2 2013						
Interest and currency effects	216.1			- 91.0	- 176.4	
Change in fair value of conversion liability component		179.6	9.2			- 188.8
Q3.2013						
Redeemed bond	- 0.8	- 0.2				
Coupon interest				- 42.6		
Amortised interest	33.7			- 33.7		
Currency effects	112.2				- 112.2	
Change in fair value of conversion liability components		18.6	11.3			- 29.9
Net recognised end of period 2013	<u>4 160.7</u>	<u>527.5</u>	<u>398.5</u>	<u>- 167.3</u>	<u>- 288.6</u>	<u>- 218.7</u>

Marine Harvest ASA issued a EUR 350 million convertible bond 1 May 2013, with a coupon interest of 2.375%. The bond matures in 2018 at the nominal value of EUR 350 million or can be converted into shares at the holder's option. The value of the debt liability component and conversion liability component were determined at issuance of the bond. The fair value of the debt liability component was calculated using a market interest rate for an equivalent, non-convertible bond. The residual amount was the fair value of the conversion liability component at initial recognition.

Subsequent to initial recognition the conversion liability components are measured at fair value in accordance with IFRS 13. The measurement is categorised into Level 3 in the fair value hierarchy, as some input is unobservable. The valuations are performed using Black-Scholes valuation model for option valuation, with quoted prices for share value, exchange rate and risk free interest rate, and unobservable input for volatility.

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)

Note 9 CONVERTIBLE BONDS (Continued)

Sensitivity analyses conversion liability components:

	NOK million	
	2010-bond	2013-bond
A 10% increase in share price	713.6	516.5
A 10% increase in exchange rate EUR/NOK	412.8	333.8
A 0.50% point increase in risk free interest rate	5362	415.1

The carrying amounts of the debt liability component of the convertible bonds are classified as non-current interest-bearing debt, and the conversion liability components are classified as other non-current interest-free liabilities in the statement of financial position. All profit and loss elements related to the convertible bonds, are included in the specification of financial items in note 8.

Note 10 EARNINGS PER SHARE

Basic Earnings per share (EPS) is calculated on the weighted average number of shares outstanding during the period.

Convertible bonds that are “in the money” are considered to have a dilutive effect if EPS is reduced when assuming a full conversion into shares at the beginning of the period and reversing all its effects on earnings for the period. On the other hand, if the effect of the above increases EPS, the bond is considered anti-dilutive, and is then not included in diluted EPS. The adjustments to earnings are interest expenses, currency gains/losses and changes in fair value of equity conversion option, adjusted for estimated taxes.

The equity conversion option on the 2010 convertible bond was “in the money” at the end of the reporting period, but the effect on EPS was anti-dilutive, and the convertible bond is therefore not included in diluted EPS.

The equity conversion option on the 2013 convertible bond was not “in the money” at the end of the reporting period, and a dilution effect has not calculated.

Note 11 SHARE CAPITAL

	No of shares	NOK million	
		Share capital	Share premium reseve
Share Capital			
Issued at the beginning of 2013	3 748 341 597	2 811.3	779.0
Share capital end of period	3 748 341 597	2 811.3	779.0
			Cost
Treasury Shares			
Treasury shares at the beginning of 2013	409 698		2.8
Treasury shares end of period	409 698		2.8

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)

Note 12 SHAREHOLDERS

Overview of the major shareholders at 30.09.2013

<u>Name of shareholder</u>	<u>No. of shares</u>	<u>%</u>
Geveran Trading CO LTD	920 481 234	24.56%
Folketrygdfondet	337 087 688	8.99%
Lansdowne Developed Markets Master	127 043 913	3.39%
Geveran Trading CO LTD	123 480 400	3.29%
Morgan Stanley & CO Internat. PLC	118 961 578	3.17%
Clearstream Banking S.A.	105 516 056	2.82%
State Street Bank and Trust CO	95 017 509	2.53%
The Bank of New York Mellon SA/NVT	52 166 748	1.39%
State Street Bank and Trust CO	50 153 331	1.34%
DNB NOR Bank ASA	48 347 648	1.29%
Verdipapirfondet DNB Norge (IV)	42 113 044	1.12%
Varma Mutual Pension Insurance	39 400 000	1.05%
State Street Bank and Trust CO	37 004 807	0.99%
Statoil Pensjon	36 695 509	0.98%
Verdipapirfondet DNB Norge Selektiv	32 305 983	0.86%
Danske Invest Norske Instit.II.	32 036 466	0.85%
Skandinaviska Enskilda Banken AB.	31 395 247	0.84%
JPMorgan Chase Bank N.A. London	30 139 112	0.80%
West Coast Invest AS	30 012 000	0.80%
The Bank of New York Mellon	26 146 179	0.70%
Total 20 largest shareholders	2 315 504 452	61.77%
Total other	1 432 837 145	38.23%
Total number of shares	3 748 341 597	100.00%

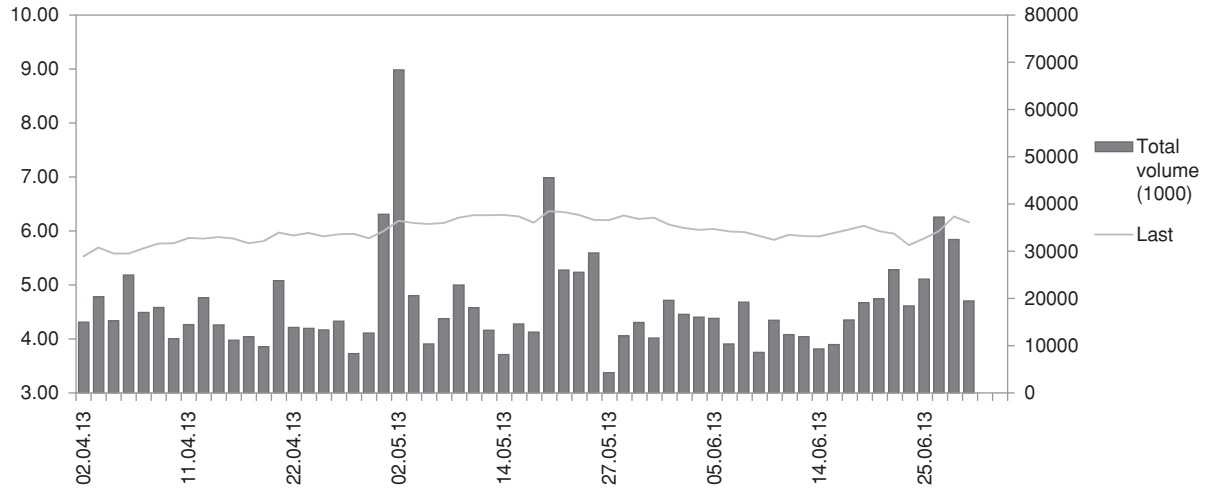
Geveran Trading CO Ltd, which is indirectly controlled by trusts established by John Fredriksen for the benefit of his immediate family, has purchased 9 110 312 shares at a price of NOK 6.1844 per share 22.07.2013, 19 688 020 shares at a price of NOK 5.9725 per share 29.07.2013, 30 000 000 shares at a price of NOK 5.9086 per share 22.08.2013, 20 000 000 shares at a price of NOK 5.6979 per share 29.08.2013, 5 000 000 shares at a price of NOK 5.7967 per share 05.09.2013 and 16 500 000 shares at a price of NOK 5.9195 per share 11.09.2013. Geveran Trading's affiliated ownership in Marine Harvest ASA is following these transactions 1 173 531 634 shares , constituting 31.31 percent of the issued share capital.

In addition Geveran Trading Co LTD has TRS agreements relating to 70 million shares in Marine Harvest ASA. The expiration of the TRS agreements is 20.01.2014. The exercise price on the agreements is NOK 7.0258 per share.

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)

Note 13 SHARE PRICE DEVELOPMENT

Share price development at Oslo Stock Exchange (ticker MHG)



Articles of association

Articles of Association Marine Harvest ASA. Last amended 20 January 2014.

§ 1

The name of the company is Marine Harvest ASA. The company is a public limited company.

§ 2

The registered office of the company shall be in Bergen municipality.

§ 3

The object of the company is production, refinement, sale and distribution of seafood and goods used in seafood production, either directly or through participation in other companies and hereto-related activities.

§ 4

The share capital is NOK 3 077 833 192.5 divided into 410 377 759 shares at a nominal value of NOK 7.5 each.

§ 5

The board of directors shall consist of 6 to 12 members. The board members shall be elected for a period of two years. The chairman and the vice chairman of the board shall be elected by the shareholders' meeting.

§ 6

The company shall have a nominating committee consisting of three members which shall be elected by the shareholders' meeting. The Chairman of the nomination committee shall be elected by the shareholders' meeting. The nominating committee shall be elected for a period of two years. The nominating committee shall submit its recommendations to the shareholders' meeting. The nominating committee's recommendation shall also include recommendations regarding remuneration to the members of the board. The shareholders' meeting may resolve directives for the nominating committee's work.

§ 7

The signature of the company is held by the CEO and chairman of the board jointly or by two board members jointly.

The board may grant power of procuration.

§ 8

The agenda of an ordinary shareholders' meeting shall include:

The board's annual report.

Approval of financial statement and balance sheet.

Allocation of profit or coverage of deficit in accordance with the declared dividend and balance sheet.

Other matters which according to law or the company's articles of association shall be decided by the shareholders' meeting and are mentioned in the summons

§ 9

When documents concerning matters to be discussed at the general meeting are made available to the shareholders on the Company's website, the requirement in the Public Companies Act that such documents shall be sent to the shareholders shall not apply. This also applies to documents which, according to law, shall be included or enclosed to the notice of the general meeting. A shareholder may nonetheless request hard copies of such documents to be sent to him. The Company cannot claim any form of compensation for sending the documents to the shareholders.

§ 10

The provisions of the Companies Act, as they may from time to time be amended, shall apply.

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by asterisks (“[***]”), and the omitted text has been filed separately with the Securities and Exchange Commission.

€775,000,000

AMENDED AND RESTATED FACILITY AGREEMENT

Originally dated 4 May 2010 as subsequently amended by an amendment agreement dated 27 April 2011 and as amended and restated by the Amendment and Restatement Agreement dated 16 December 2011 and as amended and restated by the Amendment and Restatement Agreement dated 26 July 2012

for

MARINE HARVEST ASA

arranged by
DNB BANK ASA
NORDEA BANK NORGE ASA
COÖPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK B.A.
AND
ABN AMRO BANK N.V. (FORMERLY FORTIS BANK (NEDERLAND) N.V.)

with

DNB BANK ASA
NORDEA BANK NORGE ASA
COÖPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK B.A.
AND
ABN AMRO BANK N.V. (FORMERLY FORTIS BANK (NEDERLAND) N.V.)
acting as Bookrunners

DNB BANK ASA
acting as Agent

and

DNB BANK ASA
acting as Security Agent

Linklaters

Ref: ONNB

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THIS AGREEMENT is originally dated 4 May 2010, was amended on 27 April 2011 and is further amended and restated pursuant to an Amendment and Restatement Agreement dated 26 July 2012 and made between:

- (1) MARINE HARVEST ASA, a company incorporated in Norway with registration number 964 118 191 of Stortingsgata 8, N-0161, Oslo, Norway (the “**Company**” and the “**Original Borrower**”);
- (2) THE COMPANIES listed in Part I of Schedule 1 (*The Original Parties*) as original guarantors (the “**Original Guarantors**”);
- (3) DNB BANK ASA, NORDEA BANK NORGE ASA, COÖPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK B.A. and ABN AMRO BANK N.V. (formerly Fortis Bank (Nederland) N.V.), as mandated lead arrangers (whether acting individually or together the “**Arranger**”);
- (4) DNB BANK ASA, NORDEA BANK NORGE ASA, COÖPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK B.A. and ABN AMRO BANK N.V. (formerly Fortis Bank (Nederland) N.V.), as bookrunners (whether acting individually or together the “**Bookrunner**”);
- (5) THE FINANCIAL INSTITUTIONS listed in Part II of Schedule 1 (*The Original Parties*) as lenders (the “**Original Lenders**”);
- (6) DNB BANK ASA as agent of the other Finance Parties (the “**Agent**”); and
- (7) DNB BANK ASA as security agent for the Secured Parties (the “**Security Agent**”).

IT IS AGREED as follows:

SECTION 1

INTERPRETATION

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement:

“**2006 Facility Agreement**” means the facility agreement dated 24 March 2006 (as amended from time to time) between, amongst others, the Company and the Arranger.

“**Acceding Lender**” has the meaning given to that term in paragraph (a) of Clause 25.11 (*Acceding Lender*).

“**Acceding Lender Accordion Amount**” has the meaning given to that term in paragraph (h) of Clause 2.2 (*Accordion feature — Increase of Facility B*).

“**Acceleration Date**” means the date (if any) on which the Agent exercises any of its rights under Clause 24.14 (*Acceleration*) or the date (if any) on which the Facilities are cancelled in full under Clause 9.2 (*Change of control*).

“**Acceptable Bank**” means:

- (a) a bank or financial institution which has a rating for its long-term unsecured and non credit-enhanced debt obligations of A- or higher by Standard & Poor’s Rating Services or
-

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Fitch Ratings Ltd or A3 or higher by Moody’s Investor Services Limited or a comparable rating from an internationally recognised credit rating agency; or

(b) any other bank or financial institution approved by the Agent.

“**Accession Deed**” means a document substantially in the form set out in Schedule 9 (*Form of Accession Deed*).

“**Accordion Amount**” has the meaning given to that term in paragraph (a) of Clause 2.2 (*Accordion feature — Increase of Facility B*).

“**Accounting Quarter**” means each period of three months ending 31 March, 30 June, 30 September and 31 December in any financial year of the Company.

“**Acquisition**” means the acquisition by the Company of Marine Harvest N.V. pursuant to a share purchase agreement dated 6 March 2006.

“**Additional Borrower**” means a company which becomes an Additional Borrower in accordance with Clause 26 (*Changes to the Obligors*).

“**Additional Cost Rate**” has the meaning given to it in Schedule 4 (*Mandatory Cost formulae*).

“**Additional Debt**” means, in relation to any Debt, any money, debt or liability due, owing or incurred under or in connection with:

- (i) any refinancing, deferral or extension of that Debt;
- (ii) any further advance which may be made under any document, agreement or instrument supplemental to any relevant Finance Document together with any related interest, fees and costs;
- (iii) any claim for damages or restitution in the event of rescission of that Debt or otherwise in connection with any relevant Finance Document;
- (iv) any claim against any Obligor flowing from any recovery by an Obligor or any liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer of a payment or discharge in respect of that Debt on the grounds of preference or otherwise; and
- (v) any amount (such as post-insolvency interest) which would be included in any of the above but for any discharge, non-provability, unenforceability or non-allowability of the same in any insolvency or other proceedings.

“**Additional Guarantor**” means a company which becomes an Additional Guarantor in accordance with Clause 26 (*Changes to the Obligors*).

“**Additional Obligor**” means an Additional Borrower or an Additional Guarantor.

“**Affiliate**” means, in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company.

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“**Agent’s Spot Rate of Exchange**” means the Agent’s spot rate of exchange for the purchase of the relevant currency with the Base Currency in the London foreign exchange market at or about 11:00 a.m. on a particular day.

“**Alternative Market Disruption Event**” has the meaning given to that term in Clause 12.2 (*Market disruption*).

“**Alternative Reference Bank Rate**” has the meaning given to that term in Clause 12.3 (*Alternative Reference Bank Rate*).

“**Alternative Reference Banks**” means:

- (i) in relation to a Loan in euro, the principal offices of the banks listed in Part I of Schedule 20 (*Alternative Reference Banks*);
- (ii) in relation to a Loan in NOK the principal offices of the banks listed in Part III of Schedule 20 (*Alternative Reference Banks*); and
- (iii) in relation to a Loan in a currency other than euro, the principal London offices of the banks listed in Part II of Schedule 20 (*Alternative Reference Banks*),

or such other banks as may be appointed by the Agent in consultation with the Company.

“**Amendment and Restatement Agreement**” means the amendment and restatement agreement amending and restating this Agreement and dated on or around the Effective Date (as defined therein) and made between, *inter alia*, the Company, the parties listed therein as obligors, the parties listed therein as lenders, the Agent and the Security Agent.

“**Ancillary Commitment**” means, in relation to an Ancillary Lender and an Ancillary Facility, the maximum Base Currency Amount from time to time agreed (whether or not subject to satisfaction of conditions precedent and whether or not utilised) to be made available by that Ancillary Lender under an Ancillary Facility and authorised under Clause 7 (*Ancillary Facilities*), to the extent not cancelled or reduced under this Agreement.

“**Ancillary Facility**” means an ancillary facility made available by an Ancillary Lender in accordance with Clause 7 (*Ancillary Facilities*).

“**Ancillary Facility Document**” means a document setting out the terms of an Ancillary Facility.

“**Ancillary Facility Request**” means a notice substantially in the form set out in Part III of Schedule 3 (*Requests*).

“**Ancillary Lender**” means each Lender (or Affiliate of a Lender) which makes available an Ancillary Facility in accordance with Clause 7 (*Ancillary Facilities*).

“**Ancillary Outstandings**” means, at any time and in relation to an Ancillary Facility, the aggregate (calculated in the Base Currency) of the following amounts outstanding at that time under that Ancillary Facility:

- (a) all amounts of (or equivalent to) principal then outstanding under any overdraft, cheque clearing, automatic payment, cash pooling, ordinary, bilateral local loan or other current

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account facility after deducting any credit balance which the Ancillary Lender may have set off against that principal;

- (b) the maximum potential liability under all guarantees, bonds and letters of credit issued under that Ancillary Facility;
- (c) in relation to any derivative transaction entered into for protection against or benefit from fluctuation in any rate or price, the marked to market value of the Ancillary Lender’s exposure under that transaction; and
- (d) in relation to any other Ancillary Facility, such other amount as fairly represents the aggregate exposure of the Ancillary Lender under that Ancillary Facility,

in each case determined by the relevant Ancillary Lender in accordance with its usual practice at that time for calculating its exposure under similar facilities or transactions (acting reasonably and after consultation with the Agent).

For the purposes of this definition:

- (i) in relation to any utilisation denominated in the Base Currency, the amount of that utilisation (determined as described in paragraphs (a) to (d) above) shall be used; and
- (ii) in relation to any utilisation not denominated in the Base Currency, the equivalent (calculated as specified in the relevant Ancillary Facility Document or, if not so specified, as the relevant Ancillary Lender may specify, in each case in accordance with its usual practice at that time for calculating that equivalent (acting reasonably and after consultation with the Agent)) in the Base Currency of the amount of that utilisation (determined as described in paragraphs (a) to (d) above) shall be used.

“**Applicable Accounting Principles**” means GAAP and practices and financial reference periods used in the Original Financial Statements.

“**Assignment Agreement**” means an agreement substantially in the form set out in Schedule 8 (*Form of Assignment Agreement*) or any other form agreed between the relevant assignor and assignee.

“**Authorisation**” means an authorisation, consent, approval, resolution, licence, aquacultural licence, exemption, filing, notarisation or registration.

“**Availability Period**” means:

- (i) in relation to Facility A, the period from and including the date of this Agreement to the date which is 20 Business Days from the date of this Agreement;
- (ii) in relation to Facility B, the period from and including the date of this Agreement to and including the Business Day one month before the Termination Date; and
- (iii) in relation to Facility C, the period from and including the date of this Agreement to and including the Business Day one month before the Termination Date.

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“**Available Ancillary Commitment**” means, in relation to an Ancillary Facility, an Ancillary Lender’s Ancillary Commitment less the Ancillary Outstandings in relation to that Ancillary Facility.

“**Available Commitment**” means (subject to Clause 7.11 (*Affiliates of Lenders as Ancillary Lenders*)), in relation to a Facility, a Lender’s Commitment under that Facility minus:

- (a) the Base Currency Amount of its participation in any outstanding Loans under that Facility;
- (a) in relation to any proposed Utilisation, the Base Currency Amount of its participation in any Loans that are due to be made under that Facility on or before the proposed Utilisation Date; and
- (b) in the case of Facility B and/or Facility C only, the Base Currency Amount of its Ancillary Commitment in relation to any new Ancillary Facility that is due to be made available under Facility B or Facility C respectively on or before the proposed Utilisation Date of that Facility,

other than, in relation to any proposed Utilisation under Facility B or Facility C only, that Lender’s participation in any Facility B Loans or Facility C Loans (as applicable) that are due to be repaid or prepaid on or before the proposed Utilisation Date.

“**Available Facility**” means, in relation to a Facility, the aggregate for the time being of each Lender’s Available Commitment in respect of that Facility.

“**Base Currency**” means:

- (i) in respect of Facility A and Facility B, euro; and
- (ii) in respect of Facility C, USD.

“**Base Currency Amount**” means:

- (i) in relation to a Loan, the amount specified in the Utilisation Request delivered by a Borrower for that Loan (or, if the amount requested is not denominated in the Base Currency, that amount converted into the Base Currency at the Agent’s Spot Rate of Exchange on the date which is three Business Days before the Utilisation Date or, if later, on the date the Agent receives the Utilisation Request); and
- (ii) in relation to an Ancillary Commitment, the amount specified in the notice delivered to the Agent by the Company pursuant to paragraph (a) of Clause 7.3 (*Request for Ancillary Facilities*),

adjusted to reflect any repayment, prepayment, consolidation or division of the Loan or (as the case may be) cancellation or reduction of the Ancillary Commitment.

“**Base Reference Bank Rate**” means the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Agent at its request by the Base Reference Banks:

- (i) in relation to EURIBOR, as the rate at which the relevant Base Reference Bank could borrow funds in the European interbank market; or

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- (ii) in relation to LIBOR, as the rate at which the relevant Base Reference Bank could borrow funds in the London interbank market; or
- (iii) in relation to NIBOR, as the rate at which the relevant Base Reference Bank could borrow funds in the Oslo interbank market,

in the relevant currency and for the relevant period, were it to do so by asking for and then accepting interbank offers for deposits in reasonable market size in that currency and for that period.

“**Base Reference Banks**” means:

- (i) in relation to EURIBOR, the principal office in Utrecht of Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., the principal Oslo offices of DNB Bank ASA and Nordea Bank Norge ASA and the principal office in Amsterdam of ABN AMRO Bank N.V.;
- (ii) in relation to LIBOR, the principal London offices of Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., DNB Bank ASA and Nordea Bank Finland Plc and the principal Amsterdam office of ABN AMRO Bank N.V.; and
- (iii) in relation to NIBOR, the principal Oslo offices of DNB Bank ASA and Nordea Bank Norge ASA, the principal London offices of Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., and the principal Amsterdam office of ABN AMRO Bank N.V.,

or such other banks as may be appointed by the Agent in consultation with the Company.

“**Borrower**” means a Facility A Borrower, Facility B Borrower or a Facility C Borrower, unless it has ceased to be a Borrower in accordance with Clause 26 (*Changes to the Obligors*).

“**Break Costs**” means the amount (if any) by which:

- (i) the interest, excluding the Margin, which a Lender should have received for the period from the date of receipt of all or any part of its participation in a Loan or Unpaid Sum to the last day of the current Interest Period in respect of that Loan or Unpaid Sum, had the principal amount or Unpaid Sum received been paid on the last day of that Interest Period;

exceeds:

- (ii) the amount which that Lender would be able to obtain by placing an amount equal to the principal amount or Unpaid Sum received by it on deposit with a leading bank in the Relevant Interbank Market for a period starting on the Business Day following receipt or recovery and ending on the last day of the current Interest Period.

“**Business Day**” means a day (other than a Saturday or Sunday) on which banks are open for general business in Amsterdam, London and Oslo and:

- (a) (in relation to any date for payment or purchase of euro) any TARGET Day; or
- (b) (in relation to any date for payment or purchase of a currency other than euro) the principal financial centre of the country of that currency; and

in any case shall not include 24 December.

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“**Charged Assets**” means the assets over which Security is expressed to be created pursuant to any Security Document.

“**Chargor**” means any person expressed to create Security pursuant to any Security Document.

“**Chilean Guarantor**” means a Guarantor incorporated in the Republic of Chile.

“**Commencement Date**” has the meaning given to it in Clause 7.3 (*Request for Ancillary Facilities*).

“**Commitment**” means a Facility A Commitment, Facility B Commitment, Facility C Commitment or an Ancillary Commitment.

“**Compliance Certificate**” means a certificate substantially in the form set out in Schedule 11 (*Form of Compliance Certificate*).

“**Confidential Information**” means all information relating to the Company, any Obligor, the Group, the Finance Documents or a Facility of which a Finance Party becomes aware in its capacity as, or for the purpose of becoming, a Finance Party or which is received by a Finance Party in relation to, or for the purpose of becoming a Finance Party under, the Finance Documents or a Facility from either:

- (a) any member of the Group or any of its advisers; or
- (b) another Finance Party, if the information was obtained by that Finance Party directly or indirectly from any member of the Group or any of its advisers,

in whatever form, and includes information given orally and any document, electronic file or any other way of representing or recording information which contains or is derived or copied from such information but excludes information that:

- (i) is or becomes public information other than as a direct or indirect result of any breach by that Finance Party of Clause 37 (*Confidentiality*); or
- (iii) is identified in writing at the time of delivery as non-confidential by any member of the Group or any of its advisers; or
- (iv) is known by that Finance Party before the date the information is disclosed to it in accordance with paragraph (a) or (b) above or is lawfully obtained by that Finance Party after that date, from a source which is, as far as that Finance Party is aware, unconnected with the Group and which, in either case, as far as that Finance Party is aware, has not been obtained in breach of, and is not otherwise subject to, any obligation of confidentiality.

“**Confidentiality Undertaking**” means a confidentiality undertaking substantially in a recommended form of the LMA as set out in Schedule 12 (*Form of Confidentiality Undertaking*) or in any other form agreed between the Company and the Agent.

“**Debt**” means any Senior Debt or Hedging Debt.

“**Default**” means an Event of Default or any event or circumstance specified in Clause 24 (*Events of Default*) which would (with the expiry of a grace period, the giving of notice, the

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making of any determination under the Finance Documents or any combination of any of the foregoing) be an Event of Default.

“**Defaulting Lender**” means any Lender:

- (a) which has failed to make its participation in a Loan available or has notified the Agent that it will not make its participation in a Loan available by the Utilisation Date of that Loan in accordance with Clause 5.4 (*Lenders’ participation*);
- (b) which has otherwise rescinded or repudiated a Finance Document; or
- (c) with respect to which a Finance Party Insolvency Event has occurred and is continuing,

unless, in the case of paragraph (a) above:

- (i) its failure to pay is caused by:
 - (A) administrative or technical error; or
 - (B) a Disruption Event; andpayment is made within five Business Days of its due date; or
- (ii) the Lender is disputing in good faith whether it is contractually obliged to make the payment in question.

“**Discharge Date**” means the date on which the Security Agent is satisfied that all Senior Debt and Hedging Debt has been fully and irrevocably paid or discharged and all commitments of the Finance Parties and the Hedging Banks in respect of the Senior Debt or, as the case may be, the Hedging Debt have expired or been cancelled.

“**Disruption Event**” means either or both of:

- (a) a material disruption to those payment or communications systems or to those financial markets which are, in each case, required to operate in order for payments to be made in connection with the Facilities (or otherwise in order for the transactions contemplated by the Finance Documents to be carried out) which disruption is not caused by, and is beyond the control of, any of the Parties; or
- (b) the occurrence of any other event which results in a disruption (of a technical or systems-related nature) to the treasury or payments operations of a Party preventing that, or any other Party:
 - (i) from performing its payment obligations under the Finance Documents; or
 - (ii) from communicating with other Parties in accordance with the terms of the Finance Documents,

(and which (in either such case)) is not caused by, and is beyond the control of, the Party whose operations are disrupted.

“**Dutch Borrower**” means any Additional Borrower incorporated in the Netherlands.

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“**Dutch Financial Supervision Act**” means the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) dated 28 September 2006 published in the Dutch government gazette nr. 475 on 31 October 2006, as amended from time to time.

“**Dutch Guarantor**” means any Guarantor incorporated in the Netherlands.

“**Dutch Obligor**” means a Dutch Borrower or a Dutch Guarantor.

“**EBITDA**” has the meaning given to it in Clause 22.5 (*Definitions*).

“**Early Termination Date**” means an Early Termination Date as defined in the relevant Hedging Document or Long Term Hedging Document resulting from:

- (a) a Termination Event as defined in that Hedging Document or Long Term Hedging Document; or
- (b) when an Obligor is the Defaulting Party as defined in that Hedging Document or Long Term Hedging Document, an Event of Default as defined in that Hedging Document or Long Term Hedging Document.

“**Enforcement Action**” means:

- (a) in relation to any Debt or Long Term Hedging Debt, any action of any kind to:
 - (i) demand payment, declare prematurely due and payable or otherwise seek to accelerate payment of or place on demand all or any of that Debt or Long Term Hedging Debt;
 - (ii) recover all or any of that Debt or Long Term Hedging Debt (including by exercising any set-off, save as required by law);
 - (iii) exercise or enforce any right against any surety or any other right under any other document, agreement or instrument in relation to (or given in support of) all or any of that Debt or Long Term Hedging Debt (including under the Security Documents);
 - (iv) petition for (or take or support any other step which may lead to) an Insolvency Event in relation to any Obligor; or
 - (v) start any legal proceedings against any Obligor; and
- (c) in relation to any Hedging Debt or Long Term Hedging Debt, any action of any kind to declare an Early Termination Date under any Hedging Document or Long Term Hedging Document or demand payment of any amount which would become payable following an Early Termination Date.

“**Environment**” means living organisms including the ecological systems of which they form part and the following media:

- (a) air (including air within natural or man-made structures, whether above or below ground);

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- (b) water (including territorial, coastal and inland waters, water under or within land and water in drains and sewers); and
- (c) land (including land under water).

“**Environmental Law**” means all laws and regulations of any relevant jurisdiction which:

- (a) have as a purpose or effect the protection of, and/or prevention of harm or damage to, the Environment;
- (b) provide remedies or compensation for harm or damage to the Environment; or
- (c) relate to Hazardous Substances or health and safety matters.

“**Environmental Licence**” means any Authorisation required at any time under Environmental Law.

“**EURIBOR**” means, in relation to any Loan in euro:

- (a) the applicable Screen Rate; or
- (b) (if no Screen Rate is available for the Interest Period of that Loan) the Base Reference Bank Rate,

as of the Specified Time on the Quotation Day for euro and for a period comparable to the Interest Period of that Loan.

“**Event of Default**” means any event or circumstance specified as such in Clause 24 (*Events of Default*).

“**Facility**” means Facility A, Facility B or Facility C.

“**Facility A**” means the term loan facility made available under this Agreement as described in paragraph (a) of Clause 2.1 (*The Facilities*).

“**Facility A Borrower**” means the Original Facility A Borrower.

“**Facility A Commitment**” means:

- (a) in relation to an Original Lender, the amount in the Base Currency set opposite its name under the heading “Facility A Commitment” in Part II of Schedule 1 (*The Original Parties*) and the amount of any other Facility A Commitment transferred to it under this Agreement or assumed by it in accordance with Clause 2.3 (*Increase*);
- (b) in relation to any other Lender, the amount in the Base Currency of any Facility A Commitment transferred to it under this Agreement or assumed by it in accordance with Clause 2.3 (*Increase*),

to the extent not cancelled, reduced or transferred by it under this Agreement.

“**Facility A Lender**” means:

- (a) any Original Facility A Lender; and
- (b) any bank, financial institution, trust, fund or other entity which has become a Facility A Lender in accordance with Clause 25 (*Changes to the Finance Parties*),

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which in each case has not ceased to be a Facility A Lender in accordance with this Agreement.

“**Facility A Loan**” means a loan made or to be made under Facility A or the principal amount outstanding for the time being of that loan.

“**Facility A Repayment Date**” means each date specified in Clause 8.1 (*Repayment of Facility A Loans*) for the payment of a Facility A Repayment Instalment.

“**Facility A Repayment Instalment**” means each instalment for repayment of the Facility A Loan specified in Clause 8.1 (*Repayment of Facility A Loans*).

“**Facility B**” means the revolving loan facility made available under this Agreement as described in paragraph (b) of Clause 2.1 (*The Facilities*), part of which may be designated as Ancillary Facilities in accordance with Clause 7 (*Ancillary Facilities*).

“**Facility B Borrower**” means:

- (a) any Original Facility B Borrower; and
- (b) any Additional Borrower under Facility B.

“**Facility B Commitment**” means:

- (a) in relation to an Original Lender, the amount in the Base Currency set opposite its name under the heading “Facility B Commitment” in Part II of Schedule 1 (*The Original Parties*) and the amount of any other Facility B Commitment transferred to it under this Agreement, increased pursuant to Clause 2.2 (*Accordion feature — Increase of Facility B*) or assumed by it in accordance with Clause 2.3 (*Increase*); and
- (b) in relation to any other Lender, the amount in the Base Currency of any Facility B Commitment transferred to it under this Agreement, increased pursuant to Clause 2.2 (*Accordion feature — Increase of Facility B*) or assumed by it in accordance with Clause 2.3 (*Increase*),

to the extent not cancelled, reduced or transferred by it under this Agreement.

“**Facility B Lender**” means:

- (a) any Original Facility B Lender; and
- (b) any bank, financial institution, trust, fund or other entity which has become a Facility B Lender in accordance with Clause 25 (*Changes to the Finance Parties*),

which in each case has not ceased to be a Facility B Lender in accordance with the terms of this Agreement.

“**Facility B Loan**” means a loan made or to be made under Facility B or the principal amount outstanding for the time being of that loan.

“**Facility C**” means the revolving loan facility made available under this Agreement as described in paragraph (c) of Clause 2.1 (*The Facilities*), part of which may be designated as Ancillary Facilities in accordance with Clause 7 (*Ancillary Facilities*).

“**Facility C Borrower**” means any Additional Borrower under Facility C.

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“**Facility C Commitment**” means:

- (a) in relation to an Original Lender, the amount in the Base Currency set opposite its name under the heading “Facility C Commitment” in Part II of Schedule 1 (*The Original Parties*) and the amount of any other Facility C Commitment transferred to it under this Agreement or assumed by it in accordance with Clause 2.3 (*Increase*); and
- (b) in relation to any other Lender, the amount in the Base Currency of any Facility C Commitment transferred to it under this Agreement or assumed by it in accordance with Clause 2.3 (*Increase*),

to the extent not cancelled, reduced or transferred by it under this Agreement.

“**Facility C Lender**” means:

- (a) any Original Facility C Lender; and
- (b) any bank, financial institution, trust, fund or other entity which has become a Facility C Lender in accordance with Clause 25 (*Changes to the Finance Parties*),

which in each case has not ceased to be a Facility C Lender in accordance with this Agreement.

“**Facility C Loan**” means a loan made or to be made under Facility C or the principal amount outstanding for the time being of that loan.

“**Facility Office**” means the office or offices notified by a Lender to the Agent in writing on or before the date it becomes a Lender (or, following that date, by not less than five Business Days’ written notice) as the office or offices through which it will perform its obligations under this Agreement.

“**Fee Letter**” means any letter or letters dated on or about the date of this Agreement between, as the case may be, the Arranger and the Company, the Agent and the Company or the Security Agent and the Company setting out any of the fees referred to in paragraph (e) of Clause 2.3 (*Increase*), Clause 13 (*Fees*) or under any other Finance Document.

“**Finance Document**” means this Agreement, any Ancillary Facility Document, each Fee Letter, any Hedging Document, the Hedging Letter, any Long Term Hedging Document, any Accession Deed, any Resignation Letter, any Security Document and any other document designated as such by the Agent and the Company **provided that** where the term “Finance Document” is used in, and construed for the purposes of, this Agreement, a Hedging Document or Long Term Hedging Document shall be a Finance Document only for the purposes of:

- (a) the definition of “Material Adverse Effect”;
- (b) the definition of “Security Document”;
- (c) paragraph (a)(iv) of Clause 1.2 (*Construction*);
- (d) (in the case of a Hedging Document only) Clause 19 (*Guarantee and Indemnity*);
- (e) Clause 20 (*Representations*);

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- (f) Clause 24 (*Events of Default*) (other than Clause 24.11 (*Repudiation*) and Clause 24.14 (*Acceleration*));
- (g) Clause 27.16 (*Credit appraisal by the Secured Parties*); and
- (h) Clause 29.7 (*Parallel Debt*).

“**Finance Party**” means the Agent, an Ancillary Lender (including any Affiliate of a Lender which is an Ancillary Lender), the Arranger, the Bookrunner, a Lender or the Security Agent.

“**Finance Party Insolvency Event**” means any event described in Clause 24.6 (*Insolvency*) or Clause 24.7 (*Insolvency proceedings*).

“**Financial Indebtedness**” means any indebtedness for or in respect of:

- (a) moneys borrowed and debit balances at banks or other financial institutions;
- (b) any acceptance under any acceptance credit or bill discounting facility or dematerialised equivalent;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument, including for the avoidance of doubt in respect of a convertible bond, any amount raised pursuant to such convertible bond to the extent it has not been converted into equity;
- (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with GAAP, be treated as a finance or capital lease;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis) that meet any requirement for de-recognition under the Applicable Accounting Principles;
- (f) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
- (g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);
- (h) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution in respect of (i) an underlying liability of an entity which is not a member of the Group which liability would fall within one of the other paragraphs of this definition or (ii) any liabilities of any member of the Group relating to any post-retirement benefit scheme;
- (i) any amount raised by the issue of redeemable shares which are redeemable (other than at the option of the issuer) before the Termination Date or are otherwise classified as borrowings under the Applicable Accounting Principles); and
- (j) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (i) above and provided that any of the items referred to in

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this definition of Financial Indebtedness, including this paragraph (j), shall only be counted once for this purpose.

“**Financial Projections**” means the financial statements including the KPMG report dated 20 January 2010, hereunder the bank case, outlining the financial projections of the Group for the period up to 2014 prepared by the Company in connection with a meeting dated 4 February 2010, or any updated financial projections provided at the request of the Agent.

“**Further Lender Accordion Amount**” has the meaning given to that terms in paragraph (h) of Clause 2.2 (*Accordion feature — Increase of Facility B*).

“**GAAP**” means:

- (a) in relation to the consolidated financial statements of the Group, generally accepted accounting principles, standards and practices in Norway, including IFRS; and
- (b) in relation to any member of the Group, generally accepted accounting principles, standards and practices in its jurisdiction, including IFRS when adopted.

“**Gearing Ratio**” has the meaning given to it in Clause 22.5 (*Definitions*).

“**Group**” means the Company and its Subsidiaries for the time being.

“**Guarantor**” means an Original Guarantor or an Additional Guarantor, unless it has ceased to be a Guarantor in accordance with Clause 26 (*Changes to the Obligors*).

“**Hazardous Substance**” means any waste, pollutant, contaminant or other substance (including any liquid, solid, gas, ion, living organism or noise) that may be harmful to human health or other life or the Environment or a nuisance to any person or that may make the use or ownership of any affected land or property more costly.

“**Hedging Bank**” means a Lender (or an Affiliate of a Lender) which has become a party to this Agreement as a Hedging Bank in accordance with Clause 25.12 (*Accession of Hedging Banks*) and which has not ceased to be a Hedging Bank in accordance with this Agreement.

“**Hedging Bank Accession Deed**” means a document substantially in the form set out in Schedule 17 (*Form of Hedging Bank Accession Deed*).

“**Hedging Debt**” means all present and future moneys, debts and liabilities due, owing or incurred by any Obligor to any Hedging Bank under or in connection with any Hedging Document (in each case, whether alone or jointly, or jointly and severally, with any other person, whether actually or contingently, and whether as principal, surety or otherwise) together with any related Additional Debt.

“**Hedging Documents**” means the documents entered into between a member of the Group and a Hedging Bank for the purpose of implementing the hedging strategy required by the Hedging Letter and approved by the Security Agent under Clause 25.12 (*Accession of Hedging Banks*) and, for the avoidance of doubt, including any documents or confirmations entered into between a member of the Group and a Hedging Bank prior to the date of the relevant Hedging Bank Accession Deed and subsequently agreed by the relevant Hedging Bank to be governed by, or referring to, a new ISDA master agreement.

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“**Hedging Letter**” means a letter entered into within three months after the first Utilisation (as amended from time to time with the approval of all the Lenders), between the Arranger and the Company, setting out the interest rate and/or currency hedging strategy agreed in relation to the Facilities in connection with Clause 23.19 (*Hedging*).

“**Hedging Recoveries**” means the aggregate of all moneys and other assets received or recovered (whether by exercising any set-off or otherwise) from time to time by any Hedging Bank under or in connection with any Hedging Debt.

“**Holding Company**” means, in relation to a company or corporation, any other company or corporation in respect of which it is a Subsidiary.

“**IFRS**” means International Financial Reporting Standards issued and/or adopted by the International Accounting Standards Board.

“**Impaired Agent**” means the Agent at any time when:

- (a) it has failed to make (or has notified a Party that it will not make) a payment required to be made by it under the Finance Documents by the due date for payment;
- (b) the Agent otherwise rescinds or repudiates a Finance Document;
- (c) (if the Agent is also a Lender) it is a Defaulting Lender under paragraph (a) or (b) of the definition of “Defaulting Lender”; or
- (d) A Finance Party Insolvency Event has occurred and is continuing with respect to the Agent;

unless, in the case of paragraph (a) above:

- (i) its failure to pay is caused by:
 - (A) administrative or technical error; or
 - (B) a Disruption Event; andpayment is made within five Business Days of its due date; or
- (ii) the Agent is disputing in good faith whether it is contractually obliged to make the payment in question.

“**Increase Confirmation**” means a confirmation substantially in the form set out in Schedule 21 (*Form of Increase Confirmation*).

“**Increase Lender**” has the meaning given to that term in paragraph 2.3(a) of Clause 2.3 (*Increase*).

“**Information Package**” means the KPMG report dated 20 January 2010 and Financial Projections in the bank case presented by the Company in a meeting dated 4 February 2010.

“**Insolvency Event**” in relation to a Finance Party means that the Finance Party:

- (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger);

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- (b) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due;
- (c) makes a general assignment, arrangement or composition with or for the benefit of its creditors;
- (d) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official;
- (e) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition is instituted or presented by a person or entity not described in paragraph (d) above and:
 - (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation; or
 - (ii) is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof;
- (f) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);
- (g) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets;
- (h) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 days thereafter;
- (i) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in paragraphs (a) to (h) above; or
- (j) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts.

“Intellectual Property” means all trade marks, service marks, trade names, domain names, logos, get-up, patents, inventions, registered and unregistered design rights, copyrights, topography rights, database rights, rights in confidential information and know-how, and any associated or similar rights anywhere in the world, which it now or in the future owns or (to the

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extent of its interest) in which it now or in the future has an interest (in each case whether registered or unregistered and including any related licences and sub-licences of the same granted by it or to it, applications and rights to apply for the same).

“**Interest Period**” means, in relation to a Loan, each period determined in accordance with Clause 11 (*Interest Periods*) and, in relation to an Unpaid Sum, each period determined in accordance with Clause 10.3 (*Default interest*).

“**Irish 1963 Act**” means the Companies Act 1963 (Ireland).

“**Irish 1990 Act**” means the Companies Act 1990 (Ireland).

“**Irish Amendment Act 1990**” means the Companies (Amendment) Act 1990 (Ireland).

“**Lender**” means:

- (a) a Facility A Lender, a Facility B Lender or a Facility C Lender; and
- (b) any bank, financial institution, trust, fund or other entity which has become a party as a Lender in accordance with Clause 2.3 (*Increase*) or Clause 25 (*Changes to the Finance Parties*).

“**Lender Accordion Amount**” has the meaning given to that term in paragraph (a) of Clause 2.2 (*Accordion feature — Increase in Facility B*).

“**LIBOR**” means, in relation to any Loan:

- (a) the applicable Screen Rate; or
- (b) (if no Screen Rate is available for the currency or Interest Period of that Loan) the Base Reference Bank Rate,

as of the Specified Time on the Quotation Day for the currency of that Loan and a period comparable to the Interest Period of that Loan.

“**LMA**” means the Loan Market Association.

“**Loan**” means a Facility A Loan, a Facility B Loan or a Facility C Loan.

“**Long Term Hedging Bank**” means a Lender which has become a party to this Agreement as a Long Term Hedging Bank in accordance with Clause 25.13 (*Accession of Long Term Hedging Banks*) and which has not ceased to be a Long Term Hedging Bank in accordance with this Agreement.

“**Long Term Hedging Bank Accession Deed**” means a document substantially in the form set out in Schedule 18 (*Form of Long Term Hedging Bank Accession Deed*).

“**Long Term Hedging Debt**” means all present and future moneys, debts and liabilities due, owing or incurred by any Obligor to any Long Term Hedging Bank under or in connection with any Long Term Hedging Document (in each case, whether alone or jointly, or jointly and severally, with any other person, whether actually or contingently, and whether as principal, surety or otherwise).

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“**Long Term Hedging Documents**” means the documents entered into between a member of the Group and a Long Term Hedging Bank, for the purpose of implementing the long term hedging strategy permitted under 23.19 (*Hedging*) and required by the Hedging Letter and approved by the Security Agent under Clause 25.13 (Accession of Long Term Hedging Banks).

“**Long Term Hedging Recoveries**” means the aggregate of all moneys and other assets received or recovered (whether by exercising any set-off or otherwise) from time to time by any Long Term Hedging Bank under or in connection with any Long Term Hedging Debt.

“**Long Term Hedging Security Documents**” means the share pledges over each of Marine Harvest Holding AS and Marine Harvest N.V. and ranking junior to the existing Security Documents in place in respect of such shares at the time the relevant Long Term Hedging Security Documents are entered into.

“**Majority Facility A Lenders**” means, at any time, a Facility A Lender or Facility A Lenders whose Available Commitments under Facility A and participations in the Facility A Loans then outstanding aggregate more than $66\frac{2}{3}$ per cent. of the Available Facility under Facility A and the Facility A Loans then outstanding.

“**Majority Facility B Lenders**” means, at any time, a Facility B Lender or Facility B Lenders whose Available Commitments under Facility B and participations in the Facility B Loans then outstanding aggregate more than $66\frac{2}{3}$ per cent. of the Available Facility under Facility B and the Facility B Loans then outstanding.

“**Majority Facility C Lenders**” means, at any time, a Facility C Lender or Facility C Lenders whose Available Commitments under Facility C and participations in the Facility C Loans then outstanding aggregate more than $66\frac{2}{3}$ per cent. of the Available Facility under Facility C and the Facility C Loans then outstanding.

“**Majority Lenders**” means:

- (a) in relation to any matter relating to enforcement or release of the Security created by the Security Documents:
 - (i) if there are no Loans then outstanding, a Lender or Lenders whose Commitments aggregate more than $66\frac{2}{3}$ per cent. of the Total Commitments (or, if the Total Commitments have been reduced to zero, aggregated more than $66\frac{2}{3}$ per cent. of the Total Commitments immediately prior to the reduction); or
 - (ii) at any other time, a Lender, Lenders or Hedging Banks whose participations in the Loans then outstanding and any amounts outstanding under the Hedging Documents aggregate more than $66\frac{2}{3}$ per cent. of all the Loans and amounts under the Hedging Documents then outstanding; and
- (b) in relation to any other matter:
 - (i) if there are no Loans then outstanding, a Lender or Lenders whose Commitments aggregate more than $66\frac{2}{3}$ per cent. of the Total Commitments (or, if the Total Commitments have been reduced to zero, aggregated more than $66\frac{2}{3}$ per cent. of the Total Commitments immediately prior to the reduction); or

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- (ii) at any other time, a Lender or Lenders whose participations in the Loans then outstanding aggregate more than 66²/₃ per cent. of all the Loans then outstanding.

“**Mandatory Cost**” means the percentage rate per annum calculated by the Agent in accordance with Schedule 4 (*Mandatory Cost formulae*).

“**Margin**” means, in relation to each Facility, in relation to a particular Interest Period, the rate per annum determined by reference to the Gearing Ratio as shown in the most recent Compliance Certificate received by the Agent, in accordance with the following table:

Gearing Ratio	Margin (per cent. p.a.)
Equal to or lower than [***]	[***]
Higher than [***], but lower than or equal to [***]	[***]
Higher than [***], but lower than or equal to [***]	[***]
Higher than [***], but lower than or equal to [***]	[***]
Higher than [***], but lower than or equal to [***]	[***]

However:

- (a) from the date of this Agreement until the date which is five Business Days after the delivery of the first Compliance Certificate for the quarter ending 30 June 2010 in accordance with Clause 21.2 (*Compliance Certificate*), the Margin will be [***] per cent. per annum from which date the Margin shall be adjusted to the appropriate rate in accordance with the above table;
- (b) any adjustment in the Margin shall take effect from the date falling five Business Days after receipt by the Agent of a Compliance Certificate showing that an adjustment to the Margin is appropriate in accordance with the above table (and the financial statements with which that Compliance Certificate is required by this Agreement to be delivered) in accordance with Clause 21.2 (*Compliance Certificate*);
- (c) if the Margin for a Utilisation is reduced for any period but the annual audited financial statements of the Group (and the Compliance Certificate with which they are required by this Agreement to be delivered) subsequently received by the Agent do not confirm the basis for that reduction, that reduction shall be reversed with retrospective effect; and
- (d) while an Event of Default is continuing the Margin will revert to [***] per cent. per annum.

“**Marine Harvest N.V.**” means Marine Harvest N.V., a company duly organised under the laws of the Netherlands, registered under registration number 32105246.

“**Material Adverse Effect**” means a material adverse effect on or material adverse change in:

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- (a) the financial condition or business of the Company or the consolidated financial condition or business of the Group taken as a whole;
- (b) the ability of any Obligor to perform and comply with its obligations under any Finance Document;
- (c) the validity, legality or enforceability of any Finance Document; or
- (d) the validity, legality or enforceability of any Security expressed to be created pursuant to any Security Document or on the priority and ranking of any of that Security.

“**Material Subsidiary**” means:

- (a) each Obligor;
- (b) any wholly-owned member of the Group that holds shares in an Obligor;
- (c) a Subsidiary of the Company the gross assets or turnover (excluding intra-group items) of which (unconsolidated where that Subsidiary itself has Subsidiaries) as at the date as at which its latest financial statements were prepared or, as the case may be, for the financial period to which those financial statements relate account for 5 per cent. or more of the consolidated gross assets or turnover (excluding intra-group items) of the Group as calculated by reference to the latest audited consolidated financial statements of the Group; or
- (d) a Subsidiary of the Company to which it has been transferred (whether in a single transaction or a series of transactions (whether related or not)) the whole or substantially the whole of the assets of a Subsidiary which immediately prior to such transaction(s) was a Material Subsidiary.

For the purposes of this definition:

- (i) if a Subsidiary becomes a Material Subsidiary under paragraph (d) above, the Material Subsidiary by which the relevant transfer was made shall, subject to paragraph (a), (b) or (c) above, cease to be a Material Subsidiary; and
- (ii) if a Subsidiary is acquired by the Company after the end of the financial period to which the latest audited consolidated financial statements of the Group relate, those financial statements shall be adjusted as if that Subsidiary had been shown in them by reference to its then latest audited financial statements until audited consolidated financial statements of the Group for the financial period in which the acquisition is made have been prepared.

“**Month**” means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that:

- (a) subject to paragraph (c) below, if the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in that calendar month in which that period is to end if there is one, or if there is not, on the immediately preceding Business Day;

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- (b) if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last Business Day in that calendar month; and
- (c) if an Interest Period begins on the last Business Day of a calendar month, that Interest Period shall end on the last Business Day in the calendar month in which that Interest Period is to end.

The above rules will only apply to the last Month of any period.

“**NIBOR**” means, in relation to any Loan in NOK:

- (a) the applicable Screen Rate; or
- (c) (if no Screen Rate is available for the Interest Period of that Loan) the Base Reference Bank Rate, as of the Specified Time on the Quotation Day for NOK and a period comparable to the Interest Period of that Loan.

“**Obligor**” means a Borrower or a Guarantor.

“**Optional Currency**” means a currency (other than the Base Currency) which complies with the conditions set out in Clause 4.3 (*Conditions relating to Optional Currencies*).

“**Original Facility A Borrower**” means the Borrower listed in Schedule 1Part I of Schedule 1 (*The original Parties*) as the Facility A Borrower.

“**Original Facility A Lender**” means a Lender listed in Part II of Schedule 1 (*The original Parties*) as having a Facility A Commitment.

“**Original Facility B Borrower**” means a Borrower listed in Schedule 1Part I of Schedule 1 (*The original Parties*) as a Facility B Borrower.

“**Original Facility B Lender**” means a Lender listed in Part II of Schedule 1 (*The original Parties*) as having a Facility B Commitment.

“**Original Facility C Borrower**” means a Borrower listed in Schedule 1Part I of Schedule 1 (*The original Parties*) as a Facility C Borrower.

“**Original Facility C Lender**” means a Lender listed in Part II of Schedule 1 (*The original Parties*) as having a Facility C Commitment.

“**Original Financial Statements**” means the audited consolidated financial statements of the Group for the financial year ended 2009.

“**Original Obligor**” means an Original Borrower or an Original Guarantor.

“**Participating Member State**” means any member state of the European Union that adopts or has adopted the euro as its lawful currency in accordance with legislation of the European Union relating to Economic and Monetary Union.

“**Party**” means a party to this Agreement.

“**Perfection Requirements**” means the making of the appropriate registrations, filings or notifications of the Security Documents as specifically contemplated by any legal opinion

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delivered pursuant to Clause 4 (*Conditions of Utilisation*) or Clause 26 (*Changes to the Obligors*).

“**Permitted Acquisition**” has the meaning given to that term in paragraph (b) of Clause 23.13 (*Acquisitions and investments*).

“**Permitted Existing Financial Indebtedness**” means the existing debt of the Group as at the date of this Agreement permitted to be retained as set out in Schedule 15 (*Permitted Existing Financial Indebtedness and Security*).

“**Prepayment Account**” means such account of the Company with the Agent as the Agent may designate for this purpose.

“**Professional Market Party**” means a professional market party (*professionele marktpartij*) within the meaning of the Dutch Financial Supervision Act.

“**Quotation Day**” means, in relation to any period for which an interest rate is to be determined:

- (a) (if the currency is euro) two TARGET Days before the first day of that period;
- (b) (if the currency is Sterling) the first day of that period; or
- (c) (for any other currency) two Business Days before the first day of that period,

unless market practice differs in the Relevant Interbank Market for a currency, in which case the Quotation Day for that currency will be determined by the Agent in accordance with market practice in the Relevant Interbank Market (and if quotations for that currency and period would normally be given by leading banks in the Relevant Interbank Market on more than one day, the Quotation Day will be the last of those days).

“**Related Fund**” in relation to a fund (the “**first fund**”), means a fund which is managed or advised by the same investment manager or investment adviser as the first fund or, if it is managed by a different investment manager or investment adviser, a fund whose investment manager or investment adviser is an Affiliate of the investment manager or investment adviser of the first fund.

“**Relevant Interbank Market**” means, in relation to euro, the European interbank market and, in relation to any other currency, the London interbank market.

“**Relevant Period**” has the meaning given to it in Clause 22 (*Financial covenants*).

“**Repeating Representations**” means each of the representations set out in Clauses 20.1 (*Status*), 20.2 (*Binding obligations*), 20.3 (*Non-conflict with other obligations*), 20.4 (*Power and authority*), 20.6 (*Governing law and enforcement*), 20.9 (*No default*), 20.11 (*Financial statements*) and 20.12 (*Pari passu ranking*).

“**Representative**” means any delegate, agent, manager, administrator, nominee, attorney, trustee or custodian.

“**Reservations**” means any general principles of law limiting the obligations of any Obligor which are specifically referred to in any legal opinion delivered pursuant to Clause 4 (*Conditions of Utilisation*) or Clause 26 (*Changes to the Obligors*).

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“**Resignation Letter**” means a letter substantially in the form set out in Schedule 19 (*Form of Resignation Letter*).

“**Request**” has the meaning given to that term in paragraph (b) of Clause 2.2 (*Accordion feature — Increase of Facility B*)

“**Requested Increase Amount**” has the meaning given to that term in paragraph (b) of Clause 2.2 (*Accordion feature — Increase of Facility B*)

“**Rollover Loan**” means one or more Facility B Loans or Facility C Loans:

- (a) made or to be made on the same day that one or more maturing Facility B Loans or Facility C Loans (as applicable) is or are due to be repaid;
- (b) the aggregate amount of which is equal to or less than the maturing Facility B Loan(s) or Facility C Loan(s) (as applicable) (unless it is more than the maturing Facility B Loan(s) or Facility C Loan(s) (as applicable) solely because it arose as a result of the operation of Clause 6.2 (*Unavailability of a currency*));
- (c) in the same currency as the maturing Facility B Loan(s) or Facility C Loan(s) (as applicable) (unless it arose as a result of the operation of Clause 6.2 (*Unavailability of a currency*)); and
- (d) made or to be made to the same Borrower for the purpose of refinancing the maturing Facility B Loan(s) or Facility C Loan(s) (as applicable).

“**Screen Rate**” means:

- (a) in relation to LIBOR, the British Bankers’ Association Interest Settlement Rate for the relevant currency and period;
- (b) in relation to EURIBOR, the percentage rate per annum determined by the Banking Federation of the European Union for the relevant period; and
- (c) in relation to NIBOR, the percentage rate per annum,

displayed on the appropriate page of the Reuters screen. If the agreed page is replaced or service ceases to be available, the Agent may specify another page or service displaying the appropriate rate after consultation with the Company and the Lenders.

“**Secured Party**” means a Finance Party or a Hedging Bank or, in the case of the Long Term Hedging Security Documents only, a Finance Party, a Hedging Bank or (other than for the purpose of Clause 19 (*Guarantee and Indemnity*)) a Long Term Hedging Bank.

“**Security**” means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

“**Security Document**” means any security document that may at any time be given as security for any of the Debt pursuant to or in connection with any Finance Document, Hedging Document or Long Term Hedging Document, including, without limitation, the Security Documents listed in paragraph 2 of Part I of Schedule 2 (*Conditions precedent*).

“**Security Property**” has the meaning given to it in Schedule 10 (*Security agency provisions*).

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“**Selection Notice**” means a notice substantially in the form set out in Part II of Schedule 3 (*Requests*) given in accordance with Clause 11 (*Interest Periods*) in relation to Facility A.

“**Senior Debt**” means all present and future moneys, debts and liabilities due, owing or incurred by any Obligor to any Finance Party under or in connection with any Senior Finance Document (whether alone or jointly, or jointly and severally, with any other person, whether actually or contingently, and whether as principal, surety or otherwise), together with any related Additional Debt but excluding any Hedging Debt or Long Term Hedging Debt.

“**Senior Finance Documents**” means the Finance Documents other than the Hedging Documents and the Long Term Hedging Documents.

“**Guaranteed Finance Party**” means a Finance Party or a Hedging Bank.

“**Senior Recoveries**” means the aggregate of all moneys and other assets received or recovered (whether by exercising any set-off or otherwise) from time to time by any Finance Party under or in connection with any Senior Debt.

“**Separate Loan**” has the meaning given to that term in Clause 8.2 (*Repayment of Facility B Loans and Facility C Loans*).

“**Specified Time**” means a time determined in accordance with Schedule 14 (*Timetables*).

“**Subsidiary**” means, in relation to any company, corporation or other legal entity (a “**holding company**”), a company, corporation or other legal entity:

- (a) which is controlled, directly or indirectly, by the holding company;
- (b) more than half the issued share capital of which is beneficially owned, directly or indirectly, by the holding company; or
- (c) which is a subsidiary of another Subsidiary of the holding company,

and, for this purpose, a company or corporation shall be treated as being controlled by another if that other company or corporation is able to determine the composition of the majority of its board of directors or equivalent body.

“**TARGET2**” means the Trans-European Automated Real-time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007.

“**TARGET Day**” means any day on which TARGET2 is open for the settlement of payments in euro.

“**Tax**” means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

“**Termination Date**” means, in respect of each Facility, 31 January 2015.

“**Total Ancillary Commitments**” means the aggregate of the Ancillary Commitments.

“**Total Facility B Ancillary Limit**” means €100,000,000.

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“**Total Facility C Ancillary Limit**” means USD 66,000,000.

“**Total Commitments**” means the aggregate of the Total Facility A Commitments, the Total Facility B Commitments, the Total Facility C Commitments and the Total Ancillary Commitments, being €600,000,000 at 4 May 2010, and, following any increase in the Facility B Commitment of a Lender pursuant to Clause 2.2 (*Accordion feature — Increase of Facility B*), shall at no time exceed €775,000,000.

“**Total Facility A Commitments**” means the aggregate of the Facility A Commitments, being €183,000,000 at the date of this Agreement.

“**Total Facility B Commitments**” means the aggregate of the Facility B Commitments, being €337,000,000 at 4 May 2010 and, following any increase in the Facility B Commitment of a Lender pursuant to Clause 2.2 (*Accordion feature — Increase of Facility B*), shall at no time exceed €512,000,000.

“**Total Facility C Commitments**” means the aggregate of the Facility C Commitments, being USD 105,600,000 as at the date of this Agreement.

“**Transfer Certificate**” means a certificate substantially in the form set out in Schedule 5 (*Form of Transfer Certificate*) or any other form agreed between the Agent and the Company.

“**Transfer Date**” means, in relation to an assignment or a transfer, the later of:

- (a) the proposed Transfer Date specified in the relevant Assignment Agreement or Transfer Certificate; and
- (b) the date on which the Agent executes the relevant Assignment Agreement or Transfer Certificate.

“**Unpaid Sum**” means any sum due and payable but unpaid by an Obligor under the Finance Documents.

“**Utilisation**” means a Loan (but not a utilisation of an Ancillary Facility).

“**Utilisation Date**” means the date of a Utilisation, being the date on which the relevant Loan is to be made.

“**Utilisation Request**” means a notice substantially in the form set out in Part I of Schedule 3 (*Requests*).

“**VAT**” means value added tax as provided for in the Value Added Tax Act 1994 and any other tax of a similar nature.

1.2 Construction

- (a) Unless a contrary indication appears, any reference in this Agreement to:
 - (i) the “**Agent**”, any “**Ancillary Lender**”, the “**Arranger**”, the “**Bookrunner**”, any “**Finance Party**”, any “**Hedging Bank**”, any “**Lender**”, any “**Long Term Hedging Bank**”, any “**Obligor**”, any “**Party**”, any “**Secured Party**” or the “**Security Agent**” shall be construed so as to include its successors in title, permitted assigns and permitted transferees;

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- (ii) “**assets**” includes present and future properties, revenues and rights of every description;
- (iii) a Borrower providing “**cash cover**” for a letter of credit, bank guarantee or other contingent liability under an Ancillary Facility means a Borrower paying an amount in the currency of the letter of credit, bank guarantee or, as the case may be, contingent liability under the Ancillary Facility to an interest-bearing account in the name of the Borrower and the following conditions are met:
 - (A) the account is with the Security Agent or relevant Ancillary Lender for which that cash cover is to be provided;
 - (B) withdrawals from the account may only be made to pay a Finance Party amounts due and payable to it under this Agreement in respect of that letter of credit, bank guarantee or other contingent liability under that Ancillary Facility until no amount is or may be outstanding under that letter of credit, bank guarantee or contingent liability under that Ancillary Facility; and
 - (C) if the Security Agent or Ancillary Lender requires, the Borrower has executed a security document over that account, in form and substance satisfactory to the Security Agent or the Ancillary Lender with which that account is held, creating a first ranking security interest over that account;
- (iv) a “**Finance Document**”, “**Hedging Document**”, “**Long Term Hedging Document**” or any other agreement or instrument is a reference to that Finance Document, Hedging Document, Long Term Hedging Document or other agreement or instrument as amended or novated;
- (v) “**indebtedness**” includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;
- (vi) a “**person**” includes any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium or partnership (whether or not having separate legal personality) or two or more of the foregoing;
- (vii) a “**regulation**” includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or of any regulatory, self-regulatory or other authority or organisation;
- (viii) a provision of law is a reference to that provision as amended or re-enacted;
- (ix) a time of day is a reference to London time;
- (x) a Borrower “**repaying**” or “**prepaying**” Ancillary Outstandings means:
 - (A) that Borrower providing cash cover for the Ancillary Outstandings;
 - (B) the maximum amount payable under the Ancillary Facility being reduced in accordance with its terms; or

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- (C) the Ancillary Lender being satisfied that it has no further liability under that Ancillary Facility, and the amount by which Ancillary Outstandings are, repaid or prepaid under sub-paragraphs (xi)(A) and (xi)(B) above is the amount of the relevant cash cover or reduction;
 - (xi) the “**equivalent**” in any currency (the “**first currency**”) of any amount in another currency (the “**second currency**”) shall be construed as a reference to the amount in the first currency which could be purchased with that amount in the second currency at the Agent’s spot rate of exchange for the purchase of the first currency with the second currency in the London foreign exchange market at or about 11:00 a.m. on a particular day (or at or about such time and on such date as the Agent may from time to time reasonably determine to be appropriate in the circumstances); and
 - (xii) “**guarantee**” means any guarantee, letter of credit, bond, indemnity or similar assurance against loss, or any obligation, direct or indirect, actual or contingent, to purchase or assume any indebtedness of any person or to make an investment in or loan to any person or to purchase assets of any person where, in each case, such obligation is assumed in order to maintain or assist the ability of such person to meet its indebtedness.
- (b) Section, Clause and Schedule headings are for ease of reference only.
 - (c) Unless a contrary indication appears, a term used in any other Finance Document or in any notice given under or in connection with any Finance Document has the same meaning in that Finance Document or notice as in this Agreement.
 - (d) A Default or an Event of Default is “**continuing**” if it has not been remedied or waived.
 - (e) In this Agreement, where it relates to a Dutch entity, a reference to:
 - (i) a winding-up, administration or dissolution includes a Dutch entity being declared bankrupt (*failliet verklaard*) or dissolved (*ontbonden*);
 - (ii) a moratorium includes *surséance van betaling* and granted a moratorium includes *surséance verleend*;
 - (iii) insolvency includes a bankruptcy and moratorium;
 - (iv) a trustee in bankruptcy includes a *curator*;
 - (v) an administrator includes a *bewindvoerder*;
 - (vi) “security right” includes any mortgage (*hypotheek*), pledge (*pandrecht*), retention of title arrangement (*eigendomsvoorbehoud*), right of retention (*recht van retentie*), right to reclaim goods (*recht van reclame*), and, in general, any right in rem (*beperkt recht*), created for the purpose of granting security (*goederenrechtelijke zekerheid*);
 - (vii) an attachment includes a *beslag*; and

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(viii) a subsidiary includes a *dochtermaatschappij* as defined in Article 2:24a of the Dutch Civil Code.

(f) In this Agreement, where it relates to an Irish entity, a reference to “**examiner**” and “**examinership**” shall have the meanings ascribed to such terms in the Irish Amendment Act 1990.

1.3 **Third Party Rights**

(a) A person who is not a Party has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or to enjoy the benefit of any term of this Agreement.

(b) Notwithstanding any term of any Finance Document the consent of any person who is not a Party is not required to rescind or vary this Agreement at any time.

1.4 **Currency Symbols and Definitions**

(a) “**€**” and “**euro**” mean the single currency unit of the Participating Member States;

(b) “**NOK**” means the lawful currency for the time being of the Kingdom of Norway;

(c) “**USD**” and “**\$**” mean the lawful currency for the time being of the United States of America;

(d) “**Sterling**” means the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland; and

(e) “**CAD**” means the lawful currency for the time being of Canada.

(f) “**CLP**” means the lawful currency for the time being of Chile.

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SECTION 2

THE FACILITIES

2. THE FACILITIES

2.1 The Facilities

Subject to the terms of this Agreement:

- (a) the Facility A Lenders make available to the Facility A Borrower a euro term loan facility in an aggregate amount equal to the Total Facility A Commitments;
- (b) the Facility B Lenders make available to the Facility B Borrowers a multicurrency revolving loan facility in an aggregate amount equal to the Total Facility B Commitments (part of which may, from time to time and in an aggregate amount at any time up to the Total Facility B Ancillary Limit, be designated an Ancillary Facility); and
- (c) the Facility C Lenders make available to the Facility C Borrowers a multicurrency revolving loan facility in an aggregate amount equal to the Total Facility C Commitments (part of which may, from time to time and in an aggregate amount at any time up to the Total Facility C Ancillary Limit, be designated an Ancillary Facility).

2.2 Accordion feature — Increase of Facility B

- (a) In this Clause 2.2:

“**Accordion Amount**” means the aggregate amount of any increase in the Facility B Commitments pursuant to Clause 2.2 (*Accordion feature — Increase of Facility B*); and

“**Lender Accordion Amount**” means, in relation to a Lender, an amount which bears the same proportion to the Accordion Amount as that Lender’s Commitment bears to the Total Commitments.

“**Lender Increase Amount**” means the amount by which each Lender agrees to increase its Facility B Commitments as requested by the Company pursuant to paragraph (f) of Clause 2.2 (*Accordion feature — Increase of Facility B*).

- (b) So long as no Default has occurred and is continuing and subject to the provisions of this Clause 2.2, the Company may:

- (i) on one occasion;
- (ii) at any time prior to the fourth anniversary of this Agreement; and
- (iii) on not less than 42 days’ written notice to the Agent,

request in writing to the Agent (a “**Request**”) an increase in the Facility B Commitment by an additional amount not exceeding €175,000,000, such additional amount being subject to the consent of the Majority Lenders.

- (c) The Request shall set out:

- (i) the amount of the increase of Facility B Commitments being requested (the “**Requested Increase Amount**”);

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- (ii) the date on which such Accordion Amount is requested to become effective which must be a date within the Availability Period for Facility B falling at least 42 days after the date of the Request; and
 - (iii) details of the purpose for which the Accordion Amount will be used, provided always that the purpose of any Loan must be to finance a Permitted Acquisition.
- (d) The Agent shall promptly provide a copy of the Request to each Lender upon receipt thereof.
- (e) The Lenders shall, on receipt of a Request, consult with the Company on the terms on which Facility B will be increased pursuant to this Clause 2.2.
- (f) Each Lender shall have the right, for a period of 21 days following receipt of the Request by the Agent, to confirm by written notice to the Company and the Agent whether it consents to the Request, and whether it intends, having obtained all credit or other relevant internal approvals, to increase its Facility B Commitment in accordance with Clause 25.10 (*Accordion Increase*), by a principal amount equal to its Lender Accordion Amount.
- (g) No Lender (or any successor thereto) shall have any obligations to increase its Facility B Commitment or incur any other obligations under this Agreement or any other Finance Document in relation to the Request.
- (h) If any Lender does not elect to increase its Facility B Commitment pursuant to the Request, the Company may simultaneously request:
- (i) that each Lender participating in the Accordion Amount further increases its Facility B Commitment in addition to its Lender Accordion Amount (the amount by which each Lender agrees to increase its Lender Accordion Amount being the “**Further Lender Accordion Amount**”), and if an existing Lender agrees to further increase its Facility B Commitment it shall do so in accordance with Clause 25.10 (*Accordion Increase*); and
 - (ii) that another bank or financial institution participates in the Accordion Amount (an “**Acceding Lender Accordion Amount**”) provided that, where one or more of the existing Lenders is increasing its Facility B Commitment under this Clause 2.2, this shall be on the same terms as agreed to increase Facility B pursuant to paragraph (e) above, in which case such bank or financial institution shall become an Acceding Lender in accordance with Clause 25.11 (*Acceding Lender*),
- in each case subject to paragraphs (i), (j) and (k) below.
- (i) Where the sum of the Further Lender Accordion Amounts and the Lender Increase Amounts are sufficient to meet or exceed the Requested Increase Amount, the Further Lender Accordion Amounts shall be added to the Lender Increase Amounts until the Requested Increase Amount is reached (and if there is more than one Lender that wishes to participate in a Further Lender Accordion Amount, such Lenders shall, unless otherwise agreed, participate pro rata in the unsubscribed amount of the Requested Increase Amount).
- (j) Where the sum of the Further Lender Accordion Amounts is, when added to the Lender Increase Amounts, not sufficient to meet the Requested Increase Amount, the Acceding Lender Accordion

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Amounts shall, at the Company’s discretion, be added to the Lender Increase Amounts and the Further Lender Accordion Amounts until the Requested Increase Amount is reached.

- (k) An increase in the aggregate amount of the Facility B Commitments pursuant to this Clause (which may not exceed the Requested Increase Amount) shall become effective upon execution by the Agent of:
- (i) an Accordion Increase Certificate signed by the Company and by the relevant Lender whose Facility B Commitment is to be increased; and/or
 - (ii) an Accordion Lender Accession Agreement signed by the Acceding Lender,

following which the Facility B Commitments shall automatically be increased by the Accordion Amount, being the aggregate of the amounts specified in each Accordion Increase Certificate and Accordion Lender Accession Agreement, and Schedule 1 (*The Original Parties*) shall automatically be deemed to be amended to reflect the Total Commitments of all Lenders after giving effect to the addition of such Accordion Amount.

2.3 Increase

- (a) The Company may by giving prior notice to the Agent by no later than the date falling five Business Days after the effective date of a cancellation of:
- (i) the Available Commitments of a Defaulting Lender in accordance with Clause 9.14 (*Right of cancellation in relation to a Defaulting Lender*); or
 - (ii) the Commitments of a Lender in accordance with Clause 9.1 (*Illegality*),

request that the Total Commitments be increased (and the Total Commitments under that Facility shall be so increased) in an aggregate amount in the Base Currency of up to the amount of the Available Commitments or Commitments so cancelled as follows:

- (iii) the increased Commitments will be assumed by one or more Lenders or other banks, financial institutions, trusts, funds or other entities (each an “**Increase Lender**”) selected by the Company (each of which shall not be a member of the Group and which is further acceptable to the Agent (acting reasonably)) and each of which confirms its willingness to assume and does assume all the obligations of a Lender corresponding to that part of the increased Commitments which it is to assume, as if it had been an Original Lender;
- (iv) each of the Obligors and any Increase Lender shall assume obligations towards one another and/or acquire rights against one another as the Obligors and the Increase Lender would have assumed and/or acquired had the Increase Lender been an Original Lender;
- (v) each Increase Lender shall become a Party as a “Lender” and any Increase Lender and each of the other Finance Parties shall assume obligations towards one another and acquire rights against one another as that Increase Lender and those Finance Parties would have assumed and/or acquired had the Increase Lender been an Original Lender;
- (vi) the Commitments of the other Lenders shall continue in full force and effect; and

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- (vii) any increase in the Total Commitments shall take effect on the date specified by the Company in the notice referred to above or any later date on which the conditions set out in paragraph (b) below are satisfied.
- (b) An increase in the Total Commitments will only be effective on:
 - (i) the execution by the Agent of an Increase Confirmation from the relevant Increase Lender;
 - (ii) in relation to an Increase Lender which is not a Lender immediately prior to the relevant increase the performance by the Agent of all necessary “know your customer” or other similar checks under all applicable laws and regulations in relation to the assumption of the increased Commitments by that Increase Lender, the completion of which the Agent shall promptly notify to the Company and the Increase Lender.
- (c) Each Increase Lender, by executing the Increase Confirmation, confirms (for the avoidance of doubt) that the Agent has authority to execute on its behalf any amendment or waiver that has been approved by or on behalf of the requisite Lender or Lenders in accordance with this Agreement on or prior to the date on which the increase becomes effective.
- (d) Unless the Agent otherwise agrees or the increased Commitment is assumed by an existing Lender, the Company shall, on the date upon which the increase takes effect, promptly on demand pay the Agent and the Security Agent the amount of all costs and expenses (including legal fees) reasonably incurred by either of them and, in the case of the Security Agent, by any Receiver or Delegate in connection with any increase in Commitments under this Clause 2.3.
- (e) The Company shall pay to the Increase Lender a fee in the amount and at the times as may be agreed between the Company and the Increase Lender in a Fee Letter.
- (f) Clause 25.4 (*Limitation of responsibility of Existing Lenders*) shall apply *mutatis mutandis* in this Clause 2.3 in relation to an Increase Lender as if references in that Clause to:
 - (i) an “**Existing Lender**” were references to all the Lenders immediately prior to the relevant increase;
 - (ii) the “**New Lender**” were references to that “**Increase Lender**”; and
 - (iii) a “**re-transfer**” and “**re-assignment**” were references to respectively a “**transfer**” and “**assignment**”.

2.4 **Finance Parties’ rights and obligations**

- (a) The obligations of each Finance Party under the Finance Documents are several. Failure by a Finance Party to perform its obligations under the Finance Documents does not affect the obligations of any other Party under the Finance Documents. No Finance Party is responsible for the obligations of any other Finance Party under the Finance Documents.
- (b) The rights of each Finance Party under or in connection with the Finance Documents are separate and independent rights and any debt arising under the Finance Documents to a Finance Party from an Obligor shall be a separate and independent debt.

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- (c) A Finance Party may, except as otherwise stated in the Finance Documents, separately enforce its rights under the Finance Documents.

2.5 **Obligors’ agent**

- (a) Each Obligor (other than the Company) irrevocably appoints the Company to act on its behalf as its agent in relation to the Finance Documents and irrevocably authorises:
 - (i) the Company on its behalf to supply all information concerning itself contemplated by this Agreement to the Finance Parties and to give and receive all notices, consents and instructions (including Utilisation Requests), to agree, accept and execute on its behalf all documents in connection with the Finance Documents (including amendments and variations of and consents under any Finance Document) and to execute any new Finance Document and to take such other action as may be necessary or desirable under or in connection with the Finance Documents; and
 - (ii) each Secured Party to give any notice, demand or other communication to that Obligor pursuant to the Finance Documents to the Company.
- (b) Each Obligor (other than the Company) confirms that:
 - (i) it will be bound by any action taken by the Company under or in connection with the Finance Documents; and
 - (ii) each Secured Party may rely on any action purported to be taken by the Company on behalf of that Obligor.

2.6 **Acts of the Company**

- (a) The respective liabilities of each of the Obligors under the Finance Documents shall not be in any way affected by:
 - (i) any actual or purported irregularity in any act done, or failure to act, by the Company;
 - (ii) the Company acting (or purporting to act) in any respect outside any authority conferred upon it by any Obligor; or
 - (iii) any actual or purported failure by, or inability of, the Company to inform any Obligor of receipt by it of any notification under the Finance Documents.
- (b) In the event of any conflict between any notices or other communications of the Company and any other Obligor, those of the Company shall prevail.

3. **PURPOSE**

3.1 **Purpose**

- (a) The Facility A Borrower shall apply all amounts borrowed by it under Facility A towards refinancing the original part-financing of the Acquisition, being the term facilities under the 2006 Facility Agreement.
- (b) Each Facility B Borrower shall apply all amounts borrowed by it under Facility B, other than amounts available to the Company pursuant to Clause 2.2 (*Accordion feature — Increase of Facility B*) to finance the general corporate purposes of the Group and to refinance existing

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interest-bearing debt of the Group and in the case of Chilean Facility B Borrowers, to finance direct exports of such Facility B Borrowers. The Company shall apply all amounts made available under Facility B pursuant to Clause 2.2 (*Accordion feature — Increase of Facility B*) for the general corporate purposes of the Group and, for the avoidance of doubt, not for any Permitted Acquisition).

- (c) Each Facility C Borrower shall apply all amounts borrowed by it under Facility C to finance the general corporate purposes of the Group and to refinance existing interest-bearing debt of the Group and in the case of Chilean Facility C Borrowers, to finance direct exports of such Facility C Borrowers.
- (d) No amount borrowed under Facility B or Facility C shall be applied for any purpose for which amounts borrowed under Facility A may be applied.

3.2 **Monitoring**

No Finance Party is bound to monitor or verify the application of any amount borrowed pursuant to this Agreement.

4. **CONDITIONS OF UTILISATION**

4.1 **Initial conditions precedent**

The Lenders will only be obliged to comply with Clause 5.4 (*Lenders’ participation*) in relation to any Utilisation if, on or before the Utilisation Date for that Utilisation, the Agent has received all of the documents and other evidence listed in Part I (*Conditions precedent to signing*) and Part II (*Conditions precedent to first Utilisation*) of Schedule 2 (*Conditions precedent*) in form and substance satisfactory to the Agent, acting reasonably. The Agent shall notify the Company and the Lenders promptly upon being so satisfied.

4.2 **Further conditions precedent**

The Lenders will only be obliged to comply with Clause 5.4 (*Lenders’ participation*) if on the date of the Utilisation Request and on the proposed Utilisation Date:

- (i) in the case of a Rollover Loan, no Event of Default is continuing or would result from the proposed Loan and, in the case of any other Loan, no Default is continuing or would result from the proposed Loan; and
- (ii) the Repeating Representations are true.

4.3 **Conditions relating to Optional Currencies**

- (a) A currency will constitute an Optional Currency in relation to a Facility B Loan if it is USD, NOK, CAD or Sterling only or in relation to a Facility C Loan if it is euro, NOK, CAD or Sterling only, or if:
 - (i) it is readily available in the amount required and freely convertible into the Base Currency in the Relevant Interbank Market on the Quotation Day and the Utilisation Date for that Loan; and

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- (ii) it has been approved by the Agent (acting on the instructions of all the Lenders) on or prior to receipt by the Agent of the relevant Utilisation Request or Selection Notice for that Loan.
- (b) If by the Specified Time the Agent has received a written request from the Company for a currency to be approved under paragraph (a)(ii) above, the Agent will notify the Lenders of that request by the Specified Time. Based on any responses received by the Agent by the Specified Time, the Agent will confirm to the Company by the Specified Time:
- (i) whether or not the Lenders have granted their approval; and
 - (ii) if approval has been granted, the minimum amount (and, if required, integral multiples) for any subsequent Utilisation in that currency.

4.4 **Maximum number of Loans**

- (a) A Borrower may not deliver a Utilisation Request if as a result of the proposed Utilisation:
- (i) more than five Facility A Loans would be outstanding;
 - (ii) more than 10 Facility B Loans with an Interest Period of one month would be outstanding or, in any case, more than 20 Facility B Loans would be outstanding; or
 - (iii) more than two Facility C Loans with an Interest Period of one month would be outstanding or, in any case, more than five Facility C Loans would be outstanding.
- (b) A Borrower may not request that a Facility A Loan, be divided if, as a result of the proposed division, more than five Facility A Loans would be outstanding.
- (c) Any Loan made by a single Lender under Clause 6.2 (*Unavailability of a currency*) shall not be taken into account in this Clause 4.4.
- (d) Any Separate Loan shall not be taken into account in this Clause 4.4.

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SECTION 3

UTILISATION

5. UTILISATION

5.1 Delivery of a Utilisation Request

A Borrower may utilise a Facility by delivery to the Agent of a duly completed Utilisation Request not later than the Specified Time.

5.2 Completion of a Utilisation Request

(a) Each Utilisation Request is irrevocable and will not be regarded as having been duly completed unless:

- (i) it identifies the Facility to be utilised;
- (ii) it identifies the relevant Borrower;
- (iii) the proposed Utilisation Date is a Business Day within the Availability Period applicable to that Facility;
- (iv) the currency and amount of the Utilisation comply with Clause 5.3 (*Currency and amount*);
- (v) the proposed Interest Period complies with Clause 11 (*Interest Periods*); and
- (vi) it specifies the account and bank (which must be in the principal financial centre of the country of the currency of the Utilisation or, in the case of euro, the principal financial centre of a Participating Member State in which banks are open for general business on that day or London or any other principal financial centre agreed between the Company and the Agent, acting reasonably) to which the proceeds of the Utilisation are to be credited.

(b) Only one Loan may be requested in each Utilisation Request.

5.3 Currency and amount

(a) The currency specified in a Utilisation Request must be the Base Currency or an Optional Currency.

(b) The amount of the proposed Loan must be:

- (i) for Facility A, a minimum of €50,000,000 and integral multiples of €5,000,000 or, if less, the Available Facility;
- (ii) for Facility B, subject to paragraph (c) below, if the currency selected is the Base Currency, a minimum of €5,000,000 and integral multiples of €500,000 or the equivalent in any Optional Currency, as selected, or if less, the Available Facility;
- (iii) for Facility C, subject to paragraph (c) below, if the currency selected is the Base Currency, a minimum of USD 5,000,000 and integral multiples of USD 500,000 or the equivalent in any Optional Currency, as selected, or if less, the Available Facility;

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- (iv) if the currency selected is an Optional Currency pursuant to paragraph 4.3(a)(i) and paragraph 4.3(a)(ii) of Clause 4.3 (*Conditions relating to Optional Currencies*), the minimum amount (and, if required, integral multiple) specified by the Agent pursuant to paragraph 4.3(b)(ii) of Clause 4.3 (*Conditions relating to Optional Currencies*) or, if less, the Available Facility; and
 - (v) in any event such that its Base Currency Amount is less than or equal to the Available Facility.
- (c) In the case of Facility B and Facility C, taking into account the proposed Facility B Loan or proposed Facility C Loan, the aggregate amounts in the Base Currency of Facility B Loans or Facility C Loans with an Interest Period of one month that are outstanding shall not exceed 50 per cent. of the Total Facility B Commitments or 50 per cent. of the Total Facility C Commitments respectively.

5.4 **Lenders’ participation**

- (a) If the conditions set out in this Agreement have been met, and subject to Clause 8.2 (*Repayment of Facility B Loans and Facility C Loans*), each Lender participating in a Facility shall make its participation in each Loan under that Facility available by the Utilisation Date through its Facility Office under that Facility.
- (b) The amount of each Lender’s participation in each Loan will be equal to the proportion borne by its Available Commitment to the Available Facility immediately prior to making the Loan.
- (c) The Agent shall notify each Lender participating in a Facility of the amount, currency and the Base Currency Amount of each Loan and the amount of its participation under that Facility and, if different, the amount of that participation to be made available in cash, in each case by the Specified Time.

5.5 **Cancellation of Commitment**

- (a) The Facility A Commitments which, at that time, are unutilised shall be immediately cancelled at the end of the Availability Period for Facility A.
- (b) The Facility B Commitments which, at that time, are unutilised shall be immediately cancelled at the end of the Availability Period for Facility B.
- (c) The Facility C Commitments which, at that time, are unutilised shall be immediately cancelled at the end of the Availability Period for Facility C.

6. **OPTIONAL CURRENCIES**

6.1 **Selection of currency**

A Borrower (or the Company on behalf of a Borrower) shall select the currency of a Facility B Loan or Facility C Loan in a Utilisation Request.

6.2 **Unavailability of a currency**

If before the Specified Time on any Quotation Day:

- (a) a Lender notifies the Agent that the Optional Currency requested is not readily available to it in the amount required; or

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- (b) a Lender notifies the Agent that compliance with its obligation to participate in a Loan in the proposed Optional Currency would contravene a law or regulation applicable to it,

the Agent will give notice to the relevant Borrower to that effect by the Specified Time on that day. In this event, any Lender that gives notice pursuant to this Clause 6.2 will be required to participate in the Loan in the Base Currency (in an amount equal to that Lender’s proportion of the Base Currency Amount or, in respect of a Rollover Loan, an amount equal to that Lender’s proportion of the Base Currency Amount of the Rollover Loan that is due to be made) and its participation will be treated as a separate Loan denominated in the Base Currency during that Interest Period.

6.3 **Agent’s calculations**

Each Lender’s participation in a Loan will be determined in accordance with paragraph (b) of Clause 5.4 (*Lenders’ participation*).

7. **ANCILLARY FACILITIES**

7.1 **Establishment of Ancillary Facilities**

One or more Ancillary Facilities may from time to time be established in favour of one or more Facility B Borrowers and Facility C Borrowers, in each case, which are also a Guarantor, in accordance with this Clause 7 by designating all or part of the Facility B Commitment or Facility C Commitment of a Lender as an Ancillary Commitment.

7.2 **Types of Ancillary Facility**

Each Ancillary Facility may comprise any of the following (or any combination of the following):

- (a) overdraft, cheque clearing, automatic payment or other current account facilities;
- (b) guarantee, bonding or documentary or standby letter of credit facilities;
- (c) derivatives facilities for protection against or benefit from fluctuation in any rate or price in the ordinary course of trade (and not for speculative purposes);
- (d) international or domestic cash pooling facilities;
- (e) ordinary, bilateral local loan facilities; and
- (f) such other facilities as may be required and as the Agent and the relevant Ancillary Lender may agree.

7.3 **Request for Ancillary Facilities**

- (a) The Company may, at any time, request the establishment of an Ancillary Facility by delivery to the Agent of a duly completed Ancillary Facility Request.
- (b) An Ancillary Facility Request relating to a proposed Ancillary Facility will not be regarded as duly completed unless it identifies:
 - (i) the Facility under which it is to be designated an Ancillary Facility (which must be Facility B or Facility C);
 - (ii) the Facility B Borrower(s) or the Facility C Borrower(s) under that Ancillary Facility as the case may be;

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- (iii) the Ancillary Lender (which must be a Facility B Lender or a Facility C Lender) which is to make available that Ancillary Facility under Facility B or Facility C respectively;
 - (iv) the type or types of facility to comprise that Ancillary Facility (which must comply with Clause 7.2 (*Types of Ancillary Facility*));
 - (v) the date (the “**Commencement Date**”) on which that Ancillary Facility is to become available (which must be a date on which the Facility B or, as the case may be, Facility C is available to be drawn and must not be less than 10 Business Days after the date on which the Agent receives the Ancillary Facility Request);
 - (vi) the expiry date of that Ancillary Facility (which must fall on or before the Termination Date);
 - (vii) the amount of the Ancillary Commitment (which must be denominated in the Base Currency) which is to apply to that Ancillary Facility;
 - (viii) the currency or currencies (which must comply with paragraph (c) below) in which utilisations under that Ancillary Facility may be requested;
 - (ix) the margin, commitment fee and other fees payable in respect of that Ancillary Facility which in respect of Margin shall not exceed the Margin payable under Facility B or Facility C as the case may be; and
 - (x) such other details in relation to that Ancillary Facility as the Agent may reasonably require.
- (c) An Ancillary Facility shall only be available for utilisation in the Base Currency or a currency which:
- (i) is readily available in the amount required and freely convertible into the Base Currency in the Relevant Interbank Market on the date for utilisation of that Ancillary Facility; and
 - (ii) has been approved by the Agent (acting on the instructions of the Facility B Lenders or Facility C Lenders as the case may be) on or prior to receipt by the Agent of the Ancillary Facility Request for that Ancillary Facility.
- (d) The Agent shall, promptly after receipt by it of an Ancillary Facility Request, notify each Facility B Lender or Facility C Lender, as the case may, be of that Ancillary Facility Request.

7.4 **Grant of Ancillary Facility**

The relevant Facility B Lender or Facility C Lender identified in a duly completed Ancillary Facility Request shall become an Ancillary Lender authorised to make the proposed Ancillary Facility available with effect from the proposed Commencement Date, if the following conditions are fulfilled:

- (a) the proposed Ancillary Commitment under that Ancillary Facility is equal to or less than the Available Commitment of that Lender under the relevant Facility on that Commencement Date;

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- (b) the proposed Ancillary Commitment under that Ancillary Facility will not, when aggregated with the Ancillary Commitments under all other Ancillary Facilities designated under Facility B or Facility C, as the case may be in effect on that Commencement Date, exceed the Total Facility B Ancillary Limit or the Total Facility C Ancillary Limit; and
- (c) the proposed Ancillary Lender has notified the Agent by that Commencement Date that it agrees to make available that Ancillary Facility.

7.5 Adjustments to Facility B Commitment or Facility C Commitment

- (a) The Facility B Commitment or Facility C Commitment as the case may be of a Lender which is an Ancillary Lender shall (except for the purposes of determining the Majority Lenders and of Clause 9.12 (*Right of replacement or repayment and cancellation in relation to a single Lender*)) be reduced by the amount of its Ancillary Commitments under Facility B and/or Facility C respectively.
- (b) If and to the extent that:
 - (i) any Ancillary Facility expires, or is cancelled (in whole or in part) in accordance with Clause 7.8 (*Voluntary cancellation of Ancillary Facilities*); and
 - (ii) no amount is or may be payable to or by the Ancillary Lender in respect of that Ancillary Facility (or the relevant part of it),

the Facility B Commitment or Facility C Commitment of the relevant Lender will immediately be increased by an amount equal to the amount of the Ancillary Commitment of that Ancillary Facility (or, if less, that part of it which has expired or been cancelled).

7.6 Terms of Ancillary Facilities

- (a) The terms applicable to each Ancillary Facility shall be as agreed between the relevant Ancillary Lender and the relevant Borrower (as set out in the applicable Ancillary Facility Document), provided that:
 - (i) those terms shall be consistent with this Clause 2.2 and the details set out in the Ancillary Facility Request;
 - (ii) utilisations under an Ancillary Facility shall be used only for the general corporate purposes of the Group or, in respect of Chilean Borrowers, to finance direct exports of members of the Group incorporated in Chile;
 - (iii) the rate of interest, fees and other remuneration in respect of the Ancillary Facility shall be based upon the normal market rates and terms from time to time of that Ancillary Lender provided that the Margin shall not exceed the Margin payable under Facility B or Facility C as the case may be; and
 - (iv) cancellation, termination or enforcement of the Ancillary Facility shall only occur as described in Clause 7.8 (*Voluntary cancellation of Ancillary Facilities*), Clause 9 (*Prepayment and cancellation*) or Clause 24.14 (*Acceleration*).
- (b) Any material variation to any Ancillary Facility (including any proposed increase or reduction in the Ancillary Commitment) shall be in accordance with and subject to this Clause 7.

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- (c) In the case of any inconsistency between any term of an Ancillary Facility and any term of this Agreement, this Agreement shall prevail except for (i) Clause 33.3 (*Day count convention*) which shall not prevail for the purposes of calculating fees, interest or commission relating to an Ancillary Facility; (ii) an Ancillary Facility comprising more than one account where the terms of the Ancillary Documents shall prevail to the extent required to permit the netting of balances on those accounts (if applicable); and (iii) where the relevant term of this Agreement would be contrary to, or inconsistent with, the law governing the relevant Ancillary Document, in which case that term of this Agreement shall not prevail.

7.7 **Limits on Ancillary Facilities**

The Company shall ensure that:

- (a) the aggregate of all Ancillary Commitments in respect of Ancillary Facilities under Facility B does not at any time exceed the Total Facility B Ancillary Limit;
- (b) the aggregate of all Ancillary Commitments in respect of Ancillary Facilities under Facility C does not at any time exceed the Total Facility C Ancillary Limit; and
- (c) the Ancillary Outstandings under any Ancillary Facility do not at any time exceed the Ancillary Commitment under that Ancillary Facility.

7.8 **Voluntary cancellation of Ancillary Facilities**

The Company may, if it gives the Agent and the relevant Ancillary Lender not less than 10 Business Days’ prior notice, cancel the whole or any part of the Ancillary Commitment under an Ancillary Facility.

7.9 **Notice in respect of Ancillary Facilities**

- (a) Each Ancillary Lender shall promptly notify the Agent of:
 - (i) the establishment by it of any Ancillary Facility and the applicable Commencement Date;
 - (ii) the amount of any Ancillary Facility which is cancelled or expires and the date of any such cancellation or expiry; and
 - (iii) any other information relating to any Ancillary Facility provided by it as the Agent may request, including the Ancillary Outstandings from time to time.
- (b) The Agent may assume, unless it has received notice to the contrary in its capacity as agent for the Lenders, that no Ancillary Facility has expired or been cancelled in whole or part.
- (c) Each Obligor consents to all information described in paragraph (a) above being disclosed to the Finance Parties.

7.10 **Ancillary Outstandings**

The relevant Borrower under an Ancillary Facility shall repay or pay on the due date each amount payable under that Ancillary Facility.

7.11 **Affiliates of Lenders as Ancillary Lenders**

- (a) Subject to the terms of this Agreement, an Affiliate of a Lender may become an Ancillary Lender. In such case, the Lender and its Affiliate shall be treated as a single Lender whose Facility B Commitment and/or Facility C Commitment is the amount set out opposite the relevant Lender’s

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name in Part II of Schedule 1 (*The Original Parties*) and/or the amount of any Facility B Commitment and/or Facility C Commitment transferred to or assumed by that Lender under this Agreement, to the extent (in each case) not cancelled, reduced or transferred by it under this Agreement. For the purposes of calculating the Lender’s Available Commitment with respect to Facility B and/or Facility C, the Lender’s Commitment shall be reduced to the extent of the aggregate of the Ancillary Commitments of its Affiliates under the relevant Facility.

- (b) The Company shall specify any relevant Affiliate of a Lender in any notice delivered by the Company to the Agent pursuant to paragraph (b) of Clause 7.3 (*Request for Ancillary Facilities*).
- (c) If a Lender assigns all of its rights and benefits or transfers all of its rights and obligations to a New Lender (as defined in Clause 25 (*Changes to the Finance Parties*)), its Affiliate shall cease to have any obligations under this Agreement or any Ancillary Document.
- (d) Where this Agreement or any other Finance Document imposes an obligation on an Ancillary Lender and the relevant Ancillary Lender is an Affiliate of a Lender which is not a party to that document, the relevant Lender shall ensure that the obligation is performed by its Affiliate.

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SECTION 4

REPAYMENT, PREPAYMENT AND CANCELLATION

8. REPAYMENT

8.1 Repayment of Facility A Loans

- (a) The Facility A Loans outstanding at the end of the Availability Period for Facility A shall be repaid on the following dates in the following amounts:

Facility A Repayment Date (months after the Original Signing Date)	Facility A Repayment Instalment (EUR)
6	16,000,000
12	16,000,000
18	16,000,000
24	0
30	0
36	16,000,000
42	16,000,000
48	16,000,000
54	16,000,000
Termination Date for Facility A	71,000,000

- (b) No Borrower may reborrow any part of Facility A which is repaid.

8.2 Repayment of Facility B Loans and Facility C Loans

- (a) Subject to paragraph (c) below, each Borrower which has drawn a Facility B Loan or a Facility C Loan shall repay that Loan on the last day of that Loan’s Interest Period.

- (b) Without prejudice to each Borrower’s obligation under paragraph (a) above, if one or more Facility B Loans or Facility C Loans are to be made available to a Borrower:

- (i) on the same day that a maturing Facility B Loan or Facility C Loan is due to be repaid by that Borrower;
- (ii) in the same currency as the maturing Facility B Loan or Facility C Loan; and
- (iii) in whole or in part for the purpose of refinancing the maturing Facility B Loan or Facility C Loan;

the aggregate amount of the new Facility B Loans or Facility C Loans shall be treated as if applied in or towards repayment of the maturing Facility B Loan or Facility C Loan so that:

- (A) if the amount of the maturing Facility B Loan or Facility C Loan exceeds the aggregate amount of the new Facility B Loans or Facility C Loans:

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- (1) the relevant Borrower will only be required to pay an amount in cash in the relevant currency equal to that excess; and
 - (2) each Lender’s participation (if any) in the new Facility B Loans or Facility C Loans shall be treated as having been made available and applied by the Borrower in or towards repayment of that Lender’s participation (if any) in the maturing Facility B Loan or Facility C Loan and that Lender will not be required to make its participation in the new Facility B Loans or Facility C Loans available in cash; and
 - (B) if the amount of the maturing Facility B Loan or Facility C Loan is equal to or less than the aggregate amount of the new Facility B Loans or Facility C Loans:
 - (1) the relevant Borrower will not be required to make any payment in cash; and
 - (2) each Lender will be required to make its participation in the new Facility B Loans or Facility C Loans available in cash only to the extent that its participation (if any) in the new Facility B Loans or Facility C Loans exceeds that Lender’s participation (if any) in the maturing Facility B Loan or Facility C Loan and the remainder of that Lender’s participation in the new Facility B Loans or Facility C Loans shall be treated as having been made available and applied by the Borrower in or towards repayment of that Lender’s participation in the maturing Facility B Loan or Facility C Loan.
 - (c) At any time when a Lender becomes a Defaulting Lender, the maturity date of each of the participations of that Lender in the Facility B Loans or Facility C Loans then outstanding will be automatically extended to the Termination Date in relation to Facility B or Facility C and will be treated as separate Facility B Loans or Facility C Loans (the “**Separate Loans**”) denominated in the currency in which the relevant participations are outstanding.
 - (d) A Borrower to whom a Facility B Loan or Facility C Loan is outstanding may prepay that Loan by giving five Business Days’ prior notice to the Agent. The Agent will forward a copy of a prepayment notice received in accordance with this paragraph (d) to the Defaulting Lender concerned as soon as practicable on receipt.
 - (e) Interest in respect of a Separate Loan will accrue for successive Interest Periods selected by the Borrower by the time and date specified by the Agent (acting reasonably) and will be payable by that Borrower to the Defaulting Lender on the last day of each Interest Period of that Loan.
 - (f) The terms of this Agreement relating to Facility B Loans and/or Facility C Loans generally shall continue to apply to Separate Loans other than to the extent inconsistent with paragraphs (c) to (e) above, in which case those paragraphs shall prevail in respect of any Separate Loan.
 - (g) On the Termination Date, each Borrower under Facility B or Facility C shall repay all amounts (if any) owing or outstanding under that Facility B or Facility C together with accrued interest.
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8.3 Repayment of Ancillary Facilities

On the Termination Date, each Borrower under an Ancillary Facility shall repay all amounts (if any) owing or outstanding under that Ancillary Facility.

9. PREPAYMENT AND CANCELLATION

9.1 Illegality

If it becomes unlawful in any applicable jurisdiction for a Lender or an Ancillary Lender to perform any of its obligations as contemplated by this Agreement or, in the case of an Ancillary Lender, any Ancillary Facility Document or to fund or maintain its participation in any Utilisation or, in the case of an Ancillary Lender, any utilisation under any Ancillary Facility:

- (a) that Lender or, as the case may be, that Ancillary Lender shall promptly notify the Agent upon becoming aware of that event;
- (b) upon the Agent notifying the Company:
 - (i) the Commitment of that Lender or, as the case may be, the commitment of that Ancillary Lender under that Ancillary Facility will be immediately cancelled; and/or
 - (ii) that Ancillary Lender shall not be obliged to issue any guarantee, bond or letter of credit under that Ancillary Facility;
- (c) the Company shall ensure that the relevant Borrower shall use its best endeavours to procure the release of each outstanding letter of credit and bank guarantee;
- (d) each Borrower shall:
 - (i) repay that Lender’s participation in the Utilisations made to that Borrower on the last day of the Interest Period for each Utilisation occurring after the Agent has notified the Company or, if earlier, the date specified by the Lender in the notice delivered to the Agent (being no earlier than the last day of any applicable grace period permitted by law); and/or
 - (ii) repay each amount payable or, as the case may be, provide full cash cover in respect of each contingent liability under each Ancillary Facility of that Ancillary Lender on the next due date occurring after the Agent has notified the Company or, if earlier, the date specified by the Ancillary Lender in the notice delivered to the Agent (being no earlier than the last day of any applicable grace period permitted by law).

9.2 Change of control

- (a) If:
 - (i) the Company ceases to be a publicly listed company with the Oslo Stock Exchange (or any such other reputable exchange); or
 - (ii) if any person or group of persons acting in concert (other than John Fredriksen and/or any entity controlled by John Fredriksen) gains control of the Company,

then:

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- (iii) the Company shall promptly notify the Agent upon becoming aware of that event;
 - (iv) a Lender shall not be obliged to fund a Utilisation or a utilisation of an Ancillary Facility (except for a Rollover Loan); and
 - (v) the Agent shall, by not less than 90 days’ notice to the Company, (except, in the case of paragraphs (i) and (ii) above, if the Majority Lenders have consented to the new shareholder(s) gaining control of the Company, such consent not to be unreasonably withheld), cancel the Total Commitments and declare all outstanding Loans and Ancillary Outstandings, together with accrued interest, and all other amounts accrued under the Finance Documents immediately due and payable, whereupon the Total Commitments will be cancelled and all such outstanding amounts will become immediately due and payable.
- (b) For the purpose of paragraph (a) above, “**control**” means having (i) 50 per cent. or more of the voting rights on the shares issued in the capital of the Company, or (ii) having the right to appoint or remove a majority of the Company’s board of directors or (iii) pursuant to an agreement or otherwise, controlling 50 per cent. or more of the voting rights in the Company.
 - (c) For the purpose of paragraph (a) above, “**acting in concert**” means a group of persons who pursuant to an agreement or understanding (whether formal or informal) actively co-operate through the acquisition by any of them, either directly or indirectly, of shares in the Company with a view to obtaining or consolidating control of the Company.

9.3 **Mandatory prepayment from Net Sale Proceeds**

- (a) In this Clause 9.3:

“**Net Sale Proceeds**” means the cash or cash equivalent proceeds (including, when received, the cash or cash equivalent proceeds of any deferred consideration, whether by way of adjustment to the purchase price or otherwise) received by a member of the Group in connection with the sale, transfer or other disposal by any member of the Group of an asset (other than in the ordinary course of trading) after deducting:

- (i) reasonable fees and reasonable transaction costs properly incurred in connection with that sale, transfer or disposal; and
 - (ii) Taxes paid or reasonably estimated by the Company to be payable (as certified by the Company to the Agent) as a result of that sale, transfer or disposal.
- (b) The Company shall ensure that any Net Sale Proceeds are paid into the Prepayment Account for application in accordance with Clause 9.7 (*Application of Net Sale Proceeds and Insurance Proceeds*).
 - (c) Paragraph (b) above does not apply to Net Sale Proceeds:
 - (i) up to an aggregate amount of [***] in any financial year; or
 - (ii) arising from the sale of fixed assets where such Net Sale Proceeds have within 12 months of the disposal of the fixed assets been applied towards the purchase of other fixed assets for use in the Group’s business.

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9.4 **Mandatory prepayment from Insurance Proceeds**

In this Clause 9.4:

“**Insurance Proceeds**” means:

- (i) proceeds exceeding [***] or its equivalent in another currency or currencies in respect of any individual claim or related claims received by any member of the Group under or pursuant to any insurance policy or captive insurance arrangement against loss or destruction (or equivalent) after the date of this Agreement; but
 - (ii) excluding any proceeds in respect of any individual claim or related claims received by any member of the Group under or pursuant to any insurance policy or captive insurance arrangement against loss resulting from business interruption after the date of this Agreement.
- (b) The Company shall ensure that all Insurance Proceeds are paid into the Prepayment Account for application in accordance with Clause 9.7 (*Application of Net Sale Proceeds and Insurance Proceeds*).
 - (c) Paragraph (b) above does not apply to any Insurance Proceeds to the extent that such Insurance Proceeds have within six months of receipt been applied to replace, repair or reinstate the asset(s) to which those Insurance Proceeds relate.

9.5 **Capital Market Issue Proceeds**

- (a) In this Clause 9.5 “**Capital Market Issue Proceeds**” means [***] of any cash or cash equivalent proceeds received by a member of the Group from the issuance of a convertible or regular bond, as permitted by paragraph (b)(vi) of Clause 23.4 (*Financial Indebtedness*) after deducting (if applicable):

- (i) reasonable transaction costs incurred in connection with the issuance of the convertible or regular bond ;
 - (ii) reasonable transaction costs incurred in connection with the Permitted Acquisition;
 - (iii) proceeds used to fund the purchase price of a Permitted Acquisition;
 - (iv) in relation to such Permitted Acquisition proceeds applied in reducing the indebtedness of the target as contractually required by the relevant acquisition documents or this Agreement; and
 - (v) proceeds applied for the purpose of funding the working capital requirements in relation to such Permitted Acquisition.
- (b) The Company shall ensure that any Capital Market Issue Proceeds are paid into the Prepayment Account for application in accordance with Clause 9.8 (*Application of Capital Market Issue Proceeds*).

9.6 **Prepayment Account**

- (a) In this Clause 9.6:

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“**Proceeds**” means Net Sale Proceeds, Insurance Proceeds and/or Capital Market Issue Proceeds.

- (b) The Company shall ensure that all Proceeds (or an equal amount) are paid directly into (or as soon as practicable after receipt are transferred into) the Prepayment Account other than:
- (i) any Net Sale Proceeds falling within paragraph (c) of Clause 9.3 (*Mandatory prepayment from Net Sale Proceeds*); and
 - (ii) any Insurance Proceeds falling within paragraph (c) of Clause 9.4 (*Mandatory prepayment from Insurance Proceeds*).

The Proceeds referred to in paragraphs (i) and (ii) above shall be immediately paid into the Prepayment Account if they are not applied for the purposes, and within the time, permitted by the relevant clause.

- (c) Within five Business Days after the date (the “**Receipt Date**”) on which any such Proceeds have been received by any member of the Group (or have become Proceeds), the Company shall notify the Agent of the Receipt Date and of the amount in euro equal or equivalent to those Proceeds and the proposed date of prepayment of those proceeds (the “**Prepayment Date**”) must be at least five Business Days after the date of that Notice.
- (d) No amount may be withdrawn or transferred from the Prepayment Account except:
- (i) to make the prepayments required under Clause 9.8 (*Application of Proceeds*) or as otherwise permitted under this Agreement; or
 - (ii) with the prior consent of all the Lenders.

9.7 **Application of Net Sale Proceeds and Insurance Proceeds**

- (a) Net Sale Proceeds and Insurance Proceeds paid into the Prepayment Account pursuant to Clause 9.6 (*Prepayment Account*) shall, subject to any other instruction of the Majority Lenders, be applied in the following order, in each case until the relevant Utilisations or other liabilities have been satisfied in full:
- (i) **first**, in prepayment of the Facility A Loans;
 - (ii) **second**, in prepayment and permanent reduction pro rata of Facility B Loans and Facility C Loans and loans outstanding under the Ancillary Facilities;
 - (iii) **third**: in cancellation pro rata of any Available Commitment under Facility B and Facility C and release to the Company of the corresponding amount of cash from the Prepayment Account;
 - (iv) **fourth**, in prepayment and permanent reduction pro rata of any contingent liability under any Ancillary Facility; and
 - (v) **fifth**, in cancellation pro rata of any Available Ancillary Commitment under Facility B and Facility C.
- (b) Any Proceeds to be applied in prepayment of any Facility A Loan under paragraph (i) above shall be applied on the earlier of the Prepayment Date and the last day of the Interest Period relating

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to that Loan to the extent not prohibited by reason of any applicable financial assistance laws or other legal impediment, provided that in such case the Company shall use its reasonable endeavours, and shall procure that any other member of the Group uses its reasonable endeavours, to overcome any such impediment, failing which, such amount shall be applied in accordance with the order set out in paragraphs (ii) - (v) above.

- (c) Any prepayment of Facility A Loans under this Clause 9.7 shall satisfy the obligations under Clause 8.1 (*Repayment of Facility A Loans*) in inverse chronological order.
- (d) No Borrower may reborrow any part of a Facility which is prepaid pursuant to paragraphs (a)(i) and/or (a)(ii) above, and in the relevant Facility shall be cancelled to that extent.

9.8 Application of Capital Market Issue Proceeds

- (a) Any Capital Market Issue Proceeds paid into the Prepayment Account pursuant to Clause 9.6 (*Prepayment Account*) shall be applied as follows, in each case until all Utilisations or other liabilities have been satisfied in full:
 - (i) **first:**
 - (A) subject to paragraph (e) below, 50 per cent. of the Capital Market Issue Proceeds in prepayment of Facility A Loans and in prepayment and permanent reduction of Facility B Loans or Facility C Loans; and
 - (B) 50 per cent. of the Capital Market Issue Proceeds, in prepayment and permanent reduction of Facility B Loans and Facility C Loans and loans outstanding under the Ancillary Facilities;
 - (ii) **second**, in cancellation pro rata of any Available Commitment under Facility B and Facility C and release to the Company of the corresponding amount of cash from the Prepayment Account;
 - (iii) **third**, in prepayment and permanent reduction pro rata of any contingent liability under any Ancillary Facility; and
 - (iv) **fourth**, in cancellation pro rata of any Available Ancillary Commitment under Facility B and Facility C.
- (b) Any Proceeds to be applied in prepayment of any Facility A Loan under paragraph (a)(i)(A) above shall be applied on the earlier of the Prepayment Date and the last day of the interest Period relating to that Loan to the extent not prohibited by reason of any applicable financial assistance laws or other legal impediment, provided that in such case the Company shall use its reasonable endeavours, and shall procure that any other member of the Group uses its reasonable endeavours, to overcome any such impediment, failing which, such amount shall be applied in accordance with paragraph (a)(i)(B) above.
- (c) Any prepayment of Facility A Loans under this Clause 9.8 shall satisfy the obligations under Clause 8.1 (*Repayment of Facility A Loans*) in the order specified by the Borrowers or, in the absence of any such specification in inverse chronological order.

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- (d) Any amount prepaid under this Clause 9.8 shall not be made available for re-borrowing and the relevant Facility shall be cancelled to that extent.
- (e) The Borrower shall apply the amount described in paragraph (a)(i) above against the Facility A Loans, Facility B Loans and/or Facility C Loans as the Borrower may select in respect of application against the Facilities and repayment instalments.

9.9 Voluntary cancellation

The Company may, if it gives the Agent not less than 10 Business Days’ (or such shorter period as the Majority Facility B Lenders or Majority Facility C Lenders may agree) prior notice, cancel the whole or any part (being in the case of Facility B a minimum amount of €5,000,000 and in integral multiples of €500,000 and in the case of Facility C, USD5,000,000 and integral multiples of USD500,000) of an Available Facility. Any cancellation under this Clause 9.9 shall reduce the Commitments of the Lenders rateably under that Facility.

9.10 Voluntary prepayment of a Facility A Loan

- (a) A Borrower to which a Facility A Loan, has been made may, if it gives the Agent not less than 10 Business Days’ (or such shorter period as the Majority Facility A Lenders may agree) prior notice, prepay the whole or any part of any Facility A Loan (but, if in part, being an amount that reduces the Base Currency Amount of the Facility A Loan by a minimum amount of €5,000,000 and in integral multiples of €500,000).
- (b) A Facility A Loan may only be prepaid after the last day of the Availability Period (or, if earlier, the day on which the applicable Available Facility is zero).
- (c) Any prepayment made under this Clause 9.10 shall be applied in prepayment of Facility A Repayment Instalments in chronological order.

9.11 Voluntary prepayment of Facility B Loans and Facility C Loans

The Borrower to which a Facility B Loan or Facility C Loan has been made may, if it gives the Agent not less than 10 Business Days’ (or such shorter period as the Majority Facility B Lenders or the Majority Facility C Lenders (as applicable) may agree) prior notice, prepay the whole or any part of a Facility B Loan or Facility C Loan, as applicable, (but, if in part, being an amount that reduces the Base Currency Amount of the Facility B Loan or Facility C Loan by a minimum amount of €5,000,000 and in integral multiples of €500,000).

9.12 Right of replacement or repayment and cancellation in relation to a single Lender

- (a) If:
 - (i) any sum payable to any Lender by an Obligor is required to be increased under paragraph (c) of Clause 14.2 (*Tax gross-up*); or
 - (ii) any Lender claims indemnification from the Company under Clause 14 (*Tax gross-up and indemnities*) or Clause 15 (*Increased Costs*),

the Company may, whilst the circumstance giving rise to the requirement for that increase or indemnification continues, give the Agent notice of cancellation of the Commitment and Ancillary Commitment, if any, of that Lender and its intention to procure the repayment of that Lender’s

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participation in the Loans or give the Agent notice of its intention to replace that Lender in accordance with paragraph (d) below.

- (b) On receipt of a notice of cancellation referred to in paragraph (a) above, the Commitment and Ancillary Commitment, if any, of that Lender shall immediately be reduced to zero.
- (c) On the last day of each Interest Period which ends after the Company has given notice of cancellation under paragraph (a) above (or, if earlier, the date specified by the Company in that notice), each Borrower to which a Loan on utilisation of any Ancillary Facility is outstanding shall repay that Lender’s participation in that Loan or utilisation of Ancillary Facility granted by that Lender or, as the case may be, provide full cash cover in respect of a contingent liability under an Ancillary Facility.
- (d) The Company may, in the circumstances set out in paragraph (a) above, on five Business Days’ prior notice to the Agent and that Lender, replace that Lender by requiring that Lender to (and, to the extent permitted by law, that Lender shall) transfer pursuant to Clause 25 (*Changes to the Finance Parties*) all (and not part only) of its rights and obligations under this Agreement to a Lender or other bank, financial institution, trust, fund or other entity selected by the Company which confirms its willingness to assume and does assume all the obligations of the transferring Lender in accordance with Clause 25 (*Changes to the Finance Parties*) for a purchase price in cash or other cash payment payable at the time of the transfer equal to the outstanding principal amount of such Lender’s participation in the outstanding Loans and all accrued interest (to the extent that the Agent has not given a notification under Clause 25.8 (*Pro rata interest settlement*)), Break Costs and other amounts payable in relation thereto under the Finance Documents.
- (e) The replacement of a Lender pursuant to paragraph (d) above shall be subject to the following conditions:
 - (i) the Company shall have no right to replace the Agent;
 - (ii) neither the Agent nor any Lender shall have any obligation to find a replacement Lender; and
 - (iii) in no event shall the Lender replaced under paragraph (d) above be required to pay or surrender any of the fees received by such Lender pursuant to the Finance Documents.

9.13 **Restrictions**

- (a) Any notice of cancellation or prepayment given by any Party under this Clause 9 shall be irrevocable and, unless a contrary indication appears in this Agreement, shall specify the date or dates upon which the relevant cancellation or prepayment is to be made and the amount of that cancellation or prepayment.
- (b) Any prepayment under this Agreement shall be made together with accrued interest on the amount prepaid and, subject to any Break Costs, without premium or penalty.
- (c) No Borrower may reborrow any part of Facility A which is prepaid.
- (d) Unless a contrary indication appears in this Agreement (including, for the avoidance of doubt, under Clause 9.7 (*Application of Net Sale Proceeds and Insurance Proceeds*), and Clause 9.8

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(Application of Capital Market Issue Proceeds), any part of Facility B or Facility C which is prepaid or repaid may be reborrowed in accordance with the terms of this Agreement.

- (e) The Borrowers shall not repay or prepay all or any part of the Loans or cancel all or any part of the Commitments except at the times and in the manner expressly provided for in this Agreement.
- (f) Subject to Clause 2.3 (*Increase*), no amount of the Total Commitments cancelled under this Agreement may be subsequently reinstated.
- (g) If the Agent receives a notice under this Clause 9 it shall promptly forward a copy of that notice to either the Company or the affected Lender, as appropriate.
- (h) If all or part of a Loan under a Facility is repaid or prepaid and is not available for redrawing (other than by operation of Clause 4.2 (*Further conditions precedent*)), an amount of the Commitments (equal to the Base Currency Amount of the amount of the Loan which is repaid or prepaid) in respect of that Facility will be deemed to be cancelled on the date of repayment or prepayment. Any cancellation under this paragraph (h) shall reduce the Commitments of the Lenders rateably under that Facility.

9.14 **Right of cancellation in relation to a Defaulting Lender**

- (a) If any Lender becomes a Defaulting Lender, the Company may, at any time whilst the Lender continues to be a Defaulting Lender, give the Agent five Business Days’ notice of cancellation of each Available Commitment of that Lender.
- (b) On the notice referred to in paragraph (a) above becoming effective, each Available Commitment of the Defaulting Lender shall immediately be reduced to zero.
- (c) The Agent shall, as soon as practicable after receipt of a notice referred to in paragraph (a) above, notify all the Lenders.

9.15 **Effect of cancellation and prepayment on scheduled repayments**

If any of the Facility A Loans are prepaid in accordance with Clause 9.12 (*Right of replacement or repayment and cancellation in relation to a single Lender*) or Clause 9.1 (*Illegality*) then the amount of the repayment instalment for each repayment date as set out in Clause 8.1 (*Repayment of Facility A Loans*) falling after that prepayment will reduce pro rata by the amount of the Facility A Loan prepaid.

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SECTION 5

COSTS OF UTILISATION

10. INTEREST

10.1 Calculation of interest

The rate of interest on each Loan for each Interest Period is the percentage rate per annum which is the aggregate of the applicable:

- (a) Margin;
- (b) LIBOR or, in relation to any Loan in euro, EURIBOR or, in relation to any Loan in NOK, NIBOR; and
- (c) Mandatory Cost, if any.

10.2 Payment of interest

- (a) The Borrower to which a Loan has been made shall pay accrued interest on that Loan on the last day of each Interest Period (and, if the Interest Period is longer than six Months, on the dates falling at six monthly intervals after the first day of the Interest Period).
- (b) If the circumstances contemplated in paragraph (c) of the definition of Margin apply, the Company shall promptly pay to the Agent any amount necessary to put the Agent and Lenders in the position they would have been in had the appropriate rate of the Margin applied during that period.

10.3 Default interest

- (a) If an Obligor fails to pay any amount payable by it under a Finance Document on its due date, interest shall accrue on the overdue amount from the due date up to the date of actual payment (both before and after judgment) at a rate which, subject to paragraph (b) below, is the sum of 2 per cent. and the rate which would have been payable if the overdue amount had, during the period of non-payment, constituted a Loan in the currency of the overdue amount for successive Interest Periods, each of a duration selected by the Agent (acting reasonably). Any interest accruing under this Clause 10.3 shall be immediately payable by the Obligor on demand by the Agent.
- (b) If any overdue amount consists of all or part of a Loan which became due on a day which was not the last day of an Interest Period relating to that Loan:
 - (i) the first Interest Period for that overdue amount shall have a duration equal to the unexpired portion of the current Interest Period relating to that Loan; and
 - (ii) the rate of interest applying to the overdue amount during that first Interest Period shall be the sum of 2 per cent. and the rate which would have applied if the overdue amount had not become due.
- (c) Default interest (if unpaid) arising on an overdue amount will be compounded with the overdue amount at the end of each Interest Period applicable to that overdue amount but will remain immediately due and payable.

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10.4 **Notification of rates of interest**

The Agent shall promptly notify the relevant Lenders and the relevant Borrower of the determination of a rate of interest under this Agreement.

11. **INTEREST PERIODS**

11.1 **Selection of Interest Periods**

- (a) A Borrower (or the Company on behalf of a Borrower) may select an Interest Period for a Loan in the Utilisation Request for that Loan or (if the Loan has already been borrowed) in a Selection Notice.
- (b) Each Selection Notice for a Facility A Loan is irrevocable and must be delivered to the Agent by the Borrower (or the Company on behalf of a Borrower) to which that Facility A Loan was made not later than the Specified Time.
- (c) If a Borrower (or the Company) fails to deliver a Selection Notice to the Agent in accordance with paragraph (b) above, the relevant Interest Period will, subject to Clause 11.2 (*Changes to Interest Periods*), be three Months.
- (d) Subject to this Clause 11, a Borrower (or the Company) may select an Interest Period of three or six Months for a Facility A Loan or an Interest Period of one, three or six Months for a Facility B Loan or a Facility C Loan, or any other period agreed between the Company and the Agent (acting on the instructions of all the Lenders participating in the relevant Loan). In addition a Borrower (or the Company on its behalf) may select an Interest Period of less than one Month (in relation to Facility A), if necessary to ensure that there are sufficient Facility A Loans (with an aggregate Base Currency Amount equal to or greater than the Repayment Instalment) which have an Interest Period ending on a Facility A Repayment Date for the Borrowers to make the Repayment Instalment due on that date.
- (e) An Interest Period for a Loan shall not extend beyond the Termination Date applicable to its Facility.
- (f) Each Interest Period for a Facility A Loan shall start on the Utilisation Date or (if already made) on the last day of its preceding Interest Period.
- (g) Each Facility B Loan and Facility C Loan has one Interest Period only.

11.2 **Changes to Interest Periods**

- (a) Prior to determining the interest rate for a Facility A Loan, the Agent may shorten an Interest Period for any Facility A Loan to ensure that there are sufficient Facility A Loans with an Interest Period ending on a Facility A Repayment Date for the Facility A Borrower to make the Repayment Instalment due on that Facility A Repayment Date.
- (b) If the Agent makes any of the changes to an Interest Period referred to in this Clause 11.2, it shall promptly notify the Company and the Lenders.

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11.3 Non-Business Days

If an Interest Period would otherwise end on a day which is not a Business Day, that Interest Period will instead end on the next Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not).

11.4 Consolidation and division of Facility A Loans

(a) Subject to paragraph (b) below, if two or more Interest Periods:

- (i) relate to Facility A Loans made to the same Borrower; and
- (ii) end on the same date,

those Facility A Loans will, unless that Borrower (or the Company on its behalf) specifies to the contrary in the Selection Notice for the next Interest Period, be consolidated into, and treated as, a single Facility A Loan on the last day of the Interest Period.

(b) Subject to Clause 4.4 (*Maximum number of Loans*) and Clause 5.3 (*Currency and amount*), if a Borrower (or the Company on its behalf) requests in a Selection Notice that a Facility A Loan be divided into two or more Facility A Loans that Facility A Loan will, on the last day of its Interest Period, be so divided with Base Currency Amounts specified in that Selection Notice, being an aggregate Base Currency Amount equal to the Base Currency Amount of the Facility A Loan immediately before its division.

12. CHANGES TO THE CALCULATION OF INTEREST

12.1 Absence of quotations

Subject to Clause 12.2 (*Market disruption*):

- (a) if EURIBOR, LIBOR or NIBOR, as applicable, is to be determined by reference to the Base Reference Banks but a Base Reference Bank does not supply a quotation by the Specified Time on the Quotation Day, the applicable EURIBOR, LIBOR or NIBOR shall be determined on the basis of the quotations of the remaining Base Reference Banks; or
- (b) if Clause 12.3 (*Alternative Reference Bank Rate*) applies but an Alternative Reference Bank does not supply a quotation before close of business in London on the date falling one Business Day after the Quotation Day for that Loan, the applicable Alternative Reference Bank Rate shall be determined on the basis of the quotations of the remaining Alternative Reference Banks.

12.2 Market disruption

(a) If a Market Disruption Event occurs in relation to a Loan for any Interest Period, then the rate of interest on each Lender's share of that Loan for the Interest Period shall be the percentage rate per annum which is the sum of:

- (i) the Margin;
- (ii) the Alternative Reference Bank Rate or (if an Alternative Market Disruption Event has occurred with respect to that Loan for the relevant Interest Period of that Loan)] the rate notified to the Agent by that Lender as soon as practicable and in any event by close of business on the date falling two Business Days after the Quotation Day (or, if earlier, on

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the date falling two Business Days prior to the date on which interest is due to be paid in respect of that Interest Period, to be that which expresses as a percentage rate per annum the cost to that Lender of funding its participation in that Loan from whatever source it may reasonably select; and

(iii) the Mandatory Cost, if any, applicable to that Lender’s participation in the Loan.

(b) If:

(i) the percentage rate per annum notified by a Lender pursuant to paragraph (a)(ii) above is less than the Alternative Reference Bank Rate; or

(ii) a Lender has not notified the Agent of a percentage rate per annum pursuant to paragraph (a)(ii) above,

the cost to that Lender of funding its participation in that Loan for that Interest Period shall be deemed, for the purposes of paragraph (a) above, to be the Alternative Reference Bank Rate.

(c) In this Agreement:

“**Alternative Market Disruption Event**” means:

(i) before close of business in London on the date falling one Business Day after the Quotation Day for the relevant Interest Period of the Loan, none or only one of the Alternative Reference Banks supplies a rate to the Agent to determine the Alternative Reference Bank Rate for the relevant Interest Period of the Loan; or

(ii) before close of business in London on the date falling two Business Days after the Quotation Day for the relevant Interest Period of the Loan, the Agent receives notifications from a Lender or Lenders (whose participations in that Loan exceed 35 per cent. of that Loan) that the cost to it of funding its participation in that Loan from whatever source it may reasonably select would be in excess of the Alternative Reference Bank Rate; and

“**Market Disruption Event**” means:

(iii) at or about noon on the Quotation Day for the relevant Interest Period the Screen Rate is not available and none or only one of the Base Reference Banks supplies a rate to the Agent to determine EURIBOR, LIBOR or NIBOR, as applicable, for the relevant currency and Interest Period; or

(iv) before close of business in London on the Quotation Day for the relevant Interest Period, the Agent receives notifications from a Lender or Lenders (whose participations in a Loan exceed 35 per cent. of that Loan) that the cost to it of obtaining matching deposits in the Relevant Interbank Market would be in excess of EURIBOR, LIBOR or NIBOR, as applicable.

12.3 **Alternative Reference Bank Rate**

(a) If a Market Disruption Event occurs, the Agent shall as soon as is practicable request each of the Alternative Reference Banks to supply to it the rate at which that Alternative Reference Bank could have borrowed funds in the relevant currency and for the relevant period in the London

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interbank market or, in relation to a Loan in euro, the European interbank market or in relation to a Loan in NOK, the Oslo interbank market at or about 11:00 a.m. or, in relation to a Loan in euro or NOK, at or about 11:00 a.m. (Brussels time) on the Quotation Day for the Interest Period of that Loan, were it to have done so by asking for and then accepting interbank offers for deposits in reasonable market size in the currency of that Loan and for a period comparable to the Interest Period of that Loan.

- (b) As soon as is practicable after receipt of the rates supplied by the Alternative Reference Banks, the Agent will notify the Company and the Lenders of the arithmetic mean of the rates supplied to it in accordance with paragraph (a) above (rounded upwards to four decimal places) (the “**Alternative Reference Bank Rate**”).

12.4 **Alternative basis of interest or funding**

- (a) If an Alternative Market Disruption Event occurs and the Agent or the Company so requires, the Agent and the Company shall enter into negotiations (for a period of not more than 30 days) with a view to agreeing a substitute basis for determining the rate of interest.
- (b) Any alternative basis agreed pursuant to paragraph (a) above shall, with the prior consent of all the Lenders and the Company, be binding on all Parties.

12.5 **Break Costs**

- (a) Each Borrower shall, within three Business Days of demand by a Finance Party, pay to that Finance Party its Break Costs attributable to all or any part of a Loan or Unpaid Sum being paid by that Borrower on a day other than the last day of an Interest Period for that Loan or Unpaid Sum.
- (b) Each Lender shall, as soon as reasonably practicable after a demand by the Agent, provide a certificate confirming the amount of its Break Costs for any Interest Period in which they accrue.

13. **FEES**

13.1 **Commitment fee**

- (a) The Company shall pay to the Agent (for the account of each Lender) a fee in the Base Currency computed at the rate of [***] per cent. of the applicable Margin for each Facility per annum on that Lender’s Available Commitment for each Facility from the earlier of (i) the date of first Utilisation and (ii) 26 May 2010, up to and including the last day of the Availability Period as applicable to each Facility.
- (b) The accrued commitment fee is payable on the last day of each successive period of three Months which ends during the relevant Availability Period, on the last day of the Availability Period and, if cancelled in full, on the cancelled amount of the relevant Lender’s Commitment at the time the cancellation is effective.
- (c) No commitment fee is payable to the Agent (for the account of a Lender) on any Available Commitment of that Lender for any day on which that Lender is a Defaulting Lender.

13.2 **Arrangement and Participation Fee**

The Company shall pay to the Agent (for the Arranger) arrangement and participation fees in the amounts and at the times agreed in a Fee Letter.

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13.3 Agency fee

The Company shall pay to the Agent (for its own account) an agency fee in the amount and at the times agreed in a Fee Letter.

13.4 Ancillary Facility fees

The Company or the relevant Borrower shall pay to the relevant Ancillary Lender the Ancillary Facility fee(s), including the Ancillary Facility commitment fee(s), in the amount(s) and at the times agreed in the relevant Ancillary Facility Document.

13.5 Security agency fee

The Company shall pay to the Security Agent (for its own account) a security agency fee in the amount and at the times agreed in a Fee Letter.

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SECTION 6

ADDITIONAL PAYMENT OBLIGATIONS

14. TAX GROSS-UP AND INDEMNITIES

14.1 Definitions

(a) In this Agreement:

“**Protected Party**” means a Finance Party which is or will be subject to any liability, or required to make any payment, for or on account of Tax in relation to a sum received or receivable (or any sum deemed for the purposes of Tax to be received or receivable) under a Finance Document.

“**Tax Credit**” means a credit against, relief or remission for, or repayment of any Tax.

“**Tax Deduction**” means a deduction or withholding for or on account of Tax from a payment under a Finance Document.

“**Tax Payment**” means either the increase in a payment made by an Obligor to a Finance Party under Clause 14.2 (*Tax gross-up*) or a payment under Clause 14.3 (*Tax indemnity*).

“**Treaty Lender**” means, in respect of a jurisdiction, a Lender entitled under the provisions of a double taxation treaty to receive payments of interest from a person resident in that jurisdiction without a Tax Deduction (subject to the completion of any necessary procedural formalities).

(b) Unless a contrary indication appears, in this Clause 14 a reference to “**determines**” or “**determined**” means a determination made in the absolute discretion of the person making the determination.

14.2 Tax gross-up

(a) Each Obligor shall make all payments to be made by it without any Tax Deduction, unless a Tax Deduction is required by law.

(b) The Company shall, promptly upon becoming aware that an Obligor must make a Tax Deduction (or that there is any change in the rate or the basis of a Tax Deduction), notify the Agent accordingly. Similarly, a Lender shall notify the Agent on becoming so aware in respect of a payment payable to that Lender. If the Agent receives such notification from a Lender it shall notify the Company and that Obligor.

(c) If a Tax Deduction is required by law to be made by an Obligor, the amount of the payment due from that Obligor shall be increased to an amount which (after making any Tax Deduction) leaves an amount equal to the payment which would have been due if no Tax Deduction had been required.

(d) An Obligor is not required to make an increased payment to a Lender under paragraph (c) above for a Tax Deduction in respect of tax imposed on a payment of interest on a Loan, if on the date on which the payment falls due, the relevant Lender is a Treaty Lender and the Obligor making the payment is able to demonstrate that the payment could have been made to the Lender without the Tax Deduction had that Lender complied with its obligations under paragraph (g) below.

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- (e) If an Obligor is required to make a Tax Deduction, that Obligor shall make that Tax Deduction and any payment required in connection with that Tax Deduction within the time allowed and in the minimum amount required by law.
- (f) Within 30 days of making either a Tax Deduction or any payment required in connection with that Tax Deduction, the Obligor making that Tax Deduction shall deliver to the Agent for the Finance Party entitled to the payment evidence reasonably satisfactory to that Finance Party that the Tax Deduction has been made or (as applicable) any appropriate payment paid to the relevant taxing authority.
- (g) A Treaty Lender and each Obligor which makes a payment to which that Treaty Lender is entitled shall co-operate in completing any procedural formalities necessary for that Obligor to obtain authorisation to make that payment without a Tax Deduction.

14.3 Tax indemnity

- (a) The Company shall (within three Business Days of demand by the Agent) pay to a Protected Party an amount equal to the loss, liability or cost which that Protected Party determines will be or has been (directly or indirectly) suffered for or on account of Tax by that Protected Party in respect of a Finance Document.
- (b) Paragraph (a) above shall not apply:
 - (i) with respect to any Tax assessed on a Finance Party:
 - (A) under the law of the jurisdiction in which that Finance Party is incorporated or, if different, the jurisdiction (or jurisdictions) in which that Finance Party is treated as resident for tax purposes; or
 - (B) under the law of the jurisdiction in which that Finance Party’s Facility Office is located in respect of amounts received or receivable in that jurisdiction,

if that Tax is imposed on or calculated by reference to the net income received or receivable (but not any sum deemed to be received or receivable) by that Finance Party; or
 - (ii) to the extent a loss, liability or cost:
 - (A) is compensated for by an increased payment under Clause 14.2 (*Tax gross-up*); or
 - (B) would have been compensated for by an increased payment under Clause 14.2 (*Tax gross-up*) but was not so compensated solely because one of the exclusions in paragraph (d) of Clause 14.2 (*Tax gross-up*) applied.
- (c) A Protected Party making, or intending to make, a claim under paragraph (a) above shall promptly notify the Agent of the event which will give, or has given, rise to the claim, following which the Agent shall notify the Company.
- (d) A Protected Party shall, on receiving a payment from an Obligor under this Clause 14.3, notify the Agent.

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14.4 Tax Credit

If an Obligor makes a Tax Payment and the relevant Finance Party determines that:

- (a) a Tax Credit is attributable either to an increased payment of which that Tax Payment forms part, or to that Tax Payment; and
- (b) that Finance Party has obtained, utilised and retained that Tax Credit,

the Finance Party shall pay an amount to the Obligor which that Finance Party determines will leave it (after that payment) in the same after-Tax position as it would have been in had the Tax Payment not been required to be made by the Obligor.

14.5 Lender Status Confirmation

Each Lender which becomes a Party to this Agreement after the date of this Agreement shall indicate, in the Transfer Certificate, Assignment Agreement or Increase Confirmation which it executes on becoming a Party, and for the benefit of the Agent and without liability to any Obligor, whether it is a Treaty Lender.

If a New Lender fails to indicate its status in accordance with this Clause 14.5 then such New Lender shall be treated for the purposes of this Agreement (including by each Obligor) as if it is not a Treaty Lender until such time as it notifies the Agent it is a Treaty Lender (and the Agent, upon receipt of such notification, shall inform the Company). For the avoidance of doubt, a Transfer Certificate, Assignment Agreement or Increase Confirmation shall not be invalidated by any failure of a Lender to comply with this Clause 14.5.

14.6 Stamp taxes

The Company shall pay and, within three Business Days of demand, indemnify each Finance Party against any cost, loss or liability that Finance Party incurs in relation to all stamp duty, registration and other similar Taxes payable in respect of any Finance Document.

14.7 Value added tax

- (a) All amounts set out, or expressed in a Finance Document to be payable by any Party to a Finance Party which (in whole or in part) constitute the consideration for a supply or supplies for VAT purposes shall be deemed to be exclusive of any VAT which is chargeable on such supply or supplies, and accordingly, subject to paragraph (b) below, if VAT is or becomes chargeable on any supply made by any Finance Party to any Party under a Finance Document, that Party shall pay to the Finance Party (in addition to and at the same time as paying any other consideration for such supply) an amount equal to the amount of such VAT (and such Finance Party shall promptly provide an appropriate VAT invoice to such Party).
- (b) If VAT is or becomes chargeable on any supply made by any Finance Party (the “**Supplier**”) to any other Finance Party (the “**Recipient**”) under a Finance Document, and any Party other than the Recipient (the “**Subject Party**”) is required by the terms of any Finance Document to pay an amount equal to the consideration for such supply to the Supplier (rather than being required to reimburse the Recipient in respect of that consideration), such Party shall also pay to the Supplier (in addition to and at the same time as paying such amount) an amount equal to the amount of such VAT. The Recipient will promptly pay to the Subject Party an amount equal to

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any credit or repayment obtained by the Recipient from the relevant tax authority which the Recipient reasonably determines is in respect of such VAT.

- (c) Where a Finance Document requires any Party to reimburse or indemnify a Finance Party for any cost or expense, that Party shall reimburse or indemnify as the case may be) such Finance Party for the full amount of such cost or expense, including such part thereof as represents VAT, save to the extent that such Finance Party reasonably determines that it is entitled to credit or repayment in respect of such VAT from the relevant tax authority.
- (d) Any reference in this Clause 14.7 to any Party shall, at any time when such Party is treated as a member of a group for VAT purposes, include (where appropriate and unless the context otherwise requires) a reference to the representative member of such group at such time (the term “representative member” to have the same meaning as in the Value Added Tax Act 1994).

15. INCREASED COSTS

15.1 Increased Costs

- (a) Subject to Clause 15.3 (*Exceptions*) the Company shall, within three Business Days of a demand by the Agent, pay for the account of a Finance Party the amount of any Increased Costs incurred by that Finance Party or any of its Affiliates as a result of (i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation or (ii) compliance with any law or regulation made after the date of this Agreement.
- (b) In this Agreement,

“**Basel III**” means:

- (i) the agreements on capital requirements, a leverage ratio and liquidity standards contained in “Basel III: A global regulatory framework for more resilient banks and banking systems”, “Basel III: International framework for liquidity risk measurement, standards and monitoring” and “Guidance for national authorities operating the countercyclical capital buffer” published by the Basel Committee on Banking Supervision in December 2010, each as amended, supplemented or restated;
- (ii) the rules for global systemically important banks contained in “Global systemically important banks: assessment methodology and the additional loss absorbency requirement — Rules text” published by the Committee on Banking Supervision in November 2011, as amended, supplemented or restated; and
- (iii) any further guidance or standards published by the Basel Committee on Banking Supervision relating to “Basel III”.

“**Increased Costs**” means:

- (i) a reduction in the rate of return from the Facility or on a Finance Party’s (or its Affiliate’s) overall capital;
- (ii) an additional or increased cost; or
- (iii) a reduction of any amount due and payable under any Finance Document,

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which is incurred or suffered by a Finance Party or any of its Affiliates to the extent that it is attributable to that Finance Party having entered into its Commitment or funding or performing its obligations under any Finance Document.

15.2 Increased Cost claims

- (a) A Finance Party intending to make a claim pursuant to Clause 15.1 (*Increased Costs*) shall notify the Agent of the event giving rise to the claim, following which the Agent shall promptly notify the Company.
- (b) Each Finance Party shall, as soon as practicable after a demand by the Agent, provide a certificate confirming the amount of its Increased Costs.

15.3 Exceptions

- (a) Clause 15.1 (*Increased Costs*) does not apply to the extent any Increased Cost is:
 - (i) attributable to a Tax Deduction required by law to be made by an Obligor;
 - (ii) compensated for by Clause 14.3 (*Tax indemnity*) (or would have been compensated for under Clause 14.3 (*Tax indemnity*) but was not so compensated solely because any of the exclusions in paragraph (b) of Clause 14.3 (*Tax indemnity*) applied);
 - (iii) compensated for by the payment of the Mandatory Cost;
 - (iv) attributable to the wilful breach by the relevant Finance Party or its Affiliates of any law or regulation; or
 - (v) attributable to the implementation or application of or compliance with the “International Convergence of Capital Measurement and Capital Standards, a Revised Framework” published by the Basel Committee on Banking Supervision in June 2004 in the form existing on the date of this Agreement (“**Basel II**”) (but excluding any amendment arising out of Basel III) or any other law or regulation which implements Basel II (whether such implementation, application or compliance is by a government, regulator, Finance Party or any of its Affiliates).
- (b) In this Clause 15.3, a reference to a “**Tax Deduction**” has the same meaning given to the term in Clause 14.1 (*Definitions*).

16. OTHER INDEMNITIES

16.1 Currency indemnity

- (a) If any sum due from an Obligor under the Finance Documents (a “**Sum**”), or any order, judgment or award given or made in relation to a Sum, has to be converted from the currency (the “**First Currency**”) in which that Sum is payable into another currency (the “**Second Currency**”) for the purpose of:
 - (i) making or filing a claim or proof against that Obligor;
 - (ii) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,

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that Obligor shall as an independent obligation, within three Business Days of demand, indemnify each Finance Party to whom that Sum is due against any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between (A) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (B) the rate or rates of exchange available to that person at the time of its receipt of that Sum.

- (b) Each Obligor waives any right it may have in any jurisdiction to pay any amount under the Finance Documents in a currency or currency unit other than that in which it is expressed to be payable.

16.2 Other indemnities

The Company shall (or shall procure that an Obligor will), within three Business Days of demand, indemnify each Finance Party against any cost, loss or liability incurred by that Finance Party as a result of:

- (a) the occurrence of any Event of Default;
- (b) a failure by an Obligor to pay any amount due under a Finance Document on its due date, including without limitation, any cost, loss or liability arising as a result of Clause 29 (*Sharing among the Finance Parties*);
- (c) funding, or making arrangements to fund, its participation in a Loan requested by a Borrower in a Utilisation Request but not made by reason of the operation of any one or more of the provisions of this Agreement (other than by reason of default or negligence by that Finance Party alone); or
- (d) a Loan (or part of a Loan) not being prepaid in accordance with a notice of prepayment given by a Borrower or the Company.

16.3 Indemnity to the Agent and the Security Agent

The Company shall promptly indemnify the Agent and the Security Agent against any cost, loss or liability incurred by the Agent (acting reasonably) as a result of:

- (a) investigating any event which it reasonably believes is a Default; or
- (b) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised.

17. MITIGATION BY THE LENDERS

17.1 Mitigation

- (a) Each Finance Party shall, in consultation with the Company, take all reasonable steps to mitigate any circumstances which arise and which would result in any amount becoming payable under or pursuant to, or cancelled pursuant to, any of Clause 9.1 (*Illegality*), Clause 14 (*Tax gross-up and indemnities*) or Clause 15 (*Increased Costs*) including (but not limited to) transferring its rights and obligations under the Finance Documents to another Affiliate or Facility Office.
- (b) Paragraph (a) above does not in any way limit the obligations of any Obligor under the Finance Documents.

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17.2 Limitation of liability

- (a) The Company shall promptly indemnify each Finance Party for all costs and expenses reasonably incurred by that Finance Party as a result of steps taken by it under Clause 17.1 (*Mitigation*).
- (b) A Finance Party is not obliged to take any steps under Clause 17.1 (*Mitigation*) if, in the opinion of that Finance Party (acting reasonably), to do so might be prejudicial to it.

18. COSTS AND EXPENSES

18.1 Transaction expenses

The Company shall promptly on demand pay the Agent, the Security Agent, the Arranger and the Bookrunner the amount of all costs and expenses (including internal and external legal fees, travel and printing expenses) reasonably incurred by any of them in connection with the negotiation, preparation, printing and execution of:

- (a) this Agreement and any other documents referred to in this Agreement; and
- (b) any other Finance Documents executed after the date of this Agreement.

18.2 Amendment costs

If (a) an Obligor requests an amendment, waiver or consent or (b) an amendment is required pursuant to Clause 30.10 (*Change of currency*), the Company shall, within three Business Days of demand, reimburse the Agent and the Security Agent for the amount of all costs and expenses (including legal fees) reasonably incurred by the Agent or the Security Agent in responding to, evaluating, negotiating or complying with that request or requirement.

18.3 Enforcement costs

The Company shall, within three Business Days of demand, pay to each Secured Party the amount of all costs and expenses (including legal fees) incurred by that Secured Party in connection with the enforcement of, or the preservation of any rights under, any Finance Document.

18.4 Security Agent expenses

The Company shall promptly on demand pay the Security Agent the amount of all costs and expenses (including legal fees) reasonably incurred by it in connection with the administration or release of any Security created pursuant to any Security Document.

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SECTION 7

GUARANTEE

19. GUARANTEE AND INDEMNITY

19.1 Guarantee and indemnity

Each Guarantor irrevocably and unconditionally jointly and severally:

- (a) guarantees to each Guaranteed Finance Party punctual performance by each Borrower of all that Borrower’s obligations under the Finance Documents;
- (b) undertakes with each Guaranteed Finance Party that whenever a Borrower does not pay any amount when due under or in connection with any Finance Document, that Guarantor shall immediately on demand pay that amount as if it was the principal obligor; and
- (c) agrees with each Guaranteed Finance Party that if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal, it will, as an independent and primary obligation, indemnify that Finance Party immediately on demand against any cost, loss or liability it incurs as a result of a Borrower not paying any amount which would, but for such unenforceability, invalidity or illegality, have been payable by it under any Finance Document on the date when it would have been due. The amount payable by a Guarantor under this indemnity will not exceed the amount it would have had to pay under this Clause 19 if the amount claimed had been recoverable on the basis of a guarantee.

19.2 Continuing guarantee

This guarantee is a continuing guarantee and will extend to the ultimate balance of sums payable by any Obligor under the Finance Documents, regardless of any intermediate payment or discharge in whole or in part.

19.3 Reinstatement

If any discharge release or arrangement (whether in respect of the obligations of any Obligor or any security for those obligations or otherwise) is made by a Finance Party in whole or in part on the basis of any payment, security or other disposition which is avoided or must be restored in insolvency, liquidation, examinership, administration or otherwise, without limitation, then the liability of each Guarantor under this Clause 19 will continue or be reinstated as if the discharge, release or arrangement had not occurred.

19.4 Waiver of defences

The obligations of each Guarantor under this Clause 19 will not be affected by an act, omission, matter or thing which, but for this Clause, would reduce, release or prejudice any of its obligations under this Clause 19 (without limitation and whether or not known to it or any Guaranteed Finance Party) including:

- (a) any time, waiver or consent granted to, or composition with, any Obligor or other person;

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- (b) the release of any other Obligor or any other person under the terms of any composition or arrangement with any creditor of any member of the Group;
- (c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any Obligor or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;
- (d) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of an Obligor or any other person;
- (e) any amendment, novation, supplement, extension, restatement (however fundamental and whether or not more onerous) or replacement of any Finance Document or any other document or security, including without limitation any change in the purpose of, any extension of or any increase in, or change to any facility or the addition of any new facility made available under any Finance Document or other document or security;
- (f) any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document or any other document or security;
- (g) any insolvency, examinership or similar proceedings; or
- (h) anything which would not have released or reduced the liability of the Guarantor had it been a principal debtor of the Lender instead of a guarantor.

19.5 **Immediate recourse**

Each Guarantor waives any right it may have of first requiring any Guaranteed Finance Party (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person before claiming from that Guarantor under this Clause 19. This waiver applies irrespective of any law or any provision of a Finance Document to the contrary.

19.6 **Appropriations**

Until all amounts which may be or become payable by the Obligors under or in connection with the Finance Documents have been irrevocably paid in full, each Guaranteed Finance Party (or any trustee or agent on its behalf) may:

- (a) refrain from applying or enforcing any other moneys, security or rights held or received by that Guaranteed Finance Party (or any trustee or agent on its behalf) in respect of those amounts, or apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise) and no Guarantor shall be entitled to the benefit of the same; and
- (b) hold in an interest-bearing suspense account any moneys received from any Guarantor or on account of any Guarantor’s liability under this Clause 19.

19.7 **Deferral of Guarantors’ rights**

Until all amounts which may be or become payable by the Obligors under or in connection with the Finance Documents have been irrevocably paid in full and unless the Agent or, as the case may be, the Security Agent otherwise directs, no Guarantor will exercise any rights which it may

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have by reason of performance by it of its obligations under the Finance Documents or by reason of any amount being payable, or liability arising, under this Clause 19:

- (a) to be indemnified by an Obligor;
- (b) to claim any contribution from any other guarantor of any Obligor’s obligations under the Finance Documents;
- (c) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Secured Parties under the Finance Documents or of any other guarantee or security taken pursuant to, or in connection with, the Finance Documents by any Guaranteed Finance Party;
- (d) to bring legal or other proceedings for an order requiring any Obligor to make any payment, or perform any obligation, in respect of which any Guarantor has given a guarantee, undertaking or indemnity under Clause 19.1 (*Guarantee and indemnity*);
- (e) to exercise any right of set-off against any Obligor; and/or
- (f) to claim or prove as a creditor of any Obligor in competition with any Finance Party.

If a Guarantor receives any benefit, payment or distribution in relation to such rights it shall hold that benefit, payment or distribution to the extent necessary to enable all amounts which may be or become payable to the Finance Parties by the Obligors under or in connection with the Finance Documents to be repaid in full on trust for the Finance Parties and shall promptly pay or transfer the same to the Agent or as the Agent may direct for application in accordance with Clause 30 (*Payment mechanics*).

19.8 **Release of Guarantors’ right of contribution**

If any Guarantor (a “**Retiring Guarantor**”) ceases to be a Guarantor in accordance with the terms of the Finance Documents for the purpose of any sale or other disposal of that Retiring Guarantor then on the date such Retiring Guarantor ceases to be a Guarantor:

- (a) that Retiring Guarantor is released by each other Guarantor from any liability (whether past, present or future and whether actual or contingent) to make a contribution to any other Guarantor arising by reason of the performance by any other Guarantor of its obligations under the Finance Documents; and
- (b) each other Guarantor waives any rights it may have by reason of the performance of its obligations under the Finance Documents to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Finance Parties under any Finance Document or of any other security taken pursuant to, or in connection with, any Finance Document where such rights or security are granted by or in relation to the assets of the Retiring Guarantor.

19.9 **Additional security**

This guarantee is in addition to and is not in any way prejudiced by any other guarantee or security now or subsequently held by any Guaranteed Finance Party.

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19.10 Limitation on guarantees by Norwegian Guarantors

Without limiting the generality of the foregoing, the obligations and liabilities of any Guarantor incorporated in Norway (other than the Company), in its capacity as a Guarantor under this Clause 19 or as provider of Security under or pursuant to any Security Document, shall be deemed to have been given only to the extent that such guarantee or providing of Security does not violate Section 8-10 of the Norwegian Limited Companies Act (lov av 13. juni 1997 nr 44 om aksjeselskaper - the “Act”) (as amended).

19.11 Limitations on guarantees by Dutch Guarantors

The guarantee of any Dutch Guarantor shall be deemed to have been given only to the extent that such guarantee does not violate the prohibition on financial assistance contained in Sections 2:98c and 2:207c of the Dutch Civil Code (*Burgerlijk Wetboek*).

19.12 Limitations on guarantees by Belgian Guarantors

The obligations of any Guarantor which is incorporated and existing under the laws of Belgium (a “**Belgian Guarantor**”), in its capacity as a Guarantor under this Clause 19, shall not include any liability which would constitute an illegal financial assistance (as determined in Article 629 of the Belgian Companies Code) and shall be limited, at any time, to a maximum aggregate amount equal to the greater of:

- (a) an amount equal to 90 per cent. of that Belgian Guarantor’s net assets (as determined in accordance with the Belgian Companies Code and accounting principles generally accepted in Belgium) as shown by its most recent audited annual financial statements at the time the relevant demand is made or, where such annual financial statements are older than three months, on the date on which the relevant demand is made, by audited interim accounts not older than three months; or
- (b) the aggregate of (i) the outstanding principal amounts borrowed by that Belgian Guarantor under any Finance Documents and (ii) (excluding amounts already included under (i) above and without double counting) any outstanding intra-group loans, advances or facilities made to the Belgian Guarantor and its Subsidiaries by any other member of the Group directly and/or indirectly using all or part of the proceeds under any Finance Documents (whether or not such intra-group loan is retained by the relevant Belgian Guarantor or the relevant Subsidiary for its own purposes or on-lent) at the time the relevant demand is made.

19.13 Limitations on guarantees by Guarantors incorporated in Delaware, or any other state of the United States

The obligations guaranteed under this Agreement by any Additional Guarantor incorporated in Delaware, or any other state of the United States, as applicable, shall be limited to such amount as will, after giving effect to such maximum amount and all other (contingent or otherwise) liabilities of that Additional Guarantor that are relevant under such laws and after giving effect to any rights to contribution pursuant to any agreement providing for a equitable contribution among that Additional Guarantor and any other Guarantor, result in the obligations in respect of which this Agreement relates in respect of such maximum amount not constituting a fraudulent transfer or conveyance.

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19.14 Limitations on guarantees by Guarantors incorporated in England and Wales, Scotland or Northern Ireland

The obligation and liabilities of any Guarantor which is incorporated and existing under the laws of England and Wales, Scotland or Northern Ireland in its capacity as Guarantor under this Clause 19 shall not apply to any liability to the extent it would result in this guarantee constituting unlawful financial assistance within the meaning of sections 678 or 679 of the Companies Act 2006.

19.15 Limitation in relation to Additional Guarantors

The guarantee of any Additional Guarantor is subject to any limitations relating to that Additional Guarantor set out in any relevant Accession Deed.

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SECTION 8

REPRESENTATIONS, UNDERTAKINGS AND EVENTS OF DEFAULT

20. REPRESENTATIONS

Each Obligor makes the representations and warranties set out in this Clause 20 to each Finance Party on the dates set out in Clause 20.24 (*Times when representations made*) (in the case of any Obligor other than the Company, only in relation to itself and, to the extent expressed to be applicable to them, its Subsidiaries (if any)).

20.1 Status

- (a) It is a corporation, duly incorporated and validly existing under the law of its jurisdiction of incorporation.
- (b) It and each of its Subsidiaries has the power to own its assets and carry on its business as it is being conducted.

20.2 Binding obligations

The obligations expressed to be assumed by it in each Finance Document to which they are a party are legal, valid, binding and enforceable, subject to:

- (a) any applicable Reservations; or
- (b) in the case of any Security Document, any applicable Perfection Requirements and the requirements specified at the end of Clause 20.5 (*Validity and admissibility in evidence*).

20.3 Non-conflict with other obligations

The entry into and performance by it of, and the transactions contemplated by, the Finance Documents do not and will not conflict with:

- (a) any law or regulation applicable to it;
- (b) its or any of its Subsidiaries' constitutional documents; or
- (c) any agreement or instrument binding upon it or any of its Subsidiaries or any of its or any of its Subsidiaries' assets,

nor (except as provided in any Security Document) result in the existence of, or oblige it to create, any Security over any of its assets.

20.4 Power and authority

It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, the Finance Documents to which it is a party and the transactions contemplated by those Finance Documents.

20.5 Validity and admissibility in evidence

All Authorisations required or desirable:

- (a) to enable it lawfully to enter into, exercise its rights and comply with its obligations in the Finance Documents to which it is a party;

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- (b) to make the Finance Documents to which it is a party admissible in evidence in its jurisdiction of incorporation, subject to any applicable Reservations;
- (c) to enable it to create the Security to be created by it pursuant to any Security Document and to ensure that such Security has the priority and ranking it is expressed to have; and
- (d) to enable it to carry on its business as it is being conducted from time to time if failure to obtain, comply with or maintain any such Authorisation would reasonably be expected to have a Material Adverse Effect,

have been obtained or effected and are in full force and effect save for complying with any applicable Perfection Requirements will have been obtained or effected and will be in full force and effect before the first Utilisation Request.

20.6 **Governing law and enforcement**

Subject to any applicable Reservations:

- (a) the choice of law specified in each Finance Document as the governing law of that Finance Document will be recognised and enforced in its jurisdiction of incorporation; and
- (b) any judgment obtained in England in relation to a Finance Document (or in the jurisdiction of the governing law of that Finance Document) will be recognised and enforced in its jurisdiction of incorporation and, in relation to a Finance Document governed by a law other than English law, in the jurisdiction of the governing law of that Finance Document.

20.7 **Deduction of Tax**

It is not required to make any deduction for or on account of Tax from any payment it may make under any Finance Document; except for the withholding tax applicable in the Republic of Chile in the amount of 35 per cent., or a lower rate withholding tax if a double tax treaty applies, that may be payable on any payment of interest made by a Chilean Guarantor under the Security Documents to a Lender not domiciled or resident in Chile.

20.8 **No filing or stamp taxes**

Under the law of its jurisdiction of incorporation it is not necessary that the Finance Documents be filed, recorded or enrolled with any court or other authority in that jurisdiction or that any stamp, registration or similar tax be paid on or in relation to the Finance Documents or the transactions contemplated by the Finance Documents, save in each case for complying with any applicable Perfection Requirements.

20.9 **No default**

- (a) No Default is continuing or might reasonably be expected to result from the making of any Utilisation, or the entry into, performance of, or transactions contemplated by, any Finance Document.

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- (b) No other event or circumstance is outstanding which constitutes a default under any other agreement or instrument which is binding on it or any of its Subsidiaries or to which its (or any of its Subsidiaries’) assets are subject which might have a Material Adverse Effect.

20.10 **Information Package**

- (a) Any factual information in the Information Package was true and accurate in all material respects as at the date it was provided or as at the date (if any) at which it is stated.
- (b) Any financial projections in the Information Package have been prepared on the basis of recent historical information and on the basis of reasonable assumptions at the time of such preparation.
- (c) Any expressions of opinion or intention provided by or on behalf of any member of the Group in connection with any Finance Document, including any expressions of opinion or intention in the Information Package, were made after due and careful consideration and based on reasonable grounds.
- (d) So far as it is aware after due and careful review and enquiries, nothing has occurred or been omitted from the Information Package and no information has been given or withheld that results in:
 - (i) any factual information in the Information Package being untrue or misleading in any material respect;
 - (ii) any financial projection or expression of opinion or intention in the Information Package being untrue or misleading in any material respect; or
 - (iii) any assumption or ground on which any financial projection or expression of opinion or intention in the Information Package is based being unreasonable.
- (e) So far as it is aware after due and careful review and enquiries, it has made full disclosure of all material facts in relation to the Group to the Arranger.
- (f) There is no matter disclosed in any disclosure document which has made or would reasonably be expected to make any of the factual information, financial projections or expressions of opinion or intention in the Information Package untrue or misleading in any material respect.

20.11 **Financial statements**

- (a) Its Original Financial Statements were prepared in accordance with GAAP consistently applied.
- (b) Its Original Financial Statements fairly represent its financial condition and operations (consolidated in the case of the Company) as at the end of and for the relevant financial year.
- (c) There has been no material adverse change in its business or financial condition (or the business or consolidated financial condition of the Group, in the case of the Company) since the date of the most recent financial statements provided in accordance with this Agreement.

20.12 **Pari passu ranking**

- (a) Subject to any applicable Perfection Requirements, each Security Document creates (or, once entered into, will create) in favour of the Security Agent for the benefit of the Secured Parties the Security which it is expressed to create with the ranking and priority it is expressed to have.

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- (b) Without limiting paragraph (a) above, its payment obligations under the Finance Documents rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally.
- (c) The constitutional documents of any member of the Group and the Shareholders’ Agreement do not and would not restrict or inhibit in any manner any transfer of any shares of any member of the Group which are expressed to be (or are required by this Agreement to be or become) subject to any Security under any Security Document.

20.13 No proceedings pending or threatened

- (a) No litigation, arbitration or administrative proceedings of or before any court, arbitral body or agency which, if adversely determined, might reasonably be expected to have a Material Adverse Effect have (to the best of its knowledge and belief) been started or threatened against it or any of its Subsidiaries.
- (b) No labour disputes which would reasonably be expected to have a Material Adverse Effect have been started or (to the best of its knowledge and belief) threatened against it or any of its Subsidiaries, nor are there any circumstances likely to give rise to any such disputes.

20.14 Title

It has good and marketable title to the assets subject to the Security created by it pursuant to any Security Document, free from all Security except the Security created pursuant to, or permitted by, the Finance Documents.

20.15 Assets

It and each of its Subsidiaries has good and marketable title to, or valid leases or licences of, or is otherwise entitled to use (in each case, on arm’s length terms), all material assets necessary for the conduct of its business as it is being, and is proposed to be, conducted.

20.16 Environmental laws and licences

It and each of its Subsidiaries has:

- (a) complied with all Environmental Laws to which it may be subject;
- (b) obtained all Environmental Licences required or desirable in connection with its business; and
- (c) complied with the terms of those Environmental Licences,

in each case where failure to do so might have a Material Adverse Effect.

20.17 Environmental releases

No:

- (a) property currently or previously owned, leased, occupied or controlled by it or any of its Subsidiaries (including any offsite waste management or disposal location utilised by it or any of its Subsidiaries) is contaminated with any Hazardous Substance; and
- (b) discharge, release, leaching, migration or escape of any Hazardous Substance into the Environment has occurred or is occurring on, under or from that property,

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in each case in circumstances where this might have a Material Adverse Effect.

20.18 Dutch Obligors

No works council (*ondernemingsraad*) has the right to give advice in relation to the entry into and performance of this Agreement.

20.19 Irish Obligors

- (a) It will not by executing the Finance Documents to which it is party or any of them and/or complying with its obligations thereunder including but not limited to its obligations under Clause 19 (*Guarantee and Indemnity*) of this Agreement be providing unlawful financial assistance as prohibited by section 60(1) of the Irish 1963 Act.
- (b) It will not by executing the Finance Documents to which it is party or any of them and/or complying with its obligations thereunder including but not limited to its obligations under Clause 19 (*Guarantee and Indemnity*) of this Agreement be providing a loan or quasi-loan or credit transaction to or for the benefit of its own directors or the directors of its holding company (or any person connected to such persons) as prohibited by section 31 of the Irish 1990 Act because the provisions of section 35 of the Irish 1990 Act apply.

20.20 No immunity

In any proceedings taken in the jurisdiction of incorporation of an Obligor in relation to the Finance Documents to which it is a party, such Obligor shall not be entitled to claim for itself or any of its assets, immunity from suit, execution, attachment or other legal process.

20.21 No breach of law

It has not (and none of its Subsidiaries has) breached any law or regulation which breach has, or would reasonably be expected to have, a Material Adverse Effect.

20.22 Intellectual Property

- (a) Each member of the Group owns or has licensed to it on arm's length terms all material Intellectual Property for the conduct of its business as it is being, and is proposed to be, conducted except to the extent disclosed in writing to the Agent prior to the date of this Agreement.
- (b) Each member of the Group has taken all necessary action (including payments of fees) to safeguard, maintain in full force and effect and preserve its ability to enforce all such Intellectual Property.
- (c) No member of the Group has infringed any material Intellectual Property of any third party in any material respect except to the extent disclosed in writing to the Agent prior to the date of this Agreement.
- (d) There has been no material infringement or threatened or suspected infringement of or challenge to the validity of any Intellectual Property owned by or licensed to any member of the Group.

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- (e) No disclosure has been or will be made of any material trade secret which is Intellectual Property and is owned by or licensed to any member of the Group other than under enforceable confidentiality undertakings.

20.23 Solvency

- (a) No Obligor is insolvent or unable to pay its debts (including subordinated and contingent debts), nor could it be deemed by a court to be unable to pay its debts within the meaning of:
 - (i) (in the case of a company incorporated in England or Wales) Section 123(1)(e) or 123(2) of the Insolvency Act 1986; or
 - (ii) (in the case of any other company) the law of the jurisdiction in which it is incorporated,nor, in any such case, will it become so in consequence of entering into any Finance Document and/or performing any transaction contemplated by any Finance Document.
- (b) No Obligor has taken any corporate action nor have any legal proceedings or other procedure or step been taken, started or threatened in relation to anything referred to in Clause 24.7 (*Insolvency proceedings*).

20.24 Times when representations made

- (a) The representations and warranties set out in this Clause 20 are made by each Original Obligor on the date of this Agreement.
- (b) The Repeating Representations (and, in the case of sub-paragraph (ii) below, the representations and warranties set out in Clause 20.5 (*Validity and admissibility in evidence*) and Clause 20.8(*No filing or stamp taxes*)) are deemed to be made by each Obligor on:
 - (i) the date of each Utilisation Request and the first day of each Interest Period; and
 - (ii) in the case of an Additional Obligor, the day on which the company becomes (or it is proposed that the company becomes) an Additional Obligor,

in each case by reference to the facts and circumstances then existing.

21. INFORMATION UNDERTAKINGS

The undertakings in this Clause 21 remain in force from the date of this Agreement for so long as any amount is outstanding under the Finance Documents or any Commitment is in force.

21.1 Financial statements

The Company shall supply to the Agent in sufficient copies for all the Lenders:

- (a) as soon as the same become available, but in any event within 120 days after the end of each of its financial years its audited consolidated financial statements for the Group for that financial year; and
- (b) as soon as the same become available, but in any event within 60 days after the end of each of its Accounting Quarters the Group’s consolidated financial statements for that Accounting Quarter;

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- (c) as soon as the same become available, but in any event within 30 days after the end of each month the Group’s consolidated financial statements for that month, together with management commentary and a three month rolling liquidity forecast for the Group.

21.2 Compliance Certificate

- (a) The Company shall supply to the Agent, with each set of financial statements delivered pursuant to paragraph (a) or (b) of Clause 21.1 (*Financial statements*), a Compliance Certificate setting out (in reasonable detail) computations as to compliance with Clause 22 (*Financial covenants*) as at the date as at which those financial statements were drawn up.
- (b) Each Compliance Certificate shall be signed by the Chief Financial Officer of the Company or two directors of the Company and, if required to be delivered with the financial statements delivered pursuant to paragraph (a) of Clause 21.1 (*Financial statements*), shall be reported on by the Company’s auditors in the form agreed by the Company and all the Lenders before the date of this Agreement.

21.3 Requirements as to financial statements

- (a) Each set of financial statements delivered by the Company pursuant to Clause 21.1 (*Financial statements*) shall be certified by the Chief Financial Officer of the Company or two directors of the Company as fairly representing its consolidated financial condition and operations as at the end of and for the period in relation to which those financial statements were drawn up.
- (b) The Company shall procure that each set of financial statements delivered pursuant to Clause 21.1 (*Financial statements*) is prepared using GAAP, accounting practices and financial reference periods consistent with those applied in the preparation of the Original Financial Statements of the Company unless, in relation to any set of financial statements, it notifies the Agent that there has been a change in GAAP, the accounting practices or reference periods and its auditors deliver to the Agent:
 - (i) a description of any change necessary for those financial statements to reflect the GAAP, accounting practices and reference periods upon which the Original Financial Statements of the Company were prepared; and
 - (ii) sufficient information, in form and substance as may be reasonably required by the Agent, to enable the Lenders to determine whether Clause 22 (*Financial covenants*) has been complied with and make an accurate comparison between the financial position indicated in those financial statements and the Company’s Original Financial Statements.

Any reference in this Agreement to those financial statements shall be construed as a reference to those financial statements as adjusted to reflect the basis upon which the Original Financial Statements were prepared.

- (c) Subject to paragraph (b) above, the Company may, on giving notice to the Agent, change on one occasion only the reporting currency in the financial statements delivered pursuant to Clause 21.1 (*Financial statements*) from NOK to euro.

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- (d) If the Company notifies the Agent of a change in accordance with paragraph (b) above, the Company and the Agent shall enter into negotiations in good faith with a view to agreeing any amendments to this Agreement which are necessary as a result of the change. To the extent practicable these amendments will be such as to ensure that the change does not result in any material alteration in the commercial effect of the obligations in this Agreement. If any amendments are agreed they shall take effect and be binding on each of the Parties in accordance with their terms.

21.4 **Information: miscellaneous**

The Company shall supply to the Agent (in sufficient copies for all the Lenders, if the Agent so requests):

- (a) all documents dispatched by the Company to its shareholders (or any class of them) or its creditors generally at the same time as they are dispatched;
- (b) promptly upon becoming aware of them, the details of any litigation, arbitration, administrative proceedings or labour dispute which are current, threatened or pending against any member of the Group, and which might, if adversely determined, have a Material Adverse Effect;
- (c) at the same time as they are dispatched, copies of all documents dispatched by the Company to its shareholders, in their capacity as shareholders generally (or any class of them) or its creditors generally (or any class of them);
- (d) with each set of financial statements delivered pursuant to paragraph (a) of Clause 21.1 (*Financial statements*) a list of Material Subsidiaries as at the last date of the financial year to which those statements relate; and
- (e) promptly, such further information regarding the financial condition, business and operations of any member of the Group, or in respect of the Charged Assets, as any Finance Party (through the Agent) may reasonably request.

21.5 **Notification of default**

- (a) Each Obligor shall notify the Agent of any Default (and the steps, if any, being taken to remedy it) promptly upon becoming aware of its occurrence (unless that Obligor is aware that a notification has already been provided by another Obligor).
- (b) Promptly upon a request by the Agent, the Company shall supply to the Agent a certificate signed by two of its directors or senior officers on its behalf certifying that no Default is continuing (or if a Default is continuing, specifying the Default and the steps, if any, being taken to remedy it).

21.6 **Presentations**

- (a) The directors and the chief financial officer of the Company shall give a presentation in each financial year to the Lenders, within 30 days after the Company has delivered its financial statements pursuant to paragraph (a) of Clause 21.1 (*Financial statements*), about the business, financial performance and prospects of the Group, and such other matters as any Finance Party (through the Agent) may reasonably request.

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- (b) If requested by the Agent, the directors and the chief financial officer of the Company shall give a presentation to the Lenders, at such time and place as the Agent may reasonably request, about the business, financial performance and prospects of the Group, and such other matters as any Finance Party (through the Agent) may reasonably request. The Agent may not request more than two presentations in any financial year under this paragraph (b), unless a Default is continuing.

21.7 Use of websites

- (a) The Company may satisfy its obligation under this Agreement to deliver any information in relation to those Lenders (the “**Website Lenders**”) who accept this method of communication by posting this information onto an electronic website designated by the Company and the Agent (the “**Designated Website**”) if:
 - (i) the Agent expressly agrees (after consultation with each of the Lenders) that it will accept communication of the information by this method;
 - (ii) both the Company and the Agent are aware of the address of and any relevant password specifications for the Designated Website; and
 - (iii) the information is in a format previously agreed between the Company and the Agent.

If any Lender (a “**Paper Form Lender**”) does not agree to the delivery of information electronically then the Agent shall notify the Company accordingly and the Company shall supply the information to the Agent (in sufficient copies for each Paper Form Lender) in paper form. In any event the Company shall supply the Agent with at least one copy in paper form of any information required to be provided by it.

- (b) The Agent shall supply each Website Lender with the address of and any relevant password specifications for the Designated Website following designation of that website by the Company and the Agent.
- (c) The Company shall promptly upon becoming aware of its occurrence notify the Agent if:
 - (i) the Designated Website cannot be accessed due to technical failure;
 - (ii) the password specifications for the Designated Website change;
 - (iii) any new information which is required to be provided under this Agreement is posted onto the Designated Website;
 - (iv) any existing information which has been provided under this Agreement and posted onto the Designated Website is amended; or
 - (v) the Company becomes aware that the Designated Website or any information posted onto the Designated Website is or has been infected by any electronic virus or similar software.

If the Company notifies the Agent under paragraph (c)(i) or paragraph (c)(v) above, all information to be provided by the Company under this Agreement after the date of that notice shall be supplied in paper form unless and until the Agent and each Website Lender is satisfied that the circumstances giving rise to the notification are no longer continuing.

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- (d) Any Website Lender may request, through the Agent, one paper copy of any information required to be provided under this Agreement which is posted onto the Designated Website. The Company shall comply with any such request within 10 Business Days.

21.8 “Know your customer” checks

- (a) If:
 - (i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation made after the date of this Agreement;
 - (ii) any change in the status of an Obligor after the date of this Agreement; or
 - (iii) a proposed assignment or transfer by a Lender of any of its rights and obligations under this Agreement to a party that is not a Lender prior to such assignment or transfer,

obliges the Agent or any Lender (or, in the case of paragraph (iii) above, any prospective new Lender) to comply with “know your customer” or similar identification procedures in circumstances where the necessary information is not already available to it, each Obligor shall promptly upon the request of the Agent or any Lender supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Agent (for itself or on behalf of any Lender) or any Lender (for itself or, in the case of the event described in paragraph (iii) above, on behalf of any prospective new Lender) in order for the Agent, such Lender or, in the case of the event described in paragraph (iii) above, any prospective new Lender to carry out and be satisfied it has complied with all necessary “know your customer” or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents.

- (b) Each Lender shall promptly upon the request of the Agent supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Agent (for itself) in order for the Agent to carry out and be satisfied it has complied with all necessary “know your customer” or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents.
- (c) The Company shall, by not less than 10 Business Days’ prior written notice to the Agent, notify the Agent (which shall promptly notify the Lenders) of its intention to request that one of its Subsidiaries becomes an Additional Obligor pursuant to Clause 26 (*Changes to the Obligors*).
- (d) Following the giving of any notice pursuant to paragraph (c) above, if the accession of such Additional Obligor obliges the Agent or any Lender to comply with “know your customer” or similar identification procedures in circumstances where the necessary information is not already available to it, the Company shall promptly upon the request of the Agent or any Lender supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Agent (for itself or on behalf of any Lender) or any Lender (for itself or on behalf of any prospective new Lender) in order for the Agent or such Lender or any prospective new Lender to carry out and be satisfied it has complied with all necessary “know your customer” or other similar checks under all applicable laws and regulations pursuant to the accession of such Subsidiary to this Agreement as an Additional Obligor.

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22. **FINANCIAL COVENANTS**

22.1 **Financial condition**

The Company shall ensure that:

- (a) the Gearing Ratio for each Relevant Period ending on a Relevant Date during the applicable period specified in the table below shall not exceed the ratio set out opposite that applicable period in the table below (as shown in the Compliance Certificate delivered under Clause 21.2 (*Compliance Certificate*) in respect of that relevant period):

<u>Applicable period</u>	<u>Gearing Ratio</u>
Date of this Agreement to the first anniversary of the date of this Agreement	3:50:1
The first anniversary of the date of this Agreement to second anniversary of the date of this Agreement	3:50:1
Second anniversary of the date of this Agreement to third anniversary of the date of this Agreement	3:25:1
Third anniversary of the date of this Agreement to the fourth anniversary of this Agreement	3:25:1
From the fourth anniversary of the date of this Agreement	3:00:1

- (b) the Equity Ratio shall not at any time be less than the percentage specified in the table below during the applicable period specified in the table below:

<u>Applicable period</u>	<u>Equity Ratio</u>
From the date of this Agreement	40 per cent.

22.2 **Financial covenant calculations**

- (a) EBITDA, Total Debt Costs and Net Interest Bearing Debt, shall be calculated and interpreted on a consolidated basis in accordance with the Applicable Accounting Principles and shall be expressed in NOK or, pursuant to paragraph (c) of Clause 21.3 (*Requirements as to Financial Statements*), euro.
- (b) Capital Expenditure, EBITDA, and Total Debt Costs shall be determined (except as needed to reflect the terms of this Clause 22) from the financial statements of the Group and Compliance Certificates delivered under Clause 21.1 (*Financial statements*) and Clause 21.2 (*Compliance Certificate*).
- (c) For the purpose of this Clause 22, no item shall be included or excluded more than once in any calculation.

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- (d) For the avoidance of doubt, to the extent a convertible bond has not been converted into equity, it shall be regarded as Financial Indebtedness of the Group for the purpose of calculating Net Interest Bearing Debt.

22.3 Auditors’ confirmation of EBITDA calculation - pro forma historical figures

- (a) The Agent (at the request of the Majority Lenders and in consultation with the Company) may instruct auditors to confirm the calculation of the Group’s exceptional items and non-recurring items as referred to in paragraph (f) of the definition of EBITA in Clause 22.5 (*Definitions*).
- (b) The Company shall assist any auditor instructed pursuant to paragraph (a) above in promptly providing any information reasonably requested and required for the purposes of confirming the calculation of the Group’s exceptional items and non-recurring items as referred to in paragraph (f) of the definition of EBITA in Clause 22.5 (*Definitions*).

22.4 If the Company or a member of the Group acquires or disposes of its interest in a Subsidiary, a business or assets, the EBITDA calculation for the relevant period shall be based on pro forma historical figures for the acquired or divested Subsidiary, business or assets.

22.5 Definitions

In this Clause 22:

“**Cash**” means any credit balance on any deposit, savings, current or other account, and any cash in hand, which is:

- (a) freely withdrawable on demand;
- (b) not subject to any Security (other than pursuant to any Security Document);
- (c) denominated and payable in freely transferable and freely convertible currency; and
- (d) capable of being remitted to an Obligor in Norway.

“**Cash Equivalent Investments**” means:

- (a) securities with a maturity of less than 12 months from the date of acquisition issued or fully guaranteed or fully insured by the Government of the United States or any member state of the European Union, Norway or Canada which is rated at least A-1 by Standard & Poor’s Ratings Group or P-1 by Moody’s Investors Service, Inc.;
- (b) commercial paper or other debt securities issued by an issuer rated at least A-1 by Standard & Poor’s Ratings Group or P-1 by Moody’s Investors Service, Inc. and with a maturity of less than 12 months; and
- (c) certificates of deposit or time deposits of any commercial bank (which has outstanding debt securities rated as referred to in paragraph (b) above) and with a maturity of less than three months,

in each case not subject to any Security (other than pursuant to any Security Document), denominated and payable in freely transferable and freely convertible currency and the proceeds of which are capable of being remitted to an Obligor in Norway.

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“**EBIT**” means in relation to any Relevant Period, the consolidated earnings before interest expenses and taxes of the Group required by IFRS to be shown in the latest financial statements of the Group for that Relevant Period delivered under Clause 21.1 (*Financial Statements*).

“**EBITDA**” means, in relation to any Relevant Period, the EBIT of the Group for that Relevant Period:

- (a) after adding back all amounts provided for depreciation and amortisation for that Relevant Period;
- (b) after adding back or deducting (as the case may be) the Fair Value adjustment to be made in accordance with IFRS (IAS 41) (“Fair value adjustment biological assets”) and the Onerous Contract provisions to be made in accordance with IFRS (IAS 37) (“Onerous contracts provision”);
- (c) after adding back or deducting (as the case may be) the fair value adjustment of foreign exchange hedging instruments;
- (d) [***];
- (e) [***];

but excluding:

- (f) profit attributable to minority interests;
- (g) exceptional items or non-recurring items provided that, for the purposes of calculating the Gearing Ratio pursuant to paragraph (a) of Clause 22.1 (*Financial Condition*), the net adjustments for exceptional items and non-recurring items originating during or at any time after the Accounting Quarter ending 31 March 2010, shall not exceed a maximum amount of NOK [***] per Accounting Quarter, and the aggregate amount of adjustments for such exceptional items and non-recurring items shall not exceed NOK [***] in any Relevant Period);
- (h) any profit or loss arising on the disposal of fixed or intangible assets;
- (i) amounts written off the value of fixed or intangible asset investments (but including the amounts of any reversal of previous write-offs); and
- (j) income from participating interests in associated undertakings and income from any other fixed asset investment.

“**Equity Ratio**” means the ratio of Total Equity to Total Assets.

“**Gearing Ratio**” means the ratio of Net Interest Bearing Debt to EBITDA.

“**Net Interest Bearing Debt**” means, as at any particular time, the aggregate outstanding principal, capital or nominal amount (and any fixed or minimum premium payable on prepayment or redemption) of the interest-bearing Financial Indebtedness of members of the Group,

- (i) **including** any convertible bonds issued prior to, or after the date of this Agreement to the extent such bonds have not been converted to shareholders equity;

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- (ii) after deducting the amount of any unamortised set-up expenses of the Company’s financing arrangements required by the Applicable Accounting Principles to be classified as negative interest bearing debt; and
- (iii) **excluding** any indebtedness referred to in paragraph (g) of the definition of Financial Indebtedness and any guarantee or indemnity in respect of that indebtedness,

and provided that any Financial Indebtedness referred to in paragraph (i) or (j) of the definition of Financial Indebtedness shall only be counted once for this purpose), less Cash or Cash Equivalent Investments.

For this purpose, any amount outstanding or repayable in a currency other than euro shall on that day be taken into account in its euro equivalent at the rate of exchange that would have been used had an audited consolidated balance sheet of the Group been prepared as at that day in accordance with the GAAP applicable to the Original Financial Statements of the Company.

“**Relevant Date**” means the last day of any Accounting Quarter.

“**Relevant Period**” means each period of four consecutive Accounting Quarters ending on a Relevant Date.

“**Total Assets**” means the total book value of the Group’s assets, as reflected in its most recent consolidated balance sheet.

“**Total Equity**” means the consolidated shareholders’ equity of the Group, including subordinated loans, as reflected in its most recent consolidated balance sheet.

23. GENERAL UNDERTAKINGS

The undertakings in this Clause 23 remain in force from the date of this Agreement for so long as any amount is outstanding under the Finance Documents or any Commitment is in force.

23.1 Authorisations

- (a) Each Obligor shall (and the Company shall ensure that each other member of the Group will) promptly obtain, comply with and do all that is necessary to maintain in full force and effect (and supply certified copies to the Agent of) any Authorisation required under any applicable law or regulation of a Relevant Jurisdiction to:
 - (i) enable it to perform its obligations under the Finance Documents;
 - (ii) ensure the legality, validity, enforceability or admissibility in evidence in the Relevant Jurisdictions of any Finance Document; and
 - (iii) enable it to carry on its business as it is being conducted from time to time if failure to obtain, comply with or maintain any such Authorisation would reasonably be expected to have a Material Adverse Effect.
- (b) The Company shall ensure that the Perfection Requirements are complied with promptly and in any event before the earlier of (i) the date which is 60 days after signing of the relevant Finance Document or Security Document or (ii) the final date on which it is necessary to carry out any

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such Perfection Requirement in order to achieve the relevant perfection, protection or priority of any Security Document.

23.2 Compliance with laws

Each Obligor shall comply in all respects with all laws to which it may be subject, if failure so to comply would reasonably be expected to have a Material Adverse Effect.

23.3 Negative pledge

In this Clause 23.3 “**Quasi-Security**” means an arrangement or transaction described in paragraph (b) below:

- (a) No Obligor shall (and the Company shall ensure that no other member of the Group will) create or permit to subsist any Security over any of its assets.
- (b) No Obligor shall (and the Company shall ensure that no other member of the Group will):
 - (i) sell, transfer or otherwise dispose of any of its assets on terms whereby they are or may be leased to or re-acquired by an Obligor or any other member of the Group;
 - (ii) sell, transfer or otherwise dispose of any of its receivables on recourse terms;
 - (iii) enter into any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts; or
 - (iv) enter into any other preferential arrangement having a similar effect,in circumstances where the arrangement or transaction is entered into primarily as a method of raising Financial Indebtedness or of financing the acquisition of an asset.
- (c) Paragraphs (a) and (b) above do not apply to any Security or (as the case may be) Quasi-Security listed below:
 - (i) any netting or set-off arrangement entered into by any member of the Group in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances;
 - (ii) any lien arising by operation of law and in the ordinary course of business;
 - (iii) any Security or Quasi-Security arising under the General Terms and Conditions (*Algemene Bankvoorwaarden*) or the equivalent in any jurisdiction of banking or financing institutions (other than under any provision which allows for such banking or financial institutions to call for Security or Quasi-Security to be provided in terms set out in or substantially equivalent to those set out in Article 20 of the General Terms and Conditions applicable to Dutch banks)
 - (iv) any Security or Quasi-Security over or affecting any asset of any company which becomes a member of the Group after the date of this Agreement, where the Security or Quasi-Security is created prior to the date on which that company becomes a member of the Group, if:

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- (A) the Security or Quasi-Security was not created in contemplation of the acquisition of that company;
- (B) the principal amount secured has not increased in contemplation of or since the acquisition of that company;
- (C) the benefit of the Security or Quasi-Security is not transferred to any other person other than a person who receives a corresponding transfer of the indebtedness secured thereby; and
- (D) the Security or Quasi-Security is removed or discharged within six months of that company becoming a member of the Group;
- (v) the Security or Quasi-Security created pursuant to any Security Document;
- (vi) any Security or Quasi-Security over any Obligor’s or other member of the Group’s assets existing on the date of this Agreement, in respect of Permitted Existing Financial Indebtedness, as set out in Schedule 15 (*Permitted Existing Financial Indebtedness and Security*) provided that the principal amount secured by such Security or Quasi-Security shall not be increased; or
- (vii) any Security or Quasi-Security securing indebtedness the principal amount of which (when aggregated with the principal amount of any other indebtedness which has the benefit of Security or Quasi-Security given by any member of the Group other than as permitted under paragraphs (i) to (vi) above) does not at any time exceed [***] (or its equivalent in another currency or currencies).

23.4 **Financial Indebtedness**

- (a) No Obligor shall (and the Company shall ensure that no other member of the Group will) incur (or agree to incur) or have outstanding any Financial Indebtedness.
- (b) Paragraph (a) above does not apply to:
 - (i) Financial Indebtedness referred to in paragraph (b) of Clause 23.6 (*Loans and guarantees*);
 - (ii) Financial Indebtedness arising under the Finance Documents;
 - (iii) any Financial Indebtedness of a company which becomes a member of the Group after the date of this Agreement, where the Financial Indebtedness is incurred prior to the date on which that company becomes a member of the Group if:
 - (A) the Financial Indebtedness was not incurred in contemplation of the acquisition of that company;
 - (B) the Financial Indebtedness is repaid, prepaid or cancelled in full within [***] of that company becoming a member of the Group;
 - (iv) any Financial Indebtedness permitted under Clause 23.19 (*Hedging*);
 - (v) any Financial Indebtedness to the extent covered by a guarantee, bond or letter of credit issued under an Ancillary Facility;

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- (vi) Permitted Existing Financial Indebtedness;
- (vii) Financial Indebtedness arising from the issuance or issuances of one or more convertible or regular bonds with an aggregate maximum subscription amount not exceeding EUR [***] provided that:
 - (A) any such bond issued is unsecured;
 - (B) any such bond ranks *pari passu* with, or subordinated to the Facilities; and
 - (C) the proceeds are applied in accordance with Clause 9.5 (*Capital Market Issue Proceeds*) and Clause 9.8 (*Application of Capital Market Issue Proceeds*); and
- (viii) any Financial Indebtedness (other than falling within paragraph (g) of the definition of Financial Indebtedness) provided that any Financial Indebtedness referred to in paragraphs (h) or (j) of the definition of Financial Indebtedness shall only be counted once for this purpose) not falling within paragraphs (i) to (vi) above, the aggregate outstanding principal amount of which across the Group does not at any time exceed [***] (or its equivalent in another currency or currencies).

23.5 Disposals

- (a) No Obligor shall (and the Company shall ensure that no other member of the Group will) enter into a single transaction or a series of transactions (whether related or not and whether voluntary or involuntary) to sell, lease, transfer or otherwise dispose of any asset.
- (b) Paragraph (a) above does not apply to any sale, lease, transfer or other disposal of an asset (other than a Charged Asset):
 - (i) made in the ordinary course of trading of the disposing entity;
 - (ii) of assets in exchange for other assets comparable or superior as to type, value and quality;
 - (iii) from a member of the Group to another member of the Group;
 - (iv) made on arm’s length terms and for fair market value where the consideration receivable (when aggregated with the higher of the market value or consideration receivable for any other sale, lease, transfer or other disposal other than any permitted under paragraphs (i) to (iii) above) does not exceed [***] per cent. of the consolidated total assets of the Group (or its equivalent in another currency or currencies) in any calendar year; or
 - (v) with the prior written consent of the Majority Lenders.
- (c) Paragraph (a) above does not apply to any sale, lease, transfer or other disposal in the ordinary course of trading of the disposing entity of any Charged Asset subject only to a floating charge before the floating charge crystallises or the security created pursuant to the Security Documents has become enforceable.

23.6 Loans and guarantees

- (a) No Obligor shall (and the Company shall ensure that no other member of the Group will):

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- (i) make any loan, or provide any form of credit or financial accommodation, to any other person; or
- (ii) give or issue any guarantee, indemnity, bond or letter of credit to or for the benefit of, or in respect of liabilities or obligations of, any other person or voluntarily assume any liability (whether actual or contingent) of any other person,

(together, “**Financial Support**”).

(b) Paragraph (a) above does not apply to:

- (i) loans, guarantees, indemnities under or expressly permitted by the Finance Documents;
- (ii) Financial Support made, granted or given in the ordinary course of business;
- (iii) Financial Support made, granted or given by any member of the Group to or for the benefit of any member of the Group;
- (iv) Financial Support made or to be made in connection with any credit facility made available for members of the Group through any cash management arrangements or any netting or set-off arrangement entered into by any member of the Group in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances; or
- (v) Financial Support not falling within paragraphs (i) to (iv) above, the aggregate outstanding principal amount of which across the Group does not at any time exceed [***] (or its equivalent in another currency or currencies).

23.7 **Pari passu**

Each Obligor shall ensure that its obligations under the Finance Documents rank at all times at least *pari passu* in right of priority and payment with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally.

23.8 **Merger**

(a) No Obligor shall (and the Company shall ensure that no other member of the Group will) enter into any amalgamation, demerger, merger or corporate reconstruction.

(b) Paragraph (a) above does not apply to:

- (i) a solvent reorganisation within the Group;
- (ii) any merger, consolidation or other reorganisation in which the Company or any of its Subsidiaries is the surviving entity and which will not have a Material Adverse Effect on the ability of the Company or its Subsidiaries to perform its obligations under this Agreement; or
- (iii) any other merger, consolidation or reorganisation to which the Majority Lenders have given their prior written consent (which shall not be unreasonably withheld or delayed).

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23.9 **Change of business**

The Company shall procure that no substantial change is made to the general nature of the business of the Company or the Group or the Obligors taken as a whole from that carried on at the date of this Agreement without the prior written consent of the Majority Lenders.

23.10 **Insurance**

Each Obligor shall (and the Company shall ensure that each other member of the Group will) maintain adequate insurances or captive insurance arrangements on and in relation to its business and assets with financially sound and reputable underwriters, insurance companies or funds against liabilities, casualties and contingencies, and to the extent, usually insured against by prudent companies located in the same or a similar location and carrying on a similar business.

23.11 **Environmental undertakings**

Each Obligor shall (and the Company shall ensure that each other member of the Group will):

- (a) comply with all Environmental Laws to which it may be subject;
- (b) obtain all Environmental Licences required or desirable in connection with its business; and
- (c) comply with the terms of all those Environmental Licences,

in each case where failure to do so might have a Material Adverse Effect.

23.12 **Environmental claims**

Each Obligor shall (and the Company shall ensure that each other member of the Group will) promptly notify the Agent of any claim, notice or other communication received by it in respect of any actual or alleged breach of or liability under Environmental Law which, if substantiated, might have a Material Adverse Effect.

23.13 **Acquisitions and investments**

- (a) No Obligor shall (and the Company shall ensure that no other member of the Group will) invest in or acquire any business or going concern, or the whole or substantially the whole of the assets or business of any person, or any assets that constitute a division or operating unit of the business of any person.
- (b) Paragraph (a) above does not apply to acquisitions related to the core business of the group:
 - (i) where the enterprise value of such acquisition when aggregated with the enterprise value of other acquisitions in that calendar year does not exceed an aggregate of €150,000,000; or
 - (ii) which has the prior written consent of the Majority Lenders such consent not to be unreasonably withheld or delayed,

such acquisitions being “**Permitted Acquisitions**”.

23.14 **Security and guarantees**

- (a) The Company and the Companies listed in Part III (*First Phase Accession Companies*) of Schedule 1 shall provide the security listed in paragraph 1 of Part II of Schedule 2 (*Conditions*)

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precedent to first Utilisation) as Security in favour of the Secured Parties to secure all of the obligations of the Obligors under the Finance Documents.

- (b) Each relevant Additional Obligor shall provide the security listed in Part IV (*Security schedule*) of Schedule 2 (*Conditions precedent*) as required to be effective on or before 30 June 2010 as Security in favour of the Secured Parties to secure all of the obligations of the Obligors under the Finance Documents.
- (c) The Company shall:
 - (i) promptly notify the Agent if, on or after the date of this Agreement:
 - (A) any new member of the Group is incorporated; or
 - (B) any member of the Group becomes a Material Subsidiary; and
 - (ii) within 14 days of request by the Agent, ensure that the relevant member of the Group will:
 - (A) become an Additional Guarantor; and
 - (B) execute (or, as the case may be, procure the execution of) Security Document(s), in form and substance satisfactory to the Security Agent, in respect of that member of the Group, its business or its assets in favour of the Secured Parties to secure all of the obligations of the Obligors under the Secured Documents.
- (d) Each Obligor shall (and the Company shall ensure that each other member of the Group will), at its own expense, promptly take all such action as the Agent or the Security Agent may reasonably require:
 - (i) for the purpose of perfecting or protecting any of the Secured Parties’ rights under, and preserving the Security intended to be created or evidenced by, any of the Finance Documents; and
 - (ii) for the purpose of facilitating the realisation of any of that Security,
including the execution of any transfer, conveyance, assignment or assurance of any asset and the giving of any notice, order or direction and the making of any registration which the Agent or the Security Agent may reasonably require.
- (e) No Obligor shall (and the Company shall ensure that no other member of the Group will) do, or consent to the doing of, anything which might prejudice the validity, enforceability or priority of any of the Security created pursuant to the Security Documents.
- (f) The Company shall ensure that, subject to paragraph (g) below, prior to first Utilisation the Group companies listed in Part III of Schedule 1 (*First Phase Accession Companies*) will accede to this Agreement in accordance with Clause 26.4 (*Additional Guarantors*).
- (g) Upon accession of the Group companies listed in Part III of Schedule 1 (*First Phase Accession Companies*) the Company shall ensure that:
 - (i) the aggregate of the unconsolidated gross assets (excluding any intragroup items) of the Guarantors (without double counting and excluding any interests in Subsidiaries of

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any member of the Group) exceeds [***] per cent. of the consolidated gross assets of the Group; and

- (ii) subject to the increase provided for in paragraph (h) below, the aggregate of the unconsolidated turnover of the Guarantors (without double counting and excluding any dividends or other distributions from Subsidiaries of any member of the Group) exceeds [***] per cent. of the consolidated turnover of the Group.
- (h) The Company shall ensure that on 30 June 2010 and at all times thereafter, the aggregate of the unconsolidated turnover of the Guarantors (without double counting and excluding any dividends or other distributions from Subsidiaries of any member of the Group) exceeds [***] per cent. of the consolidated turnover of the Group.
- (i) The aggregate of the unconsolidated gross assets and unconsolidated turnover of the Guarantors, and the consolidated gross assets and consolidated turnover of the Group shall be in each case calculated by reference to the then most recent annual unconsolidated financial statements of each Guarantor and the then most recent annual audited consolidated financial statements of the Group or until such time as annual audited consolidated financial statements of the Group are available, the pro-forma financial statements of the Group. The Company shall provide a certificate evidencing compliance with paragraphs (g) and (h) above upon the request of the Agent, acting reasonably.
- (j) The Company shall not be required to meet the requirements of this Clause 23.14 to the extent that:
 - (i) it would breach any legal or regulatory requirement beyond the control of any member of the Group and which impediment cannot be avoided or removed by taking reasonable steps; or
 - (ii) to the extent it would expose the directors of that Obligor to a material risk of personal liability.

The Company shall use reasonable endeavours to ensure that the members of the Group do all that is necessary in order to overcome such impediment and to comply with this Clause 23.14.

- (k) No Obligor shall (and the Company shall ensure that no other member of the Group will) do, or consent to the doing of, anything which might prejudice the validity, enforceability or priority of any of the Security created pursuant to the Security Documents.

23.15 **Intercompany Debt**

- (a) The Company shall:
 - (i) prior to first Utilisation and on a six monthly basis thereafter, or
 - (ii) promptly on the reasonable request of the Agent,

deliver to the Agent a certificate (the “**Intercompany Debt Certificate**”) signed by the Chief Financial Officer of the Company or two directors of the Company setting out the details of any Financial Indebtedness exceeding €15,000,000 between any members of the Group.

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- (b) Where any such Financial Indebtedness is not already secured by a Security Document, the Company shall procure that each member of the Group which is or becomes a creditor in respect of such Financial Indebtedness shall, within 15 Business Days of delivering the Intercompany Debt Certificate, provide security in favour of the Security Agent over its claim in respect of such Financial Indebtedness.

23.16 **Intellectual Property**

Each Obligor shall (and the Company shall ensure that each other member of the Group will):

- (a) take all reasonable action to obtain, safeguard, maintain in full force and effect and preserve its ability to enforce all Intellectual Property necessary for the conduct of its business as conducted from time to time, and not discontinue the use of any such Intellectual Property, including:
 - (i) paying all applicable renewal fees, licence fees and other outgoings; and
 - (ii) performing and complying with all material laws and material obligations to which it is subject as registered proprietor, beneficial owner, user, licensor or licensee of any such necessary Intellectual Property;
- (b) promptly notify the Agent of any material infringement or threatened or suspected material infringement of or any challenge to the validity of any such necessary Intellectual Property owned by or licensed to it which may come to its notice and supply the Agent (if requested) with all information in its possession relating thereto;
- (c) take all reasonable and necessary steps (including the institution of legal proceedings) to prevent third parties infringing any such necessary Intellectual Property; and
- (d) take all reasonable and necessary steps (including legal proceedings) to enforce the confidentiality of and prevent any improper use of any material trade secret which is Intellectual Property.

23.17 **Financial assistance**

The Company shall ensure that all payments between members of the Group, and any Security created pursuant to any Secured Document by any member of the Group, are made or created in compliance with any applicable law or regulation in any relevant jurisdiction concerning financial assistance by a company for the acquisition of or subscription for shares or concerning the protection of shareholders' capital.

23.18 **Ancillary Banking Business**

- (a) The Company shall, and shall procure that members of the Group will, subject to paragraph (b) below, use, on a preferred but not exclusive basis, the financial services of the Lenders such as cash management services, guarantees services and foreign exchange and derivative transactions.
- (b) The lenders shall provide the financial services described in paragraph (a) above based on competitive market conditions.

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23.19 Hedging

- (a) The Company shall ensure that the hedging required by the Hedging Letter is effected within 3 Months after the first Utilisation under the Facilities (and is maintained in effect) in accordance with the terms of the Hedging Letter.
- (b) At or before the time that any member of the Group enters into any (i) Hedging Document with a Hedging Bank or (ii) Long Term Hedging Document with a Long Term Hedging Bank, the Company shall ensure that the counterparty accedes as a Hedging Bank or Long Term Hedging Bank (as the case may be) to this Agreement.
- (c) No Obligor shall (and the Company shall ensure that no other member of the Group will) enter (or agree to enter) into any derivative transaction other than:
 - (i) any derivative transaction required by the Hedging Letter and documented by a Hedging Document and any replacement or extension thereof (on similar terms and up to the maximum amount of the Financial Indebtedness under the Finance Documents); or
 - (ii) any derivative transaction to hedge actual or projected interest, forward or currency exposures arising in the ordinary course of trading of a member of the Group and not for speculative purposes.
- (d) Each Obligor shall observe the provisions of Schedule 16 (*Hedging*) and shall not undertake any action which would result in any Secured Party breaching its obligations under Schedule 16 (*Hedging*).
- (e) All Hedging Documents and Long Term Hedging Documents shall be entered into by a member of the Group that is also a Borrower.

24. EVENTS OF DEFAULT

Each of the events or circumstances set out in this Clause 24 is an Event of Default save for Clause 24.14 (*Acceleration*).

24.1 Non-payment

An Obligor does not pay on the due date any amount payable pursuant to a Finance Document at the place at and in the currency in which it is expressed to be payable unless:

- (a) its failure to pay is caused by:
 - (i) administrative or technical error; or
 - (ii) a Disruption Event; and
- (b) payment is made within three Business Days of its due date.

24.2 Financial covenants

Any requirement of Clause 22 (*Financial covenants*) is not satisfied.

24.3 Other obligations

- (a) Any person (other than a Secured Party) does not comply with paragraph (a)(iii) of Clause 23.1 (*Authorisations*), Clause 23.3 (*Negative pledge*), Clause 23.7 (*Pari passu*), paragraphs (b) and (c) of Clause 23.14 (*Guarantee and Security*) or Clause 23.19 (*Hedging*).

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- (b) Any Obligor does not comply with any provision of the Finance Documents (other than those referred to in Clause 24.1 (*Non-payment*), Clause 24.2 (*Financial covenants*) and paragraph (a) above) unless the failure to comply is capable of remedy and is remedied within 30 days of the Agent giving notice to the Company or the Company becoming aware of the failure to comply.

24.4 **Misrepresentation**

- (a) Any representation or statement made or deemed to be made by an Obligor in the Finance Documents or any other document delivered by or on behalf of any Obligor under or in connection with any Finance Document is or proves to have been incorrect or misleading in any material respect when made or deemed to be made.
- (b) No Event of Default under paragraph (a) above will occur if the misrepresentation or misstatement, in the opinion of the Majority Lenders, is capable of remedy and is remedied within 30 days of the Agent giving notice to the Company or the Company becoming aware of the misrepresentation or misstatement.

24.5 **Cross default**

- (a) Any Financial Indebtedness of any member of the Group is not paid when due nor within any originally applicable grace period.
- (b) Any Financial Indebtedness of any member of the Group is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described).
- (c) Any commitment for any Financial Indebtedness of any member of the Group is cancelled or suspended by a creditor of any member of the Group as a result of an event of default (however described).
- (d) Any creditor of any member of the Group becomes entitled to declare any Financial Indebtedness of any member of the Group due and payable prior to its specified maturity as a result of an event of default (however described).
- (e) No Event of Default will occur under this Clause 24.5 if the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness falling within paragraphs (a) to (d) above is less than [***] (or its equivalent in any other currency or currencies).

24.6 **Insolvency**

- (a) A member of the Group becomes insolvent (or for the purpose of any applicable law is deemed to be insolvent), is unable or admits inability to pay its debts as they fall due, suspends making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness.
- (b) A moratorium is declared in respect of any indebtedness of any member of the Group.
- (c) Any Dutch Obligor or Material Subsidiary incorporated in the Netherlands gives notice under section 36(2) of the Dutch 1990 Tax Collection Act (*Invorderingswet 1990*).

24.7 **Insolvency proceedings**

Any corporate action, legal proceedings or other procedure or step is taken in relation to:

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- (a) the suspension of payments including emergency regulations (*noodregeling*), a moratorium of any indebtedness or the winding-up, examinership, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of any member of the Group other than a solvent liquidation or reorganisation of any member of the Group which is not an Obligor;
- (b) a composition, compromise, assignment or arrangement with any creditor of any member of the Group;
- (c) the appointment of a liquidator (other than in respect of a solvent liquidation of a member of the Group which is not an Obligor), examiner, receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of any member of the Group or any of its assets; or
- (d) enforcement of any Security over any assets of any member of the Group,

or any analogous procedure or step is taken in any jurisdiction, provided that it shall not be an Event of Default under this Clause 24.7 if a petition is presented for the winding up or any analogous procedure in any jurisdiction of any member of the Group that is (A) frivolous or vexatious, (B) being contested in good faith by appropriate means diligently pursued with a reasonable prospect of success and (C) stayed, withdrawn or discharged within five Business Days of being presented.

24.8 **Creditors’ process**

Any expropriation, attachment, sequestration, distress or execution (including by way of executory attachment (*executoriaal beslag*) or interlocutory attachment (*conservatoir beslag*)) affects the whole or any substantial part of the assets of a member of the Group and is not discharged within five Business Days.

24.9 **Ownership of the Obligors**

An Obligor (other than the Company) is not or ceases to be a Subsidiary of the Company.

24.10 **Unlawfulness**

It is or becomes unlawful for an Obligor to perform any of its obligations under the Finance Documents.

24.11 **Repudiation**

An Obligor repudiates a Finance Document or evidences an intention to repudiate a Finance Document.

24.12 **Security**

Any Security Document is not in full force and effect or does not create in favour of the Security Agent for the benefit of the Secured Parties the Security which it is expressed to create with the ranking and priority it is expressed to have, provided that no Event of Default shall occur under this Clause 24.12 if:

- (a) the affected Security Document or Security Documents in aggregate is or are not, in the reasonable opinion of the Agent, material in the context of the overall security for the

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Facilities and the defect or defects is or are remedied within five Business Days of notice to that effect from the Agent to the Company; or

- (b) the circumstances referred to above in this Clause 24.12 arise by reason of the transfer of rights and obligations from a Lender to a New Lender in accordance with Clause 25 (*Changes to the Finance Parties*), and the defect or defects is or are remedied within five Business Days’ notice to that effect from the Agent to the Company).

24.13 **Material adverse change**

The Majority Lenders determine that a Material Adverse Effect exists, has occurred or might occur or an amendment or change occurs in respect of any licence which negatively impacts on the business of the Company and/or the Group taken as a whole which the Majority Lenders determine has or is likely to have a Material Adverse Effect.

24.14 **Acceleration**

- (a) On the occurrence of an Event of Default which is continuing, the Agent may, and shall if so directed by the Majority Lenders, by notice to the Company:
 - (i) cancel the Total Commitments whereupon they shall immediately be cancelled; and
 - (ii) declare that all or part of the Loans, together with accrued interest, and all other amounts accrued or outstanding under the Finance Documents be immediately due and payable, whereupon they shall become immediately due and payable; and
 - (iii) declare that all or part of the Loans be payable on demand, whereupon they shall immediately become payable on demand by the Agent on the instructions of the Majority Lenders.
- (b) Promptly after being notified by the Agent of the Acceleration Date, each Ancillary Lender shall by notice to the Company:
 - (i) cancel its Ancillary Commitment whereupon it shall immediately be cancelled;
 - (ii) declare that all or the corresponding part of the utilisations under any Ancillary Facility provided by that Ancillary Lender, together with accrued interest, full cash cover in respect of all or the corresponding part of the contingent liabilities of that Lender under that Ancillary Facility, and all or the corresponding part of all other amounts accrued or outstanding in respect of that Ancillary Facility be immediately due and payable, whereupon they shall become immediately due and payable; and/or
 - (iii) declare that all or the corresponding part of the utilisations under any Ancillary Facility provided by that Ancillary Lender, together with accrued interest, full cash cover in respect of all or the corresponding part of the contingent liabilities of that Lender under that Ancillary Facility, and all or the corresponding part of all other amounts accrued or outstanding in respect of that Ancillary Facility be payable upon demand, whereupon they shall immediately become payable on demand by that Ancillary Lender (on the instructions of the Agent, if so directed by the Majority Lenders).

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- (iv) No Ancillary Lender may cancel the whole or any part of its Ancillary Commitment, declare that all or part of the utilizations under an Ancillary Facility provided by that Ancillary Lender be immediately due and payable or require the payment of cash cover in respect of all or any part of any contingent liabilities of that Lender under an Ancillary Facility unless the Agent has delivered a notice to the Company pursuant to paragraph (b) of this Clause 24.14.

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SECTION 9

CHANGES TO PARTIES

25. CHANGES TO THE FINANCE PARTIES

25.1 Assignments and transfers by the Lenders

Subject to this Clause 25, a Lender (the “**Existing Lender**”) may:

- (a) assign any of its rights; or
- (b) transfer by novation any of its rights and obligations

to another bank or financial institution or to a trust, fund or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets, provided that the value of the rights assigned or transferred is at least €50,000 (or its equivalent in other currencies) or the assignee or transferee otherwise qualifies as a Professional Market Party (the “**New Lender**”).

25.2 Conditions of assignment or transfer

- (a) The consent of the Company is required for an assignment or transfer by an Existing Lender, unless:
 - (i) the assignment or transfer is to another Lender or an Affiliate of a Lender; or
 - (ii) an Event of Default is continuing.
- (b) The consent of the Company to an assignment or transfer must not be unreasonably withheld or delayed. The Company will be deemed to have given its consent five Business Days after the Existing Lender has requested it unless consent is expressly refused by the Company within that time.
- (c) The consent of the Company to an assignment or transfer must not be withheld solely because the assignment or transfer may result in an increase to the Mandatory Cost.
- (d) An assignment will only be effective on:
 - (i) receipt by the Agent (whether in the Assignment Agreement or otherwise) of written confirmation from the New Lender (in form and substance satisfactory to the Agent) that the New Lender will assume the same obligations to the other Finance Parties as it would have been under if it was an Original Lender; and
 - (ii) performance by the Agent of all necessary “know your customer” or other similar checks under all applicable laws and regulations in relation to such assignment to a New Lender, the completion of which the Agent shall promptly notify to the Existing Lender and the New Lender.
- (e) A transfer will only be effective if the procedure set out in Clause 25.5 (*Procedure for transfer*) is complied with.

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- (f) If:
- (i) a Lender assigns or transfers any of its rights or obligations under the Finance Documents or changes its Facility Office; and
 - (ii) as a result of circumstances existing at the date the assignment, transfer or change occurs, an Obligor would be obliged to make a payment to the New Lender or Lender acting through its new Facility Office under Clause 14 (*Tax gross-up and indemnities*) or Clause 15 (*Increased Costs*),
- then the New Lender or Lender acting through its new Facility Office is only entitled to receive payment under those Clauses to the same extent as the Existing Lender or Lender acting through its previous Facility Office would have been if the assignment, transfer or change had not occurred.
- (g) Each New Lender, by executing the relevant Transfer Certificate or Assignment Agreement, confirms, for the avoidance of doubt, that the Agent has authority to execute on its behalf any amendment or waiver that has been approved by or on behalf of the requisite Lender or Lenders in accordance with this Agreement on or prior to the date on which the transfer or assignment becomes effective in accordance with this Agreement and that it is bound by that decision to the same extent as the Existing Lender would have been had it remained a Lender.

25.3 Assignment or transfer fee

The New Lender shall, on the date upon which an assignment or transfer takes effect, pay to the Agent (for its own account) a fee of €1,500.

25.4 Limitation of responsibility of Existing Lenders

- (a) Unless expressly agreed to the contrary, an Existing Lender makes no representation or warranty and assumes no responsibility to a New Lender for:
- (i) the legality, validity, effectiveness, adequacy or enforceability of the Finance Documents or any other documents;
 - (ii) the financial condition of any Obligor;
 - (iii) the performance and observance by any Obligor of its obligations under the Finance Documents or any other documents; or
 - (iv) the accuracy of any statements (whether written or oral) made in or in connection with any Finance Document or any other document,
- and any representations or warranties implied by law are excluded.
- (b) Each New Lender confirms to the Existing Lender and the other Finance Parties that it:
- (i) has made (and shall continue to make) its own independent investigation and assessment of the financial condition and affairs of each Obligor and its related entities in connection with its participation in this Agreement and has not relied exclusively on any information provided to it by the Existing Lender in connection with any Finance Document; and

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- (ii) will continue to make its own independent appraisal of the creditworthiness of each Obligor and its related entities whilst any amount is or may be outstanding under the Finance Documents or any Commitment is in force.
- (c) Nothing in any Finance Document obliges an Existing Lender to:
 - (i) accept a re-transfer or re-assignment from a New Lender of any of the rights and obligations assigned or transferred under this Clause 25; or
 - (ii) support any losses directly or indirectly incurred by the New Lender by reason of the non-performance by any Obligor of its obligations under the Finance Documents or otherwise.

25.5 Procedure for transfer

- (a) Subject to the conditions set out in Clause 25.2 (*Conditions of assignment or transfer*), a transfer is effected in accordance with paragraph (c) below when the Agent executes an otherwise duly completed Transfer Certificate delivered to it by the Existing Lender and the New Lender. The Agent shall, subject to paragraph (b) below, as soon as reasonably practicable after receipt by it of a duly completed Transfer Certificate appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, execute that Transfer Certificate.
- (b) The Agent shall only be obliged to execute a Transfer Certificate delivered to it by the Existing Lender and the New Lender once it is satisfied it has complied with all necessary “know your customer” or other similar checks under all applicable laws and regulations in relation to the transfer to such New Lender.
- (c) Subject to Clause 25.8 (*Pro rata interest settlement*), on the Transfer Date:
 - (i) to the extent that in the Transfer Certificate the Existing Lender seeks to transfer by novation its rights and obligations under the Finance Documents, each of the Obligors and the Existing Lender shall be released from further obligations towards one another under the Finance Documents and their respective rights against one another under the Finance Documents shall be cancelled (being the “**Discharged Rights and Obligations**”);
 - (ii) each of the Obligors and the New Lender shall assume obligations towards one another and/or acquire rights against one another which differ from the Discharged Rights and Obligations only insofar as that Obligor and the New Lender have assumed and/or acquired the same in place of that Obligor and the Existing Lender;
 - (iii) the Agent, the Arranger, the Security Agent, the New Lender, the other Lenders and any relevant Ancillary Lender shall acquire the same rights and assume the same obligations between themselves as they would have acquired and assumed had the New Lender been an Original Lender with the rights and/or obligations acquired or assumed by it as a result of the transfer and to that extent the Agent, the Arranger, the Security Agent, any relevant Ancillary Lender and the Existing Lender shall each be released from further obligations to each other under the Finance Documents; and

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- (iv) the New Lender shall become a Party as a “Lender”.

25.6 Procedure for assignment

- (a) Subject to the conditions set out in Clause 25.2 (*Conditions of assignment or transfer*) an assignment may be effected in accordance with paragraph (c) below when the Agent executes an otherwise duly completed Assignment Agreement delivered to it by the Existing Lender and the New Lender. The Agent shall, subject to paragraph (b) below, as soon as reasonably practicable after receipt by it of a duly completed Assignment Agreement appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, execute that Assignment Agreement.
- (b) The Agent shall only be obliged to execute an Assignment Agreement delivered to it by the Existing Lender and the New Lender once it is satisfied it has complied with all necessary “know your customer” or other similar checks under all applicable laws and regulations in relation to the assignment to such New Lender.
- (c) Subject to Clause 25.8 (*Pro rata interest settlement*), on the Transfer Date:
 - (i) the Existing Lender will assign absolutely to the New Lender the rights under the Finance Documents expressed to be the subject of the assignment in the Assignment Agreement;
 - (ii) the Existing Lender will be released by each Obligor and the other Finance Parties from the obligations owed by it (the “**Relevant Obligations**”) and expressed to be the subject of the release in the Assignment Agreement; and
 - (iii) the New Lender shall become a Party as a “Lender” and will be bound by obligations equivalent to the Relevant Obligations.⁽¹⁾
- (d) Lenders may utilise procedures other than those set out in this Clause 25.7 to assign their rights under the Finance Documents (but not, without the consent of the relevant Obligor or unless in accordance with Clause 25.5 (*Procedure for transfer*), to obtain a release by that Obligor from the obligations owed to that Obligor by the Lenders nor the assumption of equivalent obligations by a New Lender) **provided that** they comply with the conditions set out in Clause 25.2 (*Conditions of assignment or transfer*).

25.7 Security over Lenders’ rights

In addition to the other rights provided to Lenders under this Clause 25, each Lender may without consulting with or obtaining consent from any Obligor, at any time charge, assign or otherwise create Security in or over (whether by way of collateral or otherwise) all or any of its rights under any Finance Document to secure obligations of that Lender including, without limitation:

- (a) any charge, assignment or other Security to secure obligations to a federal reserve or central bank: and

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- (b) in the case of any Lender which is a fund, any charge, assignment or other Security granted to any holders (or trustee representatives of holders) of obligations owed, or securities issued, by that Lender as security for those obligations or securities,

except that no such charge, assignment or Security shall:

- (i) release a Lender from any of its obligations under the Finance Documents or substitute the beneficiary of the relevant charge, assignment or Security for the Lender as a party to any of the Finance Documents; or
- (ii) require any payments to be made by an Obligor other than or in excess of, or grant to any person any more extensive rights than, those required to be made or granted to the relevant Lender under the Finance Documents.

25.8 Pro rata interest settlement

If the Agent has notified the Lenders that it is able to distribute interest payments on a “pro rata basis” to Existing Lenders and New Lenders then (in respect of any transfer pursuant to Clause 25.5 (*Procedure for transfer*) or any assignment pursuant to Clause 25.6 (*Procedure for assignment*) the Transfer Date of which, in each case, is after the date of such notification and is not on the last day of an Interest Period):

- (a) any interest or fees in respect of the relevant participation which are expressed to accrue by reference to the lapse of time shall continue to accrue in favour of the Existing lender up to but excluding the Transfer Date (“**Accrued Amounts**”) and shall become due and payable to the Existing Lender (without further interest accruing on them) on the last day of the current Interest Period (or, if the Interest Period is longer than six Months, on the next of the dates which falls at six Monthly intervals after the first day of that Interest Period); and
- (b) the rights assigned or transferred by the Existing Lender will not include the right to the Accrued Amounts, so that, for the avoidance of doubt:
 - (i) when the Accrued Amounts become payable, those Accrued Amounts will be payable to the Existing Lender; and
 - (ii) the amount payable to the New Lender on that date will be the amount which would, but for the application of this Clause 25.9, have been payable to it on that date, but after deduction of the Accrued Amounts.

25.9 Copy of Transfer Certificate or Assignment Agreement to Company

The Agent shall, as soon as reasonably practicable after it has executed a Transfer Certificate, an Assignment Agreement or Increase Confirmation, send to the Company a copy of that Transfer Certificate, Assignment Agreement or Increase Confirmation.

25.10 Accordion Increase

- (a) A Lender may increase its Commitment (as requested by the Company), for the purposes of Clause 2.2 (*Accordion feature — Increase of Facility B*) by delivering a Accordion Increase Certificate in accordance with this Clause provided that no Lender may increase its Commitment if such increase, when aggregated with any additional Commitment provided by an Acceding

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Lender in accordance with Clause 25.11 (*Acceding Lenders*) below, would cause the Total Commitments to exceed, in aggregate, €175,000,000 more than the Total Commitments as at the effective date of any such increase.

- (b) Any person specified in paragraph (a) above shall increase their Commitment if the Agent countersigns a Accordion Increase Certificate duly completed and signed on behalf of that person.
- (c) On the date that the Agent executes each Accordion Increase Certificate, the Agent, the Arrangers, the Lender party to that Accordion Increase Certificate, the other Lenders and the Obligors shall acquire the same rights and assume the same obligations between themselves as they would have acquired and assumed had that Lender been an Original Lender with the Commitment (as the case may be) specified by it in that Accordion Increase Certificate.

25.11 **Acceding Lender**

- (a) The Company may, for the purposes of and subject to the terms of Clause 2.2 (*Accordion feature — Increase of Facility B*), request that a bank or financial institution or a trust, fund or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets becomes a party to this Agreement as a Lender (an “**Acceding Lender**”), provided that:
 - (i) such Acceding Lender is acceptable to the Agent acting reasonably and the Company;
 - (ii) the Commitment assumed by such Acceding Lender shall be additional to, and not in replacement of, the Total Commitments as at the time immediately prior to such Acceding Lender becoming a party to this Agreement; and
 - (iii) the Total Commitments (including, for the avoidance of doubt, any additional Commitment provided by an existing Lender in accordance with Clause 25.10 (*Accordion Increase*) above) shall not exceed, in aggregate, €175,000,000 more than the Total Commitments as at the date of this Agreement.
- (b) Subject to paragraph (a) above, each of the Parties hereby agree that an Acceding Lender shall become a party to this Agreement as a “Lender” upon the execution and delivery by such Acceding Lender to the Agent of an Accordion Lender Accession Agreement and upon the countersignature by the Agent of each such document. Each Party (other than the Agent) hereby irrevocably authorises the Agent to execute an Accordion Lender Accession Agreement for this purpose.
- (c) The Agent shall, subject to paragraph (d) below, within three Business Days after receipt by it of a duly completed Accordion Lender Accession Agreement appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, execute that Accordion Lender Accession Agreement.
- (d) The Agent shall only be obliged to execute an Accordion Lender Accession Agreement delivered to it by an Acceding Lender once it is satisfied it has complied with all necessary “know your customer” or other similar checks under all applicable laws and regulations in relation to such Acceding Lender.

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- (e) On the date that the Agent executes an Accordion Lender Accession Agreement:
 - (i) the Agent, the Arrangers, the Acceding Lender party to that Accordion Increase Certificate, the other Lenders and the Obligors shall acquire the same rights and assume the same obligations between themselves as they would have acquired and assumed had that Acceding Lender been an Original Lender with the Commitment specified by it in that Accordion Lender Accession Agreement; and
 - (ii) that Acceding Lender shall become a Party as a “Lender”.

25.12 Accession of Hedging Banks

- (a) Each proposed Hedging Bank shall accede to this Agreement by delivery to the Security Agent of a duly completed and signed Hedging Bank Accession Deed and by the Security Agent executing that Hedging Bank Accession Deed.
- (b) Where this Agreement or any other Finance Document imposes an obligation on a Hedging Bank and the relevant Hedging Bank is an Affiliate of a Lender and is not a party to that document, the relevant Lender shall ensure that the obligation is performed by its Affiliate.
- (c) No person entering into any derivative transaction with any Obligor in connection with protection against or benefit from fluctuation in any rate or price will be entitled to share in any Security created by any Security Document in respect of any of the moneys, debts or liabilities arising under or in connection with that derivative transaction or benefit from the representations, warranties or undertakings of any Party under this Agreement unless and until the Security Agent has agreed in writing to that person becoming a Hedging Bank and to the derivative transactions and the Hedging Documents to be entered into by that person and that person has become a Hedging Bank by executing a Hedging Bank Accession Deed duly completed and signed on behalf of that person, and
 - (a) that derivative transaction is permitted by this Agreement; and
 - (b) the Hedging Documents relating to that derivative transaction comply with paragraph 3.1(c) of Schedule 16 (*Hedging*).
- (d) Each Party (other than the relevant proposed Hedging Bank under paragraph (a) above) irrevocably authorises the Security Agent to execute on its behalf any Hedging Bank Accession Deed which has been duly completed and signed on behalf of that proposed Hedging Bank.
- (e) The Company shall procure that no Obligor shall enter into any Hedging Document unless and until the proposed Hedging Bank has become a Hedging Bank in accordance with paragraph (a) above.
- (f) Each Hedging Bank agrees to be bound by, and comply with, the provisions set out in Schedule 16 (*Hedging*).

25.13 Accession of Long Term Hedging Banks

- (a) Each proposed Long Term Hedging Bank shall accede to this Agreement by delivery to the Security Agent of a duly completed and signed Long Term Hedging Bank Accession Deed and by the Security Agent executing that Long Term Hedging Bank Accession Deed.

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- (b) Where this Agreement or any other Finance Document imposes an obligation on a Long Term Hedging Bank and the relevant Long Term Hedging Bank is an Affiliate of a Lender and is not a party to that document, the relevant Lender shall ensure that the obligation is performed by its Affiliate.
- (c) No person entering into any derivative transaction with any Obligor in connection with protection against or benefit from fluctuation in any rate or price will be entitled to share in any Security created by any Security Document in respect of any of the moneys, debts or liabilities arising under or in connection with that derivative transaction or benefit from the representations, warranties or undertakings of any Party under this Agreement unless and until the Security Agent has agreed in writing to that person becoming a Long Term Hedging Bank and to the derivative transactions and the Long Term Hedging Documents to be entered into by that person and that person has become a Long Term Hedging Bank by executing a Long Term Hedging Bank Accession Deed duly completed and signed on behalf of that person, and
 - (i) that derivative transaction is permitted by this Agreement; and
 - (ii) the Long Term Hedging Documents relating to that derivative transaction comply with paragraph 3.1(c) of Schedule 16 (*Hedging*).
- (d) Each Party (other than the relevant proposed Long Term Hedging Bank under paragraph (a) above) irrevocably authorises the Security Agent to execute on its behalf any Long Term Hedging Bank Accession Deed which has been duly completed and signed on behalf of that proposed Long Term Hedging Bank.
- (e) The Company shall procure that no Obligor shall enter into any Long Term Hedging Document unless and until the proposed Long Term Hedging Bank has become a Long Term Hedging Bank in accordance with paragraph (a) above.
- (f) Each Long Term Hedging Bank agrees to be bound by, and comply with, the provisions set out in Schedule 16(*Hedging*).

25.14 **Assignments and transfers by Hedging Banks and Long Term Hedging Banks**

- (a) No Hedging Bank or Long Term Hedging Bank may assign any of its rights or transfer any of its rights or obligations under this Agreement to any person unless and until:
 - (i) that Hedging Bank or Long Term Hedging Bank is permitted to, and at the same time does, assign or transfer its related rights and obligations under the Hedging Documents or Long Term Hedging Documents to that person; and
 - (ii) the Security Agent executes a Hedging bank Accession Deed or Long Term Hedging Bank Accession Deed duly completed and signed on behalf of that person.
- (b) Each Party (other than the relevant transferee under paragraph (a) above) irrevocably authorises the Security Agent to execute on its behalf any Hedging Bank Accession Deed or Long Term Hedging Bank Accession Deed which has been duly completed and signed on behalf of that transferee.

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26. CHANGES TO THE OBLIGORS

26.1 Assignments and transfer by Obligors

No Obligor may assign any of its rights or transfer any of its rights or obligations under the Finance Documents.

26.2 Additional Borrowers

- (a) Subject to compliance with the provisions of paragraphs (c) and (d) of Clause 21.8 (“*Know your customer*” checks), the Company may request that any of its wholly owned Subsidiaries becomes an Additional Borrower. That Subsidiary shall become an Additional Borrower if:
- (i) all the Lenders approve the addition of that Subsidiary;
 - (ii) the Company delivers to the Agent a duly completed and executed Accession Deed;
 - (iii) the Company confirms that no Default is continuing or would occur as a result of that Subsidiary becoming an Additional Borrower; and
 - (iv) the Agent has received all of the documents and other evidence listed in Part IV of Schedule 2 (*Conditions precedent*) in relation to that Additional Borrower, each in form and substance satisfactory to the Agent.
- (b) The Agent shall notify the Company and the Lenders promptly upon being satisfied that it has received (in form and substance satisfactory to it) all the documents and other evidence listed in Part II of Schedule 2 (*Conditions precedent*).

26.3 Resignation of a Borrower

- (a) The Company may request that a Borrower (other than the Company) ceases to be a Borrower by delivering to the Agent a Resignation Letter.
- (b) The Agent shall accept a Resignation Letter and notify the Company and the Lenders of its acceptance if:
- (i) no Default is continuing or would result from the acceptance of the Resignation Letter (and the Company has confirmed this is the case); and
 - (ii) the Borrower is under no actual or contingent obligations as a Borrower under any Finance Documents,
- whereupon that company shall cease to be a Borrower and shall have no further rights or obligations under the Finance Documents.

26.4 Additional Guarantors

- (a) Subject to compliance with the provisions of paragraphs (c) and (d) of Clause 21.8 (“*Know your customer*” checks), the Company may request that any of its wholly owned Subsidiaries become an Additional Guarantor. That Subsidiary shall become an Additional Guarantor if:
- (i) the Company delivers to the Agent a duly completed and executed Accession Deed; and
 - (ii) the Agent has received all of the documents and other evidence listed in Part IV of Schedule 2 (*Conditions precedent*) in relation to that Additional Guarantor, each in form and substance satisfactory to the Agent.

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- (b) The Agent shall notify the Company and the Lenders promptly upon being satisfied that it has received (in form and substance satisfactory to it) all the documents and other evidence listed in Part II of Schedule 2 (*Conditions precedent*).

26.5 Repetition of Representations

Delivery of an Accession Deed constitutes confirmation by the relevant Subsidiary that the Repeating Representations and each of the representations set out in Clauses 20.5 (*Validity and admissibility in evidence*), 20.7 (*Deduction of Tax*) and 20.8 (*No filing or stamp taxes*) are true and correct in relation to it as at the date of delivery as if made by reference to the facts and circumstances then existing.

26.6 Resignation of a Guarantor

- (a) The Company may request that a Guarantor (other than the Company) ceases to be a Guarantor by delivering to the Agent a Resignation Letter.
- (b) The Agent shall accept a Resignation Letter and notify the Company and the Lenders of its acceptance if:
 - (i) no Default is continuing or would result from the acceptance of the Resignation Letter (and the Company has confirmed this is the case); and
 - (ii) all the Lenders have consented to the Company’s request.

26.7 Release of Obligors

- (a) If an Obligor ceases to be a member of the Group in accordance with this Agreement, that Obligor shall cease to be an Obligor and shall be released from its rights and obligations under the Finance Documents or Security granted by that Obligor.
- (b) The Security Agent shall, at the request and cost of the Company, execute such documents as may be required to release that Obligor pursuant to paragraph (a) above.

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SECTION 10

THE FINANCE PARTIES

27. **ROLE OF THE AGENT, THE SECURITY AGENT, THE ARRANGER AND THE BOOKRUNNER**

27.1 **Appointment of the Agent and the Security Agent**

- (a) Each other Finance Party, each Hedging Bank and Long Term Hedging Bank appoints the Agent to act as its agent under and in connection with the Finance Documents.
- (b) Each other Secured Party appoints the Security Agent to act as security trustee under and in connection with the Finance Documents in relation to any security interest which is expressed to be or is construed to be governed by English or Scottish law, or any other law which recognises the legal concept of a “trust”.
- (c) Except as expressly provided in paragraph (b) and without limiting or affecting Clause 29.7 (*Parallel Debt*), each other Secured Party appoints the Security Agent to act as security trustee or agent under and in connection with the Finance Documents.
- (d) Each other Finance Party authorises the Agent and each other Secured Party authorises the Security Agent, in each case to exercise the rights, powers, authorities and discretions specifically given to it under or in connection with the Finance Documents together with any other incidental rights, powers, authorities and discretions.

27.2 **Duties of the Agent and the Security Agent**

- (a) Subject to paragraph (b) below, the Agent shall promptly forward to a Party the original or a copy of any document which is delivered to the Agent for that Party by any other Party.
- (b) Without prejudice to Clause 25.9 (*Copy of Transfer Certificate or Assignment Agreement to Company*), paragraph (a) above shall not apply to any Transfer Certificate or to any Assignment Agreement.
- (c) Except where a Finance Document specifically provides otherwise, the Agent is not obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another Party.
- (d) If the Agent receives notice from a Party referring to this Agreement, describing a Default and stating that the circumstance described is a Default, it shall promptly notify the Finance Parties.
- (e) If the Agent is aware of the non-payment of any principal, interest, commitment fee or other fee payable to a Finance Party (other than the Agent or the Arranger) under this Agreement it shall promptly notify the other Finance Parties.
- (f) The Agent shall promptly send to the Security Agent such certification as the Security Agent may require pursuant to paragraph 7 (*Basis of distribution*) of Schedule 10 (*Security agency provisions*).
- (g) The duties of the Agent and the Security Agent under the Finance Documents are solely mechanical and administrative in nature.

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27.3 Role of the Arranger and the Bookrunner

Except as specifically provided in the Finance Documents, the Arranger and the Bookrunner have no obligations of any kind to any other Party under or in connection with any Finance Document.

27.4 Role of the Security Agent

The Security Agent shall not be an agent or trustee of (except as expressly provided in any Finance Document) any Secured Party under or in connection with any Finance Document.

27.5 No fiduciary duties

- (a) Nothing in this Agreement constitutes the Agent, the Security Agent (except as expressly provided in any Finance Document), the Arranger or the Bookrunner as a trustee or fiduciary of any other person.
- (b) Neither the Agent, the Arranger nor the Bookrunner shall be bound to account to any Lender for any sum or the profit element of any sum received by it for its own account.
- (c) The Security Agent (except as expressly provided in any Finance Document) shall not be bound to account to any Secured Party for any sum or the profit element of any sum received by it for its own account.

27.6 Business with the Group

The Agent, the Security Agent, the Arranger and the Bookrunner may accept deposits from, lend money to and generally engage in any kind of banking or other business with any member of the Group.

27.7 Rights and discretions of the Agent and the Security Agent

- (a) The Agent and the Security Agent may rely on:
 - (i) any representation, notice or document believed by it to be genuine, correct and appropriately authorised; and
 - (ii) any statement made by a director, authorised signatory or employee of any person regarding any matters which may reasonably be assumed to be within his knowledge or within his power to verify.
- (b) The Agent and the Security Agent may assume (unless it has received notice to the contrary in its capacity as agent for the Lenders or, as the case may be, as security agent or trustee for the Secured Parties) that:
 - (i) no Default has occurred (unless it has actual knowledge of a Default arising under Clause 24.1 (*Non-payment*) or any failure by an Obligor to pay on the due date any amount payable pursuant to a Hedging Document or a Long Term Hedging Document at the place at and in the currency in which it is expressed to be payable);
 - (ii) any right, power, authority or discretion vested in any Party or any group of Lenders or Secured Parties has not been exercised; and

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- (iii) any notice or request made by the Company (other than a Utilisation Request or Selection Notice) is made on behalf of and with the consent and knowledge of all the Obligor.
- (c) Each of the Agent and the Security Agent may engage, pay for and rely on the advice or services of any lawyers, accountants, surveyors or other experts.
- (d) Each of the Agent and the Security Agent may act in relation to the Finance Documents through its personnel and agents.
- (e) The Agent may disclose to any other Party any information it reasonably believes it has received as agent under this Agreement.
- (f) Without prejudice to the generality of paragraph (e) above, the Agent may disclose the identity of a Defaulting Lender to the other Finance Parties and the Company and shall disclose the same upon the written request of the Company or the Majority Lenders.
- (g) Notwithstanding any other provision of any Finance Document to the contrary, neither the Agent, the Security Agent, nor the Arranger is obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation or a breach of a fiduciary duty or duty of confidentiality.
- (h) The Agent may not, without the consent of the relevant Lender or Alternative Reference Bank disclose to any Finance Party any details of the rate notified to the Agent by any Lender or Alternative Reference Bank or the identity of any such Lender or Alternative Reference Bank for the purpose of paragraph (a)(ii) of Clause 12.2 (*Market Disruption*).

27.8 **Majority Lenders’ instructions**

- (a) Unless a contrary indication appears in a Finance Document, the Agent and the Security Agent shall (i) exercise any right, power, authority or discretion vested in it as Agent or Security Agent (as the case may be) in accordance with any instructions given to it by the Majority Lenders (or, if so instructed by the Majority Lenders, refrain from exercising any right, power, authority or discretion vested in it as Agent or Security Agent, as the case may be) and (ii) not be liable for any act (or omission) if it acts (or refrains from taking any action) in accordance with an instruction of the Majority Lenders.
- (b) Unless a contrary indication appears in a Finance Document, any instructions given by the Majority Lenders to the Agent will be binding on all the Finance Parties and any instructions given by the Majority Lenders to the Security Agent will be binding on all the Secured Parties.
- (c) Each of the Agent and the Security Agent may refrain from acting in accordance with the instructions of the Majority Lenders (or, if appropriate, the Lenders) until it has received such security as it may require for any cost, loss or liability (together with any associated VAT) which it may incur in complying with the instructions.
- (d) In the absence of instructions from the Majority Lenders (or, if appropriate, the Lenders), the Agent may act (or refrain from taking action) as it considers to be in the best interest of the Lenders and the Security Agent may act (or refrain from taking action) as it considers to be in the best interest of the Secured Parties.

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- (e) The Agent is not authorised to act on behalf of a Lender (without first obtaining that Lender’s consent) in any legal or arbitration proceedings relating to any Finance Document nor is the Security Agent authorised to act on behalf of a Secured Party (without first obtaining that Secured Party’s consent) in any legal or arbitration proceedings relating to any Finance Document.

27.9 **Responsibility for documentation**

Neither the Agent, the Security Agent, the Arranger nor the Bookrunner is responsible for:

- (a) the adequacy, accuracy and/or completeness of any information (whether oral or written) supplied by the Agent, the Security Agent, the Arranger, the Bookrunner, an Obligor or any other person given in or in connection with any Finance Document or the Information Package;
- (b) the legality, validity, effectiveness, adequacy or enforceability of any Finance Document or any other agreement, arrangement or document entered into, made or executed in anticipation of or in connection with any Finance Document; or
- (c) any determination as to whether any information provided or to be provided to any Finance Party is non-public information the use of which may be regulated or prohibited by applicable law or regulation relating to insider dealing or otherwise.

27.10 **Exclusion of liability**

- (a) Without limiting paragraph (b) below (and without prejudice to the provisions of paragraph (e) of Clause 30.12 (*Disruption to payment systems etc.*)), neither the Agent nor the Security Agent will be liable including without limitation for negligence or any other category of liability whatsoever for any action taken by it under or in connection with any Finance Document, unless directly caused by its gross negligence or wilful misconduct.
- (b) No Party (other than the Agent or the Security Agent) may take any proceedings against any officer, employee or agent of the Agent or the Security Agent in respect of any claim it might have against the Agent or the Security Agent or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Finance Document and any officer, employee or agent of the Agent or the Security Agent may rely on this Clause 27.10.
- (c) Neither the Agent nor the Security Agent will be liable for any delay (or any related consequences) in crediting an account with an amount required under the Finance Documents to be paid by it if it has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by it for that purpose.
- (d) Nothing in this Agreement shall oblige the Agent or the Arranger to carry out any “know your customer” or other checks in relation to any person on behalf of any Lender and each Lender confirms to the Agent and the Arranger that it is solely responsible for any such checks it is required to carry out and that it may not rely on any statement in relation to such checks made by the Agent or the Arranger.

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27.11 Lenders’ indemnity to the Agent and Secured Parties’ indemnity to the Security Agent

- (a) Subject to paragraph (b) below, each Lender shall (in proportion to its Available Commitments and its Available Ancillary Commitment and participations in the Utilisations and utilisations of the Ancillary Facilities then outstanding to the Available Facilities and all the Utilisations and utilisations of the Ancillary Facilities then outstanding) indemnify the Agent, within three Business Days of demand, against any cost, loss or liability incurred by the Agent (otherwise than by reason of the Agent’s gross negligence or wilful misconduct) in acting as Agent under the Finance Documents (unless the Agent has been reimbursed by an Obligor pursuant to a Finance Document).
- (b) If the Available Facilities are then zero, each Lender’s indemnity under paragraph (a) above shall be in proportion to its Available Commitments to the Available Facilities immediately prior to their reduction to zero, unless there are then any Utilisations and utilisations of the Ancillary Facilities outstanding, in which case it shall be in proportion to its participations in the Utilisations and utilisations of the Ancillary Facilities then outstanding to all the Utilisations and utilisations of the Ancillary Facilities then outstanding.
- (c) Each other Secured Party shall (in proportion to its share of the Debt then outstanding to all Debt then outstanding and/or available for drawing under the Finance Documents indemnify the Security Agent, within three Business Days of demand, against any cost, loss or liability incurred by the Security Agent (otherwise than by reason of its gross negligence or wilful misconduct) in acting as Security Agent under the Finance Documents (unless it has been reimbursed by an Obligor pursuant to a Finance Document).

27.12 Resignation of the Agent or the Security Agent

- (a) The Agent or the Security Agent may resign and appoint one of its Affiliates as successor by giving 30 days notice to the other Finance Parties (and, in the case of the Security Agent, the Hedging Banks and Long Term Hedging Banks) and the Company.
- (b) Alternatively the Agent or the Security Agent may resign by giving notice to the other Finance Parties (and, in the case of the Security Agent, the Hedging Banks and Long Term Hedging Banks) and the Company, in which case the Majority Lenders (after consultation with the Company) may appoint a successor Agent or, as the case may be, Security Agent.
- (c) If the Majority Lenders have not appointed a successor Agent or, as the case may be, Security Agent in accordance with paragraph (b) above within 30 days after notice of resignation was given, the retiring Agent or, as the case may be, the Security Agent (after consultation with the Company) may appoint a successor Agent or Security Agent.
- (d) The retiring Agent or Security Agent shall, at its own cost, make available to its successor such documents and records and provide such assistance as its successor may reasonably request for the purposes of performing its functions as Agent or Security Agent under the Finance Documents.
- (e) The resignation notice of the Agent or the Security Agent shall only take effect upon the appointment of a successor.

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- (f) Upon the appointment of a successor, the retiring Agent or Security Agent shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of this Clause 27. Any successor and each of the other Parties shall have the same rights and obligations among themselves as they would have had if such successor had been an original Party.
- (g) After consultation with the Company, the Majority Lenders may, by notice to the Agent or, as the case may be, the Security Agent, require it to resign in accordance with paragraph (b) above. In this event, the Agent or, as the case may be, the Security Agent shall resign in accordance with paragraph (b) above.

27.13 Replacement of the Agent

- (a) After consultation with the Company, the Majority Lenders may, by giving 30 days’ notice to the Agent (or, at any time the Agent is an Impaired Agent, by giving any shorter notice determined by the Majority Lenders) replace the Agent by appointing a successor Agent.
- (b) The retiring Agent shall (at its own cost if it is an Impaired Agent and otherwise at the expense of the Lenders) make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under the Finance Documents.
- (c) The appointment of the successor Agent shall take effect on the date specified in the notice from the Majority Lenders to the retiring Agent. As from this date, the retiring Agent shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of this Clause 27 (and any agency fees for the account of the retiring Agent shall cease to accrue from (and shall be payable on) that date).
- (d) Any successor Agent and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.

27.14 Confidentiality

- (a) The Agent (in acting as agent for the Finance Parties) or, as the case may be, the Security Agent (in acting as security trustee or security agent for the Secured Parties) shall be regarded as acting through its respective agency or security trustee division which in each case shall be treated as a separate entity from any other of its divisions or departments.
- (b) If information is received by another division or department of the Agent or, as the case may be, the Security Agent, it may be treated as confidential to that division or department and the Agent or, as the case may be, the Security Agent shall not be deemed to have notice of it.

27.15 Relationship with the Lenders

- (a) Subject to Clause 25.8 (*Pro rata interest settlement*), the Agent may treat the person shown in its records as Lender at the opening of business (in the place of the Agent’s principal office as notified to the Finance Parties from time to time) as the Lender acting through its Facility Office:
 - (i) entitled to or liable for any payment due under any Finance Document on that day; and

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- (ii) entitled to receive and act upon any notice, request, document or communication or make any decision or determination under any Finance Document made or delivered on that day,

unless it has received not less than five Business Days’ prior notice from that Lender to the contrary in accordance with the terms of this Agreement.

- (b) Each Lender shall supply the Agent with any information required by the Agent in order to calculate the Mandatory Cost in accordance with Schedule 4 (*Mandatory Cost formulae*).
- (c) Any Lender may by notice to the Agent appoint a person to receive on its behalf all notices, communications, information and documents to be made or despatched to that Lender under the Finance Documents. Such notice shall contain the address, fax number and (where communication by electronic mail or other electronic means is permitted under Clause 32.6 (*Electronic communication*)) electronic mail address and/or any other information required to enable the sending and receipt of information by that means (and, in each case, the department or officer, if any, for whose attention communication is to be made) and be treated as a notification of a substitute address, fax number, electronic mail address, department and officer by that Lender for the purposes of Clause 32.2 (*Addresses*) and paragraph (a)(iii) of Clause 32.6 (*Electronic communication*) and the Agent shall be entitled to treat such person as the person entitled to receive all such notices, communications, information and documents as though that person were that Lender.

27.16 Credit appraisal by the Secured Parties

Without affecting the responsibility of any Obligor for information supplied by it or on its behalf in connection with any Finance Document, each Finance Party confirms to the Agent, the Arranger and the Bookrunner, and each Secured Party confirms to the Security Agent, that it has been, and will continue to be, solely responsible for making its own independent appraisal and investigation of all risks arising under or in connection with any Finance Document including but not limited to:

- (a) the financial condition, status and nature of each member of the Group;
- (b) the legality, validity, effectiveness, adequacy or enforceability of any Finance Document and any other agreement, Security, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document;
- (c) whether that Finance Party or Secured Party has recourse, and the nature and extent of that recourse, against any Party or any of its respective assets under or in connection with any Finance Document, the transactions contemplated by the Finance Documents or any other agreement, Security, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document; and
- (d) the adequacy, accuracy and/or completeness of any other information provided by the Agent, the Security Agent, any Party or any other person under or in connection with any Finance Document, the transactions contemplated by the Finance Documents or any other agreement, Security, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document.

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27.17 Base Reference Banks and Alternative Reference Banks

If a Base Reference Bank or Alternative Reference Bank (or, if a Base Reference Bank or Alternative Reference Bank is not a Lender, the Lender of which it is an Affiliate) ceases to be a Lender, the Agent shall (in consultation with the Company) appoint another Lender or an Affiliate of a Lender to replace that Base Reference Bank or Alternative Reference Bank.

27.18 Management time of the Agent and the Security Agent

Any amount payable to the Agent or the Security Agent under Clause 16.3 (*Indemnity to the Agent and the Security Agent*), Clause 18 (*Costs and expenses*) and Clause 27.11 (*Lenders’ indemnity to the Agent and Secured Parties’ indemnity to the Security Agent*) shall include the cost of utilising its management time or other resources and will be calculated on the basis of such reasonable daily or hourly rates as it may notify to the Company and the Lenders, and is in addition to any fee paid or payable to it under Clause 13 (*Fees*).

27.19 Security Agency provisions

The provisions of Schedule 10 (*Security agency provisions*) shall bind each Party.

27.20 Deduction from amounts payable by the Agent or the Security Agent

If any Party owes an amount to the Agent or the Security Agent under the Finance Documents, the Agent or the Security Agent (as the case may be) may, after giving notice to that Party, deduct an amount not exceeding that amount from any payment to that Party which the Agent or the Security Agent (as the case may be) would otherwise be obliged to make under the Finance Documents and apply the amount deducted in or towards satisfaction of the amount owed. For the purposes of the Finance Documents, that Party shall be regarded as having received any amount so deducted.

28. CONDUCT OF BUSINESS BY THE FINANCE PARTIES

No provision of this Agreement will:

- (a) interfere with the right of any Finance Party to arrange its affairs (tax or otherwise) in whatever manner it thinks fit;
- (b) oblige any Finance Party to investigate or claim any credit, relief, remission or repayment available to it or the extent, order and manner of any claim; or
- (c) oblige any Finance Party to disclose any information relating to its affairs (tax or otherwise) or any computations in respect of Tax.

29. SHARING AMONG THE FINANCE PARTIES

29.1 Payments to Finance Parties

Subject to paragraph (b) below, if a Finance Party (a “**Recovering Finance Party**”) receives or recovers any amount from an Obligor other than in accordance with Clause 30 (*Payment mechanics*) (a “**Recovered Amount**”) and applies that amount to a payment due under the Finance Documents then:

- (a) the Recovering Finance Party shall, within three Business Days, notify details of the receipt or recovery to the Agent;

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- (b) the Agent shall determine whether the receipt or recovery is in excess of the amount the Recovering Finance Party would have been paid had the receipt or recovery been received or made by the Agent and distributed in accordance with Clause 30 (*Payment mechanics*), without taking account of any Tax which would be imposed on the Agent in relation to the receipt, recovery or distribution; and
- (c) the Recovering Finance Party shall, within three Business Days of demand by the Agent, pay to the Agent an amount (the “**Sharing Payment**”) equal to such receipt or recovery less any amount which the Agent determines may be retained by the Recovering Finance Party as its share of any payment to be made, in accordance with Clause 30.5 (*Partial payments*).
- (d) Paragraph (a) above shall not apply to any amount received or recovered by an Ancillary Lender in respect of any cash cover provided for the benefit of that Ancillary Lender.

29.2 **Redistribution of payments**

The Agent shall treat the Sharing Payment as if it had been paid by the relevant Obligor and distribute it between the Finance Parties (other than the Recovering Finance Party) (the “**Sharing Finance Parties**”) in accordance with Clause 30.5 (*Partial payments*) towards the obligations of that Obligor to the Sharing Finance Parties.

29.3 **Recovering Finance Party’s rights**

On a distribution by the Agent under Clause 29.2 (*Redistribution of payments*), of a payment received by a Recovering Finance Party from an Obligor, as between the relevant Obligor and the Recovering Finance Party, an amount of the Recovered Amount equal to the Sharing Payment will be treated as not having been paid by that Obligor.

29.4 **Reversal of redistribution**

If any part of the Sharing Payment received or recovered by a Recovering Finance Party becomes repayable and is repaid by that Recovering Finance Party, then:

- (a) each Sharing Finance Party shall, upon request of the Agent, pay to the Agent for the account of that Recovering Finance Party an amount equal to the appropriate part of its share of the Sharing Payment (together with an amount as is necessary to reimburse that Recovering Finance Party for its proportion of any interest on the Sharing Payment which that Recovering Finance Party is required to pay) (the “**Redistributed Amount**”); and
- (b) as between the relevant Obligor and each relevant Sharing Finance Party, an amount equal to the relevant Redistributed Amount will be treated as not having been paid by that Obligor.

29.5 **Exceptions**

- (a) This Clause 29 shall not apply to the extent that the Recovering Finance Party would not, after making any payment pursuant to this Clause 29, have a valid and enforceable claim against the relevant Obligor.

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- (b) A Recovering Finance Party is not obliged to share with any other Finance Party any amount which the Recovering Finance Party has received or recovered as a result of taking legal or arbitration proceedings, if:
 - (i) it notified that other Finance Party of the legal or arbitration proceedings; and
 - (ii) that other Finance Party had an opportunity to participate in those legal or arbitration proceedings but did not do so as soon as reasonably practicable having received notice and did not take separate legal or arbitration proceedings.
- (c) This Clause 29:
 - (i) shall not apply to any receipt or recovery by any Finance Party in its capacity as Ancillary Lender at any time prior the Acceleration Date nor to any receipt or recovery by an Ancillary Lender as a result of exercising its rights under any Ancillary Facility Documents, respectively, to combine accounts, set-off or net sums due and payable by and to it under those documents in its capacity as an Ancillary Lender, as the case may be, or as a result of exercising its rights under any charge over bank accounts granted to it under any such document (in each case, which the Ancillary Lender shall be entitled to do despite any charge over such bank accounts in favour of the Secured Parties); but
 - (ii) shall apply to all other receipts or recoveries by Ancillary Lenders which arise following the Acceleration Date otherwise than as a result of a payment made in accordance with Clause 29.6 (*Loss sharing*) or Clause 30.6 (*Partial payments*).

29.6 **Loss sharing**

The loss sharing provisions set out in paragraph 20.6 of Schedule 10 (*Security agency provisions*) shall apply.

29.7 **Parallel Debt**

- (a) Each Obligor hereby irrevocably and unconditionally undertakes to pay to the Security Agent amounts equal to any amounts owing from time to time by that Obligor to any Secured Party under any Finance Document as and when those amounts are due.
- (b) Each Obligor and the Security Agent acknowledge that the obligations of each Obligor under paragraph (a) above are several and are separate and independent from, and shall not in any way limit or affect, the corresponding obligations of that Obligor to any Secured Party under any Finance Document (its “**Corresponding Debt**”) nor shall the amounts for which each Obligor is liable under paragraph (a) above (its “**Parallel Debt**”) be limited or affected in any way by its Corresponding Debt provided that:
 - (i) the Parallel Debt of each Obligor shall be decreased to the extent that its Corresponding Debt has been irrevocably paid or (in the case of guarantee obligations) discharged; and
 - (ii) the Corresponding Debt of each Obligor shall be decreased to the extent that its Parallel Debt has been irrevocably paid or (in the case of guarantee obligations) discharged; and
 - (iii) the amount of the Parallel Debt of an Obligor shall at all times be equal to the amount of its Corresponding Debt.

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- (c) For the purpose of this Clause 29.7, the Security Agent acts in its own name and not as a trustee, and its claims in respect of the Parallel Debt shall not be held on trust. The Security granted under the Finance Documents to the Security Agent to secure the Parallel Debt is granted to the Security Agent in its capacity as creditor of the Parallel Debt and shall not be held on trust.
- (d) All moneys received or recovered by the Security Agent pursuant to this Clause 29.7, and all amounts received or recovered by the Security Agent from or by the enforcement of any Security granted to secure the Parallel Debt, shall be applied in accordance with this Agreement.
- (e) Without limiting or affecting the Security Agent’s rights against the Obligors (whether under this Clause 29.7 or under any other provision of the Finance Documents, each Obligor acknowledges that:
 - (i) nothing in this Clause 29.7 shall impose any obligation on the Security Agent to advance any sum to any Obligor or otherwise under any Finance Document, except in its capacity as a Lender; and
 - (ii) for the purpose of any vote taken under any Finance Document, the Security Agent shall not be regarded as having any participation or commitment other than those which it has in its capacity as a Lender, Hedging Bank or Long Term Hedging Bank.

29.8 Hedging

Each Secured Party shall observe the provisions of Schedule 16 (*Hedging*).

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SECTION 11

ADMINISTRATION

30. PAYMENT MECHANICS

30.1 Payments to the Agent

- (a) On each date on which an Obligor or a Lender is required to make a payment under a Finance Document, that Obligor (subject to Clause 30.11 (*Payments to the Security Agent*), or Lender shall make the same available to the Agent (unless a contrary indication appears in a Finance Document) for value on the due date at the time and in such funds specified by the Agent as being customary at the time for settlement of transactions in the relevant currency in the place of payment.
- (b) Payment shall be made to such account in the principal financial centre of the country of that currency (or, in relation to euro, in the principal financial centre in a Participating Member State or London) with such bank as the Agent specifies.

30.2 Distributions by the Agent

Each payment received by the Agent under the Finance Documents for another Party shall, subject to Clause 30.3 (*Distributions to an Obligor*), Clause 30.4 (*Clawback*) and Clause 30.11 (*Payments to the Security Agent*), be made available by the Agent as soon as practicable after receipt to the Party entitled to receive payment in accordance with this Agreement (in the case of a Lender, for the account of its Facility Office), to such account as that Party may notify to the Agent by not less than five Business Days’ notice with a bank in the principal financial centre of the country of that currency (or, in relation to euro, in the principal financial centre of a Participating Member State or London).

30.3 Distributions to an Obligor

The Agent and the Security Agent may (with the consent of the Obligor or in accordance with Clause 31 (*Set-off*)) apply any amount received by it for that Obligor in or towards payment (on the date and in the currency and funds of receipt) of any amount due from that Obligor under the Finance Documents or in or towards purchase of any amount of any currency to be so applied.

30.4 Clawback

- (a) Where a sum is to be paid to the Agent or the Security Agent under the Finance Documents for another Party, the Agent or, as the case may be, the Security Agent is not obliged to pay that sum to that other Party (or to enter into or perform any related exchange contract) until it has been able to establish to its satisfaction that it has actually received that sum.
- (b) If the Agent or the Security Agent pays an amount to another Party and it proves to be the case that it had not actually received that amount, then the Party to whom that amount (or the proceeds of any related exchange contract) was paid shall on demand refund the same to the Agent or, as the case may be, the Security Agent together with interest on that amount from the date of payment to the date of receipt by the Agent or, as the case may be, the Security Agent, calculated by it to reflect its cost of funds.

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30.5 Impaired Agent

- (a) If, at any time, the Agent becomes an Impaired Agent, an Obligor or a Lender which is required to make a payment under the Finance Documents to the Agent in accordance with Clause 30.1 (*Payments to the Agent*) may instead either pay that amount direct to the required recipient or pay that amount to an interest-bearing account held with an Acceptable Bank within the meaning of paragraph (a) of the definition of “**Acceptable Bank**” and in relation to which no Finance Party Insolvency Event has occurred and is continuing, in the name of the Obligor or the Lender making the payment and designated as a trust account for the benefit of the Party or Parties beneficially entitled to that payment under the Finance Documents. In each case such payments must be made on the due date for payment under the Finance Documents.
- (b) All interest accrued on the amount standing to the credit of the trust account shall be for the benefit of the beneficiaries of that trust account pro rata to their respective entitlements.
- (c) A Party which has made a payment in accordance with this Clause 30.5 shall be discharged of the relevant payment obligation under the Finance Documents and shall not take any credit risk with respect to the amounts standing to the credit of the trust account.
- (d) Promptly upon the appointment of a successor Agent in accordance with Clause 27.13 (*Replacement of the Agent*), each Party which has made a payment to a trust account in accordance with this Clause 30.5 shall give all requisite instructions to the bank with whom the trust account is held to transfer the amount (together with any accrued interest) to the successor Agent for distribution in accordance with Clause 30.2 (*Distributions by the Agent*).

30.6 Partial payments

- (a) If the Agent receives a payment that is insufficient to discharge all the amounts then due and payable by an Obligor under the Finance Documents, the Agent shall apply that payment towards the obligations of that Obligor under the Finance Documents in the following order:
 - (i) **first**, in or towards payment pro rata of any unpaid fees, costs and expenses of the Agent, the Security Agent or the Arranger under the Finance Documents;
 - (ii) **secondly**, in or towards payment pro rata of any accrued interest, fee or commission due but unpaid under this Agreement or any Ancillary Facility Document;
 - (iii) **thirdly**, in or towards payment pro rata of any principal due but unpaid under this Agreement or any Ancillary Facility Document; and
 - (iv) **fourthly**, in or towards payment pro rata of any other sum due but unpaid under the Finance Documents or any Ancillary Facility Document,

provided that the Agent shall not make any such payments to any Ancillary Lender prior to the Agent delivering a notice to the Company pursuant to paragraph (b) of Clause 24.14 (*Acceleration*) or any date on which the Facilities are cancelled under Clause 9.2 (*Change of control*).

- (b) The Agent shall, if so directed by the Majority Lenders, vary the order set out in paragraphs (a)(ii) to (iv) above.
- (c) Paragraphs (a) and (b) above will override any appropriation made by an Obligor.

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30.7 No set-off by Obligor

All payments to be made by an Obligor under the Finance Documents shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

30.8 Business Days

- (a) Any payment which is due to be made on a day that is not a Business Day shall be made on the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).
- (b) During any extension of the due date for payment of any principal or Unpaid Sum under this Agreement, interest is payable on the principal or Unpaid Sum at the rate payable on the original due date.

30.9 Currency of account

- (a) Subject to paragraphs (b) to (e) below, the Base Currency is the currency of account and payment for any sum due from an Obligor under any Finance Document.
- (b) A repayment of a Loan or Unpaid Sum or a part of a Loan or Unpaid Sum shall be made in the currency in which that Loan or Unpaid Sum is denominated on its due date.
- (c) Each payment of interest shall be made in the currency in which the sum in respect of which the interest is payable was denominated when that interest accrued.
- (d) Each payment in respect of costs, expenses or Taxes shall be made in the currency in which the costs, expenses or Taxes are incurred.
- (e) Any amount expressed to be payable in a currency other than the Base Currency shall be paid in that other currency.

30.10 Change of currency

- (a) Unless otherwise prohibited by law, if more than one currency or currency unit are at the same time recognised by the central bank of any country as the lawful currency of that country, then:
 - (i) any reference in the Finance Documents to, and any obligations arising under the Finance Documents in, the currency of that country shall be translated into, or paid in, the currency or currency unit of that country designated by the Agent (after consultation with the Company); and
 - (ii) any translation from one currency or currency unit to another shall be at the official rate of exchange recognised by the central bank for the conversion of that currency or currency unit into the other, rounded up or down by the Agent (acting reasonably).
- (b) If a change in any currency of a country occurs, this Agreement will, to the extent the Agent (acting reasonably and after consultation with the Company) specifies to be necessary, be amended to comply with any generally accepted conventions and market practice in the Relevant Interbank Market and otherwise to reflect the change in currency.

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30.11 **Payments to the Security Agent**

Notwithstanding any other provision of any Finance Document, at any time after any Security created by or pursuant to any Security Document becomes enforceable, the Security Agent may require:

- (a) any Obligor to pay all sums due under any Finance Document; or
 - (b) the Agent to pay all sums received or recovered from an Obligor under any Finance Document,
- in each case as the Security Agent may direct for application in accordance with the terms of the Security Documents.

30.12 **Disruption to payment systems etc.**

If either the Agent determines (in its discretion) that a Disruption Event has occurred or the Agent is notified by the Company that a Disruption Event has occurred:

- (a) the Agent may, and shall if requested to do so by the Company, consult with the Company with a view to agreeing with the Company such changes to the operation or administration of the Facilities as the Agent may deem necessary in the circumstances;
- (b) the Agent shall not be obliged to consult with the Company in relation to any changes mentioned in paragraph (a) if, in its opinion, it is not practicable to do so in the circumstances and, in any event, shall have no obligation to agree to such changes;
- (c) the Agent may consult with the Finance Parties in relation to any changes mentioned in paragraph (a) but shall not be obliged to do so if, in its opinion, it is not practicable to do so in the circumstances;
- (d) any such changes agreed upon by the Agent and the Company shall (whether or not it is finally determined that a Disruption Event has occurred) be binding upon the Parties as an amendment to (or, as the case may be, waiver of) the terms of the Finance Documents notwithstanding the provisions of Clause 36 (*Amendments and Waivers*);
- (e) the Agent shall not be liable for any damages, costs or losses whatsoever (including, without limitation, for negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the Agent) arising as a result of its taking, or failing to take, any actions pursuant to or in connection with this Clause 30.12; and
- (f) the Agent shall notify the Finance Parties of all changes agreed pursuant to paragraph (d) above.

31. **SET-OFF**

A Finance Party may set off any matured obligation due from an Obligor under the Finance Documents (to the extent beneficially owned by that Finance Party) against any matured obligation owed by that Finance Party to that Obligor, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the

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Finance Party may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

32. NOTICES

32.1 Communications in writing

Any communication to be made under or in connection with the Finance Documents shall be made in writing and, unless otherwise stated, may be made by fax or letter.

32.2 Addresses

The address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with the Finance Documents are:

- (a) in the case of the Company, those identified with its name below;
- (b) in the case of each Lender each Ancillary Lender or any other Original Obligor, that notified in writing to the Agent on or prior to the date on which it becomes a Party; and
- (c) in the case of the Agent and the Security Agent, those identified with its name below,

or any substitute address, fax number or department or officer as the Party may notify to the Agent (or the Agent may notify to the other Parties, if a change is made by the Agent) by not less than five Business Days' notice.

32.3 Delivery

- (a) Any communication or document made or delivered by one person to another under or in connection with the Finance Documents will only be effective:
 - (i) if by way of fax, when received in legible form; or
 - (ii) if by way of letter, when it has been left at the relevant address or five Business Days after being deposited in the post, postage prepaid, in an envelope addressed to it at that address,

and, if a particular department or officer is specified as part of its address details provided under Clause 32.2 (*Addresses*), if addressed to that department or officer.

- (b) Any communication or document to be made or delivered to the Agent or the Security Agent will be effective only when actually received by the Agent and then only if it is expressly marked for the attention of the department or officer identified with its signature below (or any substitute department or officer as it shall specify for this purpose).
- (c) All notices from or to an Obligor shall be sent through the Agent.
- (d) Any communication or document made or delivered to the Company in accordance with this Clause will be deemed to have been made or delivered to each of the Obligors.

32.4 Notification of address and fax number

Promptly upon receipt of notification of an address and fax number or change of address or fax number pursuant to Clause 32.2 (*Addresses*) or changing its own address or fax number, the Agent shall notify the other Parties.

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32.5 **Communication when Agent is Impaired Agent**

If the Agent is an Impaired Agent the Parties may, instead of communicating with each other through the Agent, communicate with each other directly and (while the Agent is an Impaired Agent) all the provisions of the Finance Documents which require communications to be made or notices to be given to or by the Agent shall be varied so that communications may be made and notices given to or by the relevant Parties directly. This provision shall not operate after a replacement Agent has been appointed.

32.6 **Electronic communication**

- (a) Any communication to be made between the Agent and a Lender under or in connection with the Finance Documents may be made by electronic mail or other electronic means, if the Agent and the relevant Lender:
 - (i) agree that, unless and until notified to the contrary, this is to be an accepted form of communication;
 - (ii) notify each other in writing of their electronic mail address and/or any other information required to enable the sending and receipt of information by that means; and
 - (iii) notify each other of any change to their address or any other such information supplied by them.
- (b) Any electronic communication made between the Agent and a Lender will be effective only when actually received in readable form and in the case of any electronic communication made by a Lender to the Agent only if it is addressed in such a manner as the Agent shall specify for this purpose.

32.7 **English language**

- (a) Any notice given under or in connection with any Finance Document must be in English.
- (b) All other documents provided under or in connection with any Finance Document must be:
 - (i) in English; or
 - (ii) if not in English, and if so required by the Agent, accompanied by a certified English translation and, in this case, the English translation will prevail unless the document is a constitutional, statutory or other official document.

33. **CALCULATIONS AND CERTIFICATES**

33.1 **Accounts**

In any litigation or arbitration proceedings arising out of or in connection with a Finance Document, the entries made in the accounts maintained by a Finance Party are *prima facie* evidence of the matters to which they relate.

33.2 **Certificates and Determinations**

Any certification or determination by a Finance Party of a rate or amount under any Finance Document is, in the absence of manifest error, conclusive evidence of the matters to which it relates.

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33.3 Day count convention

Any interest, commission or fee accruing under a Finance Document will accrue from day to day and is calculated on the basis of the actual number of days elapsed and a year of 360 days or, in any case where the practice in the Relevant Interbank Market differs, in accordance with that market practice.

34. PARTIAL INVALIDITY

If, at any time, any provision of the Finance Documents is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

35. REMEDIES AND WAIVERS

No failure to exercise, nor any delay in exercising, on the part of any Secured Party, any right or remedy under the Finance Documents shall operate as a waiver, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies provided by law.

36. AMENDMENTS AND WAIVERS

36.1 Required consents

- (a) Subject to Clause 36.2 (*Exceptions*), any term of the Finance Documents may be amended or waived only with the consent of the Majority Lenders and the Obligors and any such amendment or waiver will be binding on all Parties.
- (b) The Agent may effect, on behalf of any Finance Party, Hedging Bank or Long Term Hedging Bank, any amendment or waiver permitted by this Clause 36.

36.2 Exceptions

- (a) An amendment or waiver that has the effect of changing or which relates to:
 - (i) the definition of “Majority Lenders”, “Majority Facility A Lenders”, “Majority Facility B Lenders” and “Majority Facility C Lenders” in Clause 1.1 (*Definitions*);
 - (ii) an extension to the date of payment of any amount under the Finance Documents;
 - (iii) a reduction in the Margin or a reduction in the amount of any payment of principal, interest, fees or commission payable;
 - (iv) an increase in or an extension of any Commitment;
 - (v) a change to the Borrowers or Guarantors other than in accordance with Clause 26 (*Changes to the Obligors*);
 - (vi) any provision which expressly requires the consent of all the Lenders;
 - (vii) paragraph (a) of Clause 2.3 (*Finance Parties’ rights and obligations*), Clause 25 (*Changes to the Finance Parties*), Clause 29 (*Sharing among the Finance Parties*) or this Clause 36;

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- (viii) the nature or scope of the guarantee and indemnity granted under Clause 19 (*Guarantee and indemnity*); or
- (ix) the release of any Security created pursuant to any Security Document or of any Charged Assets (except as provided in any Security Document),

shall not be made without the prior consent of all the Lenders.

- (b) An amendment or waiver which relates to the rights or obligations of the Agent, the Security Agent the Arranger or any Ancillary Lender (each in their capacity as such) may not be effected without the consent of the Agent, the Security Agent or, as the case may be, the Arranger.
- (c) Except where the consent of all Lenders is required by any Finance Document, an amendment or waiver which relates solely to the rights or obligations of the Facility A Lenders shall not be effective without the consent of the Majority Facility A Lenders and shall not require the consent of any Facility B Lender or Facility C Lender.
- (d) Except where the consent of all Lenders is required by any Finance Document, an amendment or waiver which relates solely to the rights and obligations of the Facility B Lenders shall not be effective without the consent of the Majority Facility B Lenders and shall not require the consent of any Facility A Lender or Facility C Lender.
- (e) Except where the consent of all Lenders is required by any Finance Document, an amendment or waiver which relates solely to the rights and obligations of the Facility C Lenders shall not be effective without the consent of the Majority Facility C Lenders and shall not require the consent of any Facility A Lender or Facility B Lender.

36.3 **Disenfranchisement of Defaulting Lenders**

- (a) For so long as a Defaulting Lender has any Available Commitment, in ascertaining the Majority Lenders or whether any given percentage (including, for the avoidance of doubt, unanimity) of the Total Commitments or aggregated Facility B Commitments or Facility C Commitments has been obtained to approve any request for a consent, waiver, amendment or other vote under the Finance Documents, that Defaulting Lender’s Commitments will be reduced by the amount of its Available Commitments.
- (b) For the purposes of this Clause 36.3, the Agent may assume that the following Lenders are Defaulting Lenders:
 - (i) any Lender which has notified the Agent that it has become a Defaulting Lender;
 - (ii) any Lender in relation to which it is aware that any of the events or circumstances referred to in paragraphs (a), (b) or (c) of the definition of “**Defaulting Lender**” has occurred,

unless it has received notice to the contrary from the Lender concerned (together with any supporting evidence reasonably requested by the Agent) or the Agent is otherwise aware that the Lender has ceased to be a Defaulting Lender.

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36.4 Replacement of a Defaulting Lender

- (a) The Company may, at any time a Lender has become and continues to be a Defaulting Lender, by giving five Business Days’ prior written notice to the Agent and such Lender:
- (i) replace such Lender by requiring such Lender to (and such Lender shall) transfer pursuant to Clause 25 (*Changes to the Finance Parties*) all (and not part only) of its rights and obligations under this Agreement;
 - (ii) require such Lender to (and such Lender shall) transfer pursuant to Clause 25 (*Changes to the Finance Parties*) all (and not part only) of the undrawn Facility B Commitment and/or Facility C Commitment of the Lender; or
 - (iii) require such Lender to (and such Lender shall) transfer pursuant to Clause 25 (*Changes to the Finance Parties*) all (and not part only) of its rights and obligations in respect of Facility B or Facility C,
- to a Lender or other bank, financial institution, trust, fund or other entity (a “**Replacement Lender**”) selected by the Company, and which (unless the Agent is an Impaired Agent) is acceptable to the Agent (acting reasonably), which confirms its willingness to assume and does assume all the obligations or all the relevant obligations of the transferring Lender (including the assumption of the transferring Lender’s participations or unfunded participations (as the case may be) on the same basis as the transferring Lender) for a purchase price in cash payable at the time of transfer equal to the outstanding principal amount of such Lender’s participation in the outstanding Utilisations and all accrued interest and/or Letter of Credit fees, Break Costs and other amounts payable in relation thereto under the Finance Documents.
- (b) Any transfer of rights and obligations of a Defaulting Lender pursuant to this Clause 36 shall be subject to the following conditions:
- (i) the Company shall have no right to replace the Agent or Security Agent;
 - (ii) neither the Agent nor the Defaulting Lender shall have any obligation to the Company to find a Replacement Lender;
 - (iii) the transfer must take place no later than five days after the notice referred to in paragraph (a) above; and
 - (iv) in no event shall the Defaulting Lender be required to pay or surrender to the Replacement Lender any of the fees received by the Defaulting Lender pursuant to the Finance Documents.

37. CONFIDENTIALITY

37.1 Confidential Information

Each Finance Party agrees to keep all Confidential Information confidential and not to disclose it to anyone, save to the extent permitted by Clause 37.2 (*Disclosure of Confidential Information*) and Clause 37.3 (*Disclosure to numbering service providers*), and to ensure that all Confidential Information is protected with security measures and a degree of care that would apply to its own confidential information.

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37.2 Disclosure of Confidential Information

Any Finance Party may disclose:

- (a) to any of its Affiliates and Related Funds and any of its or their officers, directors, employees, professional advisers, auditors, partners and Representatives such Confidential Information as that Finance Party shall consider appropriate if any person to whom the Confidential Information is to be given pursuant to this paragraph (a) is informed in writing of its confidential nature and that some or all of such Confidential Information may be price-sensitive information except that there shall be no such requirement to so inform if the recipient is subject to professional obligations to maintain the confidentiality of the information or is otherwise bound by requirements of confidentiality in relation to the Confidential Information;
- (b) to any person:
 - (i) to (or through) whom it assigns or transfers (or may potentially assign or transfer) all or any of its rights and/or obligations under one or more Finance Documents and to any of that person’s Affiliates, Related Funds, Representatives and professional advisers;
 - (ii) with (or through) whom it enters into (or may potentially enter into), whether directly or indirectly, any sub-participation in relation to, or any other transaction under which payments are to be made or may be made by reference to, one or more Finance Documents and/or one or more Obligor and to any of that person’s Affiliates, Related Funds, Representatives and professional advisers;
 - (iii) appointed by any Finance Party or by a person to whom paragraph (b)(i) or (ii) above applies to receive communications, notices, information or documents delivered pursuant to the Finance Documents on its behalf (including, without limitation, any person appointed under paragraph (c) of Clause 27.15 (*Relationship with the Lenders*));
 - (iv) who invests in or otherwise finances (or may potentially invest in or otherwise finance), directly or indirectly, any transaction referred to in paragraph (b)(i) or (b)(ii) above;
 - (v) to whom information is required or requested to be disclosed by any court of competent jurisdiction or any governmental, banking, taxation or other regulatory authority or similar body, the rules of any relevant stock exchange or pursuant to any applicable law or regulation;
 - (vi) to whom or for whose benefit that Finance Party charges, assigns or, otherwise creates Security or may do so) pursuant to Clause 25.7 (*Security over Lenders’ rights*);
 - (vii) to whom information is required to be disclosed in connection with, and for the purposes of, any litigation, arbitration, administrative or other investigations, proceedings or disputes;

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- (viii) who is a Party; or
- (ix) with the consent of the Company,

in each case, such Confidential Information as that Finance Party shall consider appropriate if:

- (A) in relation to paragraphs (b)(i), (b)(ii) and (b)(iii) above, the person to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking except that there shall be no requirement for a Confidentiality Undertaking if the recipient is a professional adviser and is subject to professional obligations to maintain the confidentiality of the Confidential Information;
 - (B) in relation to paragraph (b)(iv) above, the person to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking or is otherwise bound by requirements of confidentiality in relation to the Confidential Information they receive and is informed that some or all of such Confidential Information may be price-sensitive information;
 - (C) in relation to paragraphs (b)(v), (b)(vi) and (b)(vii) above, the person to whom the Confidential Information is to be given is informed of its confidential nature and that some or all of such Confidential Information may be price-sensitive information except that there shall be no requirement to so inform if, in the opinion of that Finance Party, it is not practicable so to do in the circumstances;
- (c) to any person appointed by that Finance Party or by a person to whom paragraph (b)(i) or (b)(ii) above applies to provide administration or settlement services in respect of one or more of the Finance Documents including without limitation, in relation to the trading of participations in respect of the Finance Documents, such Confidential Information as may be required to be disclosed to enable such service provider to provide any of the services referred to in this paragraph (c) if the service provider to whom the Confidential Information is to be given has entered into a confidentiality agreement substantially in the form of the LMA Master Confidentiality Undertaking for Use With Administration/Settlement Service Providers or such other form of confidentiality undertaking agreed between the Company and the relevant Finance Party;
 - (d) to any rating agency (including its professional advisers) such Confidential Information as may be required to be disclosed to enable such rating agency to carry out its normal rating activities in relation to the Finance Documents and/or the Obligors if the rating agency to whom the Confidential Information is to be given is informed of its confidential nature and that some or all of such Confidential Information may be price-sensitive information.

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37.3 Disclosure to numbering service providers

- (a) Any Finance Party may disclose to any national or international numbering service provider appointed by that Finance Party to provide identification numbering services in respect of this Agreement, the Facilities and/or one or more Obligor the following information:
- (i) names of Obligors;
 - (ii) country of domicile of Obligors;
 - (iii) place of incorporation of Obligors;
 - (iv) date of this Agreement;
 - (v) the names of the Agent and the Arranger;
 - (vi) date of each amendment and restatement of this Agreement;
 - (vii) amount of Total Commitments;
 - (viii) currencies of the Facilities;
 - (ix) type of Facilities;
 - (x) ranking of Facilities;
 - (xi) Termination Date for Facilities;
 - (xii) changes to any of the information previously supplied pursuant to paragraphs (i) to (xi) above; and
 - (xiii) such other information agreed between such Finance Party and the Company,
- to enable such numbering service provider to provide its usual syndicated loan numbering identification services.
- (b) The Parties acknowledge and agree that each identification number assigned to this Agreement, the Facilities and/or one or more Obligors by a numbering service provider and the information associated with each such number may be disclosed to users of its services in accordance with the standard terms and conditions of that numbering service provider.
- (c) Each Obligor represents that none of the information set out in paragraphs (i) to (xiii) of paragraph (a) above is, nor will at any time be, unpublished price-sensitive information.
- (d) The Agent shall notify the Company and the other Finance Parties of:
- (i) the name of any numbering service provider appointed by the Agent in respect of this Agreement, the Facilities and/or one or more Obligors; and
 - (ii) the number or, as the case may be, numbers assigned to this Agreement, the Facilities and/or one or more Obligors by such numbering service provider.

37.4 Entire agreement

This Clause 37 (*Confidentiality*) constitutes the entire agreement between the Parties in relation to the obligations of the Finance Parties under the Finance Documents regarding Confidential

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Information and supersedes any previous agreement, whether express or implied, regarding Confidential Information.

37.5 Inside information

Each of the Finance Parties acknowledges that some or all of the Confidential Information is or may be price-sensitive information and that the use of such information may be regulated or prohibited by applicable legislation including securities law relating to insider dealing and market abuse and each of the Finance Parties undertakes not to use any Confidential Information for any unlawful purpose.

37.6 Notification of disclosure

Each of the Finance Parties agrees (to the extent permitted by law and regulation) to inform the Company:

- (a) of the circumstances of any disclosure of Confidential Information made pursuant to paragraph (b)(v) of Clause 37.2 (*Disclosure of Confidential Information*) except where such disclosure is made to any of the persons referred to in that paragraph during the ordinary course of its supervisory or regulatory function; and
- (b) upon becoming aware that Confidential Information has been disclosed in breach of this Clause 37 (*Confidentiality*).

37.7 Continuing obligations

The obligations in this Clause 37 (*Confidentiality*) are continuing and, in particular, shall survive and remain binding on each Finance Party for a period of twelve months from the earlier of:

- (a) the date on which all amounts payable by the Obligors under or in connection with this Agreement have been paid in full and all Commitments have been cancelled or otherwise cease to be available; and
- (b) the date on which such Finance Party otherwise ceases to be a Finance Party.

38. COUNTERPARTS

Each Finance Document may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of the Finance Document.

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SECTION 12

GOVERNING LAW AND ENFORCEMENT

39. GOVERNING LAW

This Agreement is and any non-contractual obligations arising out of or in connection with it are, governed by English law.

40. ENFORCEMENT

40.1 Jurisdiction

- (a) The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including a dispute relating to the existence, validity or termination of this Agreement or any non-contractual obligation arising out of or in connection with this Agreement) (a “**Dispute**”).
- (b) The Parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no Party will argue to the contrary.
- (c) This Clause 40.1 is for the benefit of the Finance Parties only. As a result, no Finance Party shall be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Finance Parties may take concurrent proceedings in any number of jurisdictions.

40.2 Service of process

Without prejudice to any other mode of service allowed under any relevant law, each Obligor (other than an Obligor incorporated in England and Wales):

- (a) irrevocably appoints WFW Legal Services Limited as its agent for service of process in relation to any proceedings before the English courts in connection with any Finance Document; and
- (b) agrees that failure by a process agent to notify the relevant Obligor of the process will not invalidate the proceedings concerned.

This Agreement has been entered into on the date stated at the beginning of this Agreement.

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SCHEDULE 1

THE ORIGINAL PARTIES

PART I

THE ORIGINAL OBLIGORS

Name of Original Borrower	Jurisdiction of incorporation	Registration number (or equivalent, if any)
<i>Facility A Borrower</i>		
Marine Harvest ASA	Norway	964118 191
<i>Facility B Borrower</i>		
Marine Harvest ASA	Norway	964118 191
<i>Facility C Borrower</i>		
Marine Harvest ASA	Norway	964118 191
Name of Original Guarantor	Jurisdiction of incorporation	Registration number (or equivalent, if any)
Marine Harvest ASA	Norway	964118 191

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PART II

THE ORIGINAL LENDERS

Name of Original Lender	Facility A Commitment (€)	Facility B Commitment (€)	Facility C Commitment (USD)
DNB Bank ASA	59,475,000	109,525,000	34,320,000
Nordea Bank Norge ASA	59,475,000	109,525,000	34,320,000
Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A	38,124,999	70,208,334	22,000,000
ABN AMRO Bank N.V. (formerly Fortis Bank (Nederland) N.V.)	25,924,999	47,741,667	14,960,000

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PART III

FIRST PHASE ACCESSION COMPANIES

Company Name	Country of Incorporation
1. Marine Harvest Holding AS	Norway
2. Marine Harvest Norway AS	Norway
3. Sterling White Halibut AS	Norway
4. Marine Harvest Minority Holding AS	Norway
5. Marine Harvest (Scotland) Ltd	Scotland
6. Marine Harvest Canada Inc.	Canada
7. Marine Harvest North America Inc.	Canada
8. Marine Harvest International BV	Netherlands
9. Marine Harvest NV	Netherlands
10. Marine Harvest Holland BV	Netherlands
11. Marine Harvest Pieters NV	Belgium

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SCHEDULE 2

CONDITIONS PRECEDENT

PART I

CONDITIONS PRECEDENT TO SIGNING

1. **The Company**

- (a) A copy of the constitutional documents of the Company (including its articles of association (*vedtekter*) and company certificate (*firmaattest*).
- (b) A copy of a resolution of the board of directors of the Company:
 - (i) approving the terms of, and the transactions contemplated by, the Finance Documents to which it is a party and resolving that it execute the Finance Documents to which it is a party;
 - (ii) authorising a specified person or persons to execute the Finance Documents to which it is a party on its behalf; and
 - (iii) authorising a specified person or persons, on its behalf, to sign and/or dispatch all documents and notices (including, if relevant, any Utilisation Request and Selection Notice) to be signed and/or dispatched by it under or in connection with the Finance Documents to which it is a party.
- (c) A specimen of the signature of each person authorised by the resolution referred to in paragraph (b) above.
- (d) A certificate of the Company (signed by a director) confirming that borrowing or guaranteeing, as appropriate, the Total Commitments would not cause any borrowing, guaranteeing or similar limit binding on it to be exceeded.
- (e) A certificate of an authorised signatory of the relevant Original Obligor certifying that each copy document relating to it specified in this Part I of Schedule 2 is correct, complete and in full force and effect as at a date no earlier than the date of this Agreement.

2. **Financial information**

Certified copies of:

- (a) the latest consolidated audited financial statements of the Group for the financial year ended 31 December 2009;
- (b) a copy of the Financial Projections; and
- (c) any other financial information as requested by the Agent.

3. **Group structure chart**

- (a) A copy of the Group structure chart.
- (b) A list of Material Subsidiaries as at the date of this Agreement.

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4. **Finance Documents**

Duly executed copies of:

- (a) this Agreement; and
- (b) each Fee Letter.

5. **Other documents and evidence**

- (a) Evidence that the process agent referred to in Clause 40.2 (*Service of process*) has accepted its appointment.
- (b) Confirmation from the Company that relevant regulatory and governmental consents have been obtained and are effective as at the date of this Agreement where such consents are required.
- (c) Evidence satisfactory to the Agent that each Lender has carried out and is satisfied it has complied with all necessary “know your customer” or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents.
- (d) A copy of a letter or an email from DNB Bank ASA as agent for the Company’s existing bank syndicate consenting to, or waiving any breach as a result of, the entering into of the Finance Documents.
- (e) Any other authorisations or other document opinion or assurance required by the Agent.

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PART II

CONDITIONS PRECEDENT TO FIRST UTILISATION

1. The Obligors

- (a) A copy of a resolution of the holders of the issued shares in the Company (and of its board of supervisory directors (if any)) approving its execution and the terms of, and the transactions contemplated by, the Finance Documents.
- (b) The accession documents listed in Part III (*Conditions Precedent to be delivered by an Additional Obligor*) of this Schedule 2 (*Conditions Precedent*) for each Company listed in Part III (*First Phase Accession Companies*) of Schedule 1 (*The Original Parties*).

2. Security

- (a) Duly executed, registered and/or filed Security Documents creating first ranking security in favour of the Secured Parties over all material present and future assets and undertakings of the Company and the Companies listed in Part III (*First Phase Accession Companies*) of Schedule 1 (*The Original Parties*), including:
 - (i) shares;
 - (ii) bank accounts, but only if secured by a floating charge given by any Obligor in the jurisdiction in which the account is held and, if required, allowing first ranking security over such account to an Ancillary Lender as part of a cash pooling arrangement;
 - (iii) live fish stock;
 - (iv) accounts receivable;
 - (v) inventory;
 - (vi) aquacultural licences;
 - (vii) insurance policies;
 - (viii) agricultural chattels relating to biomass;
 - (ix) inter-company receivables in respect of Financial Support, as defined in Clause 23.6 (*Loans and guarantees*),

in each case to the extent listed in Part IV of this Schedule 2 as required to be effective on the date of first Utilisation under this Agreement, together with, in each case, all other documentation required to perfect such Security as advised to the Security Agent by its legal advisers in each relevant jurisdiction.

- (b) Written confirmation from the Lenders under the Existing Facility Agreement that all Security in relation to the Existing Facility Agreement is released.

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3. **Legal opinions**

- (i) A legal opinion of Linklaters, legal advisers to the Arranger, the Agent and the Security Agent in England and the Netherlands, substantially in the form distributed to the Original Lenders prior to signing this Agreement.
- (ii) A legal opinion of Thommessen Krefting Greve Lund AS, legal advisers to the Arranger, the Agent and the Security Agent in Norway, substantially in the form distributed to the Original Lenders prior to signing this Agreement.
- (iii) A legal opinion of counsel to the Arranger, the Agent and the Security Agent in the relevant jurisdiction, in connection with any security referred to above governed by the law of such jurisdiction.

4. **Financial information**

- (a) The interim financial statements in respect of the Accounting Quarter ending on 31 March 2010.
- (b) A certificate from the Company setting out the Gearing Ratio as at the date of the Agreement based on the quarterly statements for 31 March 2010.

5. **Other documents and evidence**

- (a) Evidence that all Financial Indebtedness of the Group other than the Permitted Existing Financial Indebtedness which is permitted to remain has been prepaid and/or cancelled in full.
- (b) Written confirmation from the Agent under the Existing Facility Agreement that all amounts outstanding under the Existing Facility Agreement will be repaid and cancelled.
- (c) Evidence that the fees, costs and expenses then due from the Company pursuant to Clause 13 (*Fees*) and Clause 18 (*Costs and expenses*) have been paid or will be paid by the first Utilisation Date.
- (d) Written confirmation from the company confirming that, after the accession of the Companies set out in Part III (*First Phase Accession Companies*) of Schedule 1 (*The Original Parties*), the aggregate of the unconsolidated total assets (excluding any intragroup items of the Guarantors (without double counting) and excluding any interests in subsidiaries of any member of the Group) exceeds [***] per cent of the consolidated total assets of the Group, and the aggregate of the unconsolidated turnover of the Guarantors (without double counting and excluding any dividends or other distributions from Subsidiaries of any member of the Group) exceeds [***] per cent. of the consolidated turnover of the Group.
- (e) Any other authorisations or other document opinion or assurance required by the Agent.

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PART III

CONDITIONS PRECEDENT REQUIRED TO BE

DELIVERED BY AN ADDITIONAL OBLIGOR

1. An Accession Deed, duly executed by the Additional Obligor and the Company.
2. A copy of the constitutional documents of the Additional Obligor (including, in relation to a Dutch Obligor, a recent extract from the Dutch trade register (*handelsregister*) relating to it).
3. A copy of a resolution of the board of directors of the Additional Obligor:
 - (a) approving the terms of, and the transactions contemplated by, the Accession Deed and the Finance Documents and resolving that it execute the Accession Deed;
 - (b) authorising a specified person or persons to execute the Accession Deed on its behalf; and
 - (c) authorising a specified person or persons, on its behalf, to sign and/or dispatch all other documents and notices (including, in relation to an Additional Borrower, any Utilisation Request or Selection Notice) to be signed and/or dispatched by it under or in connection with the Finance Documents.
4. A specimen of the signature of each person authorised by the resolution referred to in paragraph 3 above.
5. If the Additional Guarantor is incorporated in England and Wales or the Netherlands or if so required by the Agent, a copy of a resolution signed by all the holders of the issued shares of the Additional Guarantor, approving the terms of, and the transactions contemplated by, the Finance Documents to which the Additional Guarantor is a party and in the case of an Obligor incorporated in the Netherlands, addressing conflicts of interest.
6. A certificate of the Additional Obligor (signed by an authorised officer) confirming that borrowing or guaranteeing, as appropriate, the Total Commitments would not cause any borrowing, guaranteeing or similar limit binding on it to be exceeded.
7. A certificate of an authorised signatory of the Additional Obligor certifying that each copy document listed in this Part II of Schedule 2 is correct, complete and in full force and effect as at a date no earlier than the date of the Accession Deed.
8. A copy of any other Authorisation or other document, opinion or assurance which the Agent considers to be necessary or desirable in connection with the entry into and performance of the transactions contemplated by the Accession Deed or for the validity and enforceability of any Finance Document.
9. If available, the latest audited financial statements of the Additional Obligor.
10. A legal opinion of Linklaters, legal advisers to the Arranger and the Agent in England and Wales.

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11. In respect of an Additional Obligor incorporated in Norway, a legal opinion of Thommessen Krefting Greve Lund AS, legal advisers to the Arranger and the Agent in Norway.
12. If the Additional Obligor is incorporated in a jurisdiction other than England and Wales, a legal opinion of the legal advisers to the Arranger and the Agent in the jurisdiction in which the Additional Obligor is incorporated.
13. In the case of a Dutch Obligor, a concurring advice of any works council or union which has advisory rights in respect of the transactions contemplated in the Security Documents.
14. Except in respect of Additional Obligors acceding in accordance with paragraph (b), (c) or (d) of Clause 23.14 (*Security and guarantees*) in respect of which the security documents set out in Part II (*Conditions Precedent to First Utilisation*) or Part IV (*Security Schedule*) (as the case may be) of this Schedule 2 are required to be provided, in the case of each Additional Obligor, confirmation from the Security Agent that it has first ranking security in favour of the Secured Parties over all material present and future assets and undertakings of such Additional Obligor (reasonably required by the Agent), including:
 - (a) shares held by such Obligor in its Subsidiaries;
 - (b) bank accounts, but only if secured by a floating charge given by any Obligor in the jurisdiction in which the account is held and, if required, allowing first ranking security over such account to an Ancillary Lender as part of a cash pooling arrangement;
 - (c) live fish stock;
 - (d) accounts receivable;
 - (e) inventory;
 - (f) aquacultural licences;
 - (g) insurance policies;
 - (h) agricultural chattels relating to biomass;
 - (i) inter-company receivables in respect of Financial Support, as defined in Clause 23.6 (*Loans and guarantees*),together with, in each case, all other documentation required to perfect those Security Documents as advised to the Security Agent by its legal advisers in each relevant jurisdiction.
15. In respect of a Chilean Guarantor, a stand alone guarantee agreement in the form of a *fianza y codeuda solidaria* executed by public deed in Chile in accordance with Chilean law.
16. If the Additional Obligor is incorporated in England and Wales, Scotland or Northern Ireland evidence that the Additional Obligor had done all that is necessary, (including without limitation by re-registering as a private company) to comply with sections 677-683 of the Companies Act 2006 in order to enable that Additional Obligor or to enter into the Finance Documents and perform its obligations under the Finance Documents.
17. If the Additional Obligor is incorporated in a jurisdiction other than England and Wales, Scotland or Northern Ireland such documentary evidence as legal counsel to the Agent may require, that

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such Additional Obligor has complied with any law in its jurisdiction relating to financial assistance or analogous process.

18. Evidence satisfactory to the Agent that each Lender has carried out and is satisfied it has complied with all necessary “know your customer” or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents.
19. A copy of any other Authorisation or other document, opinion or assurance which the Agent considers to be necessary or desirable (if it has notified the Company accordingly) in connection with the entry into and performance of the transactions contemplated by any Finance Document or for the validity and enforceability of any Finance Document.
20. If the proposed Additional Obligor is incorporated in a jurisdiction other than England and Wales, evidence that the process agent specified in Clause 40.2 (*Service of process*), if not an Obligor, has accepted its appointment in relation to the proposed Additional Obligor.

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PART IV
SECURITY SCHEDULE

No.	Pledgor/Assignor	Security Asset	Governing law
SHARE PLEDGES			
1.	Marine Harvest ASA	The shares in Marine Harvest Holding AS	Norwegian law
2.	Marine Harvest ASA	The shares in Marine Harvest Kritsen S.A.	French law
3.	Marine Harvest ASA	The shares in Marine Harvest N.V.	Dutch law
4.	Marine Harvest Holding AS	The shares in Marine Harvest USA Holding, LLC	Maine law, U.S.A.
5.	Marine Harvest Holding AS (99.96%) and Marine Harvest Minority Holding AS (0.04%)	The shares in Fjord Seafood Chile S.A.	Chilean law
6.	Marine Harvest Holding AS	The shares in Salmoamerica Corp.	Panamanian law
7.	Marine Harvest Holding AS	The shares in Marine Harvest Norway AS	Norwegian law
8.	Marine Harvest Norway AS	The shares in each of Imsland Smolt AS and Sterling White Halibut AS	Norwegian law
9.	Marine Harvest N.V.	The shares in Marine Harvest International B.V.	Dutch law
10.	Marine Harvest International B.V. and Marine Harvest Minority Holding AS (owns 1 share)	The shares in Marine Harvest Pieters N.V.	Belgian law
11.	Marine Harvest International B.V.	The shares in Marine Harvest North America Inc.	B.C. law, Canada
12.	Marine Harvest International B.V.	The shares in Marine Harvest Minority Holding AS	Norwegian law
13.	Marine Harvest International B.V.	The shares in Marine Harvest Holland B.V.	Dutch law
14.	Marine Harvest International B.V.	The shares in Marine Harvest (Scotland) Ltd.	Scots law
15.	Marine Harvest International B.V.	The shares in Comhlucht Iascaireachta Fanad Teoranta (trading as Marine Harvest Ireland)	Irish law
16.	Marine Harvest Holland B.V. (68.0359%), Marine Harvest Minority Holding AS (31.9412%) and Marine Harvest Canada Inc. (0.0228%)	The shares in Marine Harvest Chile S.A.	Chilean law
17.	Comhlucht Iascaireachta Fanad Teoranta	The shares in each of the following companies: - Fanad Pettigoe Teoranta - Bradan Proiseal Teoranta - Bradan Fanad Teoranta - Bradan (Maoil Rua) Teoranta	Irish law

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No.	Pledgor/Assignor	Security Asset	Governing law
		- Feirm Fanaige Oilean Chliara - Teoranta (Clare Island Ltd.) (92.03%)	
18.	Comhlucht Iascaireachta Fanad Teoranta	The shares in Silver King Seafoods Ltd	Irish law
19.	Marine Harvest USA Holding, LLC	The shares in Marine Harvest USA, LLC	
20.	Marine Harvest North America Inc.	The shares in Marine Harvest Canada Inc.	B.C. law, Canada
21.	Salmoamerica Corp.	The shares in Panamerica Int. Holding S.A., and Aquamerica Int. Holding	Panamanian law
22.	Fjord Seafood Chile S.A. (99.999%) and Marine Harvest Holding AS (0.001%)	The shares in Salmones Tecmar S.A.	Chilean law
23.	Fjord Seafood Chile S.A. (99.38%) and Cultivadora de Salmones Linao S.A. (0.62%)	The shares in Salmones Lican S.A.	Chilean law
24.	Aquamerica Int. Holding S.A. (50.00%) and Panamerica Int. Holding S.A. (50.00%)	The shares in Salmones Americanos S.A..	Chilean law
25.	Fjord Seafood Chile S.A. (99%) and Cultivadora de Salmones Linao S.A. (1%)	The shares in Procesadora de Productos Marinos Delifish S.A.	Chilean law
26.	Salmones Americanos Ltda. (99.7%) and Panamerica Int. Holding S.A. (0.3%)	The shares in Cultivadora de Salmones Linao S.A.	Chilean law
27.	Marine Harvest Chile S.A. (99.91%) and Marine Harvest Canada Inc. (0.09%)	The shares in Ocean Horizons Chile S.A.	Chilean law
LICENSES			
28.	Marine Harvest Norway AS	Licenses (No: <i>akvakulturtillatelse</i>)	Norwegian law
29.	Imsland Smolt AS	Licenses (No: <i>akvakulturtillatelse</i>)	Norwegian law
30.	Sterling White Halibut AS	Licenses (No: <i>akvakulturtillatelse</i>)	Norwegian law
31.	Salmones Tecmar S.A.	Licenses	Chilean law
32.	Cultivadora de Salmones Linao S.A.	Licenses	Chilean law
33.	Marine Harvest Chile S.A.	Licenses	Chilean law
34.	Ocean Horizons Chile S.A.	Licences	Chilean law

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No.	Pledgor/Assignor	Security Asset	Governing law
AGRICULTURAL INCL. BIOMASS			
35.	Marine Harvest Norway AS	Operating assets (No: <i>pant i landbruksløsøre</i>)	Norwegian law
STOCK — INVENTORY (NORWAY ONLY)			
36.	Marine Harvest Norway AS	Stock in trade (No: <i>varelager</i>)	Norwegian law
RECEIVABLES AND INTERCOMPANY LOANS(2)			
37.	Marine Harvest ASA	Trade receivables (No: <i>kundefordringer</i>)	Norwegian law
38.	Marine Harvest ASA	All intercompany loans granted by it to Marine Harvest Norway AS, Marine Harvest Holding AS, Marine Harvest Japan Inc., Marine Harvest Kritsen SA, Marine Harvest Poland Sp.z.o.o, Marine Harvest Chile S.A., Marine Harvest International B.V.	Norwegian law
39.	Marine Harvest Holding AS	Trade receivables (No: <i>kundefordringer</i>)	Norwegian law
40.	Marine Harvest Holding AS	All intercompany loans to Marine Harvest ASA	Norwegian law
41.	Marine Harvest Norway AS	Trade receivables (No: <i>kundefordringer</i>)	Norwegian law
42.	Marine Harvest Minority Holding AS	All intercompany loans granted by it to Marine Harvest ASA	Norwegian law
43.	Marine Harvest Norway AS	All intercompany loans granted by it to Marine Harvest ASA	Norwegian law
44.	Marine Harvest Labrus AS	All intercompany loans granted by it to Marine Harvest ASA	Norwegian law
45.	Marine Harvest Pieters NV	Receivables, including insurances, bank accounts and intra-group claims	Belgian law
46.	Marine Harvest VAP Europe	All intercompany loans granted by it to Marine Harvest ASA	
47.	Marine Harvest Canada Inc.	All intercompany loans granted by it to Marine Harvest ASA	B.C. law, Canada

(2) To be reviewed every six (6) months.

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No.	Pledgor/Assignor	Security Asset	Governing law
FLOATING CHARGES/ ASSIGNMENT OF INSURANCES			
48.	Marine Harvest ASA	Insurances	Norwegian law
49.	Marine Harvest Holding AS	Insurances	Norwegian law
50.	Marine Harvest Norway AS	Insurances	Dutch law / Norwegian law
51.	Comhlucht Iascaireachta Fanad Teoranta	Insurances	Irish law
52.	Marine Harvest Pieters N.V.	Business Pledge	Belgian law
53.	Marine Harvest (Scotland) Ltd.	Bond and floating charge of all assets. Assignment of insurances	Scots law
54.	Marine Harvest USA Holding, LLC	Security agreement covering all assets	Maine law, U.S.A.
55.	Marine Harvest USA, LLC	Security agreement covering all assets	Florida law, U.S.A.
56.	Marine Harvest North America Inc.	General security agreement covering all assets (including insurances)	B.C. law, Canada
57.	Marine Harvest Canada Inc.	General security agreement covering all assets (including insurances)	B.C. law, Canada
58.	Cultivadora de Salmones Linao S.A.	Floating charge of all assets (biomass)	Chilean law
59.	Salmones Tecmar S.A.	Floating charge of all assets (biomass)	Chilean law
60.	Marine Harvest Chile S.A.	Floating charge of all assets (biomass)	Chilean law
61.	Ocean Horizons Chile S.A.	Floating charge of all assets (biomass)	Chilean law

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SCHEDULE 3
REQUESTS AND NOTICES
PART I
UTILISATION REQUEST

From: [Name of relevant Borrower]

To: DNB Bank ASA

Dated:

Dear Sirs

Marine Harvest ASA - €775,000,000 Facility Agreement
dated [] (the “Agreement”)

1. We refer to the Agreement. This is a Utilisation Request. Terms defined in the Agreement have the same meaning in this Utilisation Request unless given a different meaning in this Utilisation Request.
2. We wish to borrow a Loan on the following terms:

Proposed Utilisation Date:	[]	or, if that is not a Business Day, the next Business Day)
Facility to be utilised:	[Facility A]/[Facility B]/[Facility C]*	
Currency of Loan:	[]	
Amount:	[]	or, if less, the Available Facility
Interest Period:	[]	
3. We confirm that each condition specified in Clause 4.2 (*Further conditions precedent*) is satisfied on the date of this Utilisation Request.
4. The proceeds of this Loan should be credited to [account].
5. This Utilisation Request is irrevocable.

Yours faithfully

authorised signatory for
[name of relevant Borrower]

* Delete as appropriate

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PART II

SELECTION NOTICE

APPLICABLE TO A FACILITY A LOAN

From: [Name of relevant Borrower]

To: DNB Bank ASA

Dated:

Dear Sirs

**Marine Harvest ASA - €775,000,000 Facility Agreement
dated [] (the “Agreement”)**

1. We refer to the Agreement. This is a Selection Notice. Terms defined in the Agreement have the same meaning in this Selection Notice unless given a different meaning in this Selection Notice.
2. We refer to the following Facility A Loan in *[identify currency]* with an Interest Period ending on [].*
3. We request that the above Facility A Loan be divided into [] Facility A Loans with the following Base Currency Amounts and Interest Periods:**

or
We request that the next Interest Period for the above Facility A Loan[s] is [].***
4. We request that the above Facility A Loan[s] [is][are] [denominated in the same currency for the next Interest Period]/[denominated in the following currencies: []]. As this results in a change of currency, we confirm that each condition specified in Clause 4.2 (*Further conditions precedent*) is satisfied on the date of this Selection Notice. The proceeds of any change in currency should be credited to *[account]*.
5. This Selection Notice is irrevocable.

Yours faithfully

authorised signatory for
the Company on behalf of
[Name of relevant Borrower]

* Insert details of all Facility A Loans in the same currency which have an Interest Period ending on the same date.

** Use this option if division of Loans is requested.

*** Use this option if sub-division is not required.

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PART III

ANCILLARY FACILITY REQUEST

From: [Company]

To: [Agent]

Dated:

Dear Sirs

**Marine Harvest ASA - €775,000,000 Facility Agreement
dated [] (the “Agreement”)**

1. We refer to the Agreement. This is an Ancillary Facility Request. Terms defined in the Agreement have the same meaning in this Ancillary Facility Request unless given a different meaning in this Ancillary Facility Request.
2. We wish to establish an Ancillary Facility on the following terms:

Facility:	[Facility A/Facility B]
Proposed Borrower:	[]
Proposed Ancillary Lender:	[]
Type or types of facility:	[]
Commencement Date:	[]
Expiry date:	[]
Ancillary Commitment amount:	[]
Currency/ies available:	[]
[Other details required by the Agent:]	[]
3. We confirm that each condition specified in paragraphs (a) and (b) of Clause 7.4 (*Grant of Ancillary Facility*) is satisfied on the date of this Ancillary Facility Request.
4. This Ancillary Facility Request is irrevocable.

Yours faithfully

authorised signatory for
[name of Company]

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SCHEDULE 4

MANDATORY COST FORMULAE

1. The Mandatory Cost is an addition to the interest rate to compensate Lenders for the cost of compliance with (a) the requirements of the Bank of England and/or the Financial Services Authority (or, in either case, any other authority which replaces all or any of its functions) or (b) the requirements of the European Central Bank.
2. On the first day of each Interest Period (or as soon as possible thereafter) the Agent shall calculate, as a percentage rate, a rate (the “**Additional Cost Rate**”) for each Lender, in accordance with the paragraphs set out below. The Mandatory Cost will be calculated by the Agent as a weighted average of the Lenders’ Additional Cost Rates (weighted in proportion to the percentage participation of each Lender in the relevant Loan) and will be expressed as a percentage rate per annum. The Agent shall notify the Company of such calculations.
3. The Additional Cost Rate for any Lender lending from a Facility Office in a Participating Member State will be the percentage notified by that Lender to the Agent. This percentage will be certified by that Lender in its notice to the Agent to be its reasonable determination of the cost (expressed as a percentage of that Lender’s participation in all Loans made from that Facility Office) of complying with the minimum reserve requirements of the European Central Bank in respect of loans made from that Facility Office.
4. The Additional Cost Rate for any Lender lending from a Facility Office in the United Kingdom will be calculated by the Agent as follows:

- (a) in relation to a sterling Loan:

$$\frac{AB + C(B - D) + E \times 0.01}{100 - (A + C)} \text{ per cent. per annum}$$

- (b) in relation to a Loan in any currency other than sterling:

$$\frac{E \times 0.01}{300} \text{ per cent. per annum.}$$

Where:

- A is the percentage of Eligible Liabilities (assuming these to be in excess of any stated minimum) which that Lender is from time to time required to maintain as an interest free cash ratio deposit with the Bank of England to comply with cash ratio requirements.
- B is the percentage rate of interest (excluding the Margin and the Mandatory Cost and, if the Loan is an Unpaid Sum, the additional rate of interest specified in paragraph (a) of Clause 10.3 (*Default interest*)) payable for the relevant Interest Period on the Loan.
- C is the percentage (if any) of Eligible Liabilities which that Lender is required from time to time to maintain as interest bearing Special Deposits with the Bank of England.

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D is the percentage rate per annum payable by the Bank of England to the Agent on interest bearing Special Deposits.

E is designed to compensate Lenders for amounts payable under the Fees Rules and is calculated by the Agent as being the average of the most recent rates of charge supplied by the Reference Banks to the Agent pursuant to paragraph 7 below and expressed in pounds per £1,000,000.

5. For the purposes of this Schedule:

- (a) “**Eligible Liabilities**” and “**Special Deposits**” have the meanings given to them from time to time under or pursuant to the Bank of England Act 1998 or (as may be appropriate) by the Bank of England;
- (b) “**Fees Rules**” means the rules on periodic fees contained in the FSA Supervision Manual or such other law or regulation as may be in force from time to time in respect of the payment of fees for the acceptance of deposits;
- (c) “**Fee Tariffs**” means the fee tariffs specified in the Fees Rules under the activity group A.1 Deposit acceptors (ignoring any minimum fee or zero rated fee required pursuant to the Fees Rules but taking into account any applicable discount rate); and
- (d) “**Tariff Base**” has the meaning given to it in, and will be calculated in accordance with, the Fees Rules.

6. In application of the above formulae, A, B, C and D will be included in the formulae as percentages (i.e. 5 per cent. will be included in the formula as 5 and not as 0.05). A negative result obtained by subtracting D from B shall be taken as zero. The resulting figures shall be rounded to four decimal places.

7. If requested by the Agent, each Reference Bank shall, as soon as practicable after publication by the Financial Services Authority, supply to the Agent, the rate of charge payable by that Reference Bank to the Financial Services Authority pursuant to the Fees Rules in respect of the relevant financial year of the Financial Services Authority (calculated for this purpose by that Reference Bank as being the average of the Fee Tariffs applicable to that Reference Bank for that financial year) and expressed in pounds per £1,000,000 of the Tariff Base of that Reference Bank.

8. Each Lender shall supply any information required by the Agent for the purpose of calculating its Additional Cost Rate. In particular, but without limitation, each Lender shall supply the following information on or prior to the date on which it becomes a Lender:

- (a) the jurisdiction of its Facility Office; and
- (b) any other information that the Agent may reasonably require for such purpose.

Each Lender shall promptly notify the Agent of any change to the information provided by it pursuant to this paragraph.

9. The percentages of each Lender for the purpose of A and C above and the rates of charge of each Reference Bank for the purpose of E above shall be determined by the Agent based upon

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the information supplied to it pursuant to paragraphs 7 and 8 above and on the assumption that, unless a Lender notifies the Agent to the contrary, each Lender’s obligations in relation to cash ratio deposits and Special Deposits are the same as those of a typical bank from its jurisdiction of incorporation with a Facility Office in the same jurisdiction as its Facility Office.

10. The Agent shall have no liability to any person if such determination results in an Additional Cost Rate which over or under compensates any Lender and shall be entitled to assume that the information provided by any Lender or Reference Bank pursuant to paragraphs 43, 7 and 8 above is true and correct in all respects.
11. The Agent shall distribute the additional amounts received as a result of the Mandatory Cost to the Lenders on the basis of the Additional Cost Rate for each Lender based on the information provided by each Lender and each Reference Bank pursuant to paragraphs 3, 7 and 8 above.
12. Any determination by the Agent pursuant to this Schedule in relation to a formula, the Mandatory Cost, an Additional Cost Rate or any amount payable to a Lender shall, in the absence of manifest error, be conclusive and binding on all Parties.
13. The Agent may from time to time, after consultation with the Company and the Lenders, determine and notify to all Parties any amendments which are required to be made to this Schedule in order to comply with any change in law, regulation or any requirements from time to time imposed by the Bank of England, the Financial Services Authority or the European Central Bank (or, in any case, any other authority which replaces all or any of its functions) and any such determination shall, in the absence of manifest error, be conclusive and binding on all Parties.

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SCHEDULE 5

FORM OF TRANSFER CERTIFICATE

To: DNB Bank ASA as Agent

From: [] (the “Existing Lender”) and [] (the “New Lender”)

Dated:

**Marine Harvest ASA - €775,000,000 Facility Agreement
dated [] (the “Agreement”)**

1. We refer to the Agreement. This agreement shall take effect as a Transfer Certificate for the purpose of the Agreement. Terms defined in the Agreement have the same meaning in this Transfer Certificate unless given a different meaning in this Transfer Certificate.
2. We refer to Clause 25.5 (*Procedure for transfer*):
 - (a) The Existing Lender and the New Lender agree to the Existing Lender transferring to the New Lender by novation all or part of the Existing Lender’s Commitment, rights and obligations referred to in the Schedule in accordance with Clause 25.5 (*Procedure for transfer*).
 - (b) The proposed Transfer Date is [].
 - (c) The Facility Office and address, fax number and attention details for notices of the New Lender for the purposes of Clause 32.2 (*Addresses*) are set out in the Schedule.
 - (d) The New Lender is a Professional Market Party.
3. The New Lender expressly acknowledges the limitations on the Existing Lender’s obligations set out in paragraph (c) of Clause 25.4 (*Limitation of responsibility of Existing Lenders*).
4. The New Lender confirms, for the benefit of the Agent and without liability to any Obligor, that it is a Treaty Lender.
5. This Transfer Certificate may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Transfer Certificate.
6. This Transfer Certificate is, and any non-contractual obligations arising out of or in connection with it are, governed by English law.
7. This Transfer Certificate has been entered into on the date stated at the beginning of this Transfer Certificate.

Note: The execution of this Transfer Certificate may not transfer a proportionate share of the Existing Lender’s interest in the Transaction Security in all jurisdictions. It is the responsibility of the New Lender to ascertain whether any other documents or other formalities are required to perfect a transfer of such a share in the Existing Lender’s Transaction Security in any jurisdiction and, if so, to arrange for execution of those documents and completion of those formalities.

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THE SCHEDULE

Commitment/rights and obligations to be transferred

[insert relevant details]

[Facility Office address, fax number and attention details for notices and account details for payments.]

[Existing Lender]

[New Lender]

By:

By:

This Agreement is accepted as a Transfer Certificate for the purposes of the Agreement by the Agent and the Transfer Date is confirmed as [].

DNB Bank ASA

By:

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SCHEDULE 6

FORM OF ACCORDION INCREASE CERTIFICATE

To: DNB Bank ASA

From: [] (the “**Accordion Lender**”) and Marine Harvest ASA (the “**Company**”)

Marine Harvest ASA - €775,000,000 Facility Agreement
dated [] (the “**Agreement**”)

1. We refer to the Agreement. This is a Accordion Increase Certificate. Terms defined in the Agreement have the same meaning in this Accordion Increase Certificate unless given a different meaning in this Accordion Increase Certificate.
2. [Accordion Lender] confirms that it is bound by the terms of the Agreement as a Lender in accordance with Clause 25.10 (*Lender Increase*) of the Agreement.
3. [Accordion Lender]’s Facility B Commitment is increased to € [].
4. This Accordion Increase Certificate and any non-contractual obligations arising out of or in connection with it are governed by English law.
5. This Accordion Increase Certificate is a Finance Document.

[Accordion Lender]

By:

[The Company]

By:

This Agreement is accepted as a Accordion Increase Certificate for the purposes of the Agreement by the Agent.

[Agent]

By.

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SCHEDULE 7

FORM OF ACCORDION LENDER ACCESSION AGREEMENT

To: DNB Bank ASA as Agent

Dated:

Marine Harvest ASA - €775,000,000 Facility Agreement
dated [] (the “Agreement”)

This Accordion Lender Accession Agreement is made on [] by [] (the “**Acceding Lender**”).

1. We refer to the Agreement. This is an Accordion Lender Accession Agreement. Terms defined in the Agreement have the same meaning in this Accordion Lender Accession Agreement unless given a different meaning in this Accordion Lender Accession Agreement.
2. The Acceding Lender hereby agrees with each other person who is or who becomes a party to or bound by the provisions of the Agreement that with effect on and from the date on which this Agreement has been countersigned by the Agent it will become a party to the Agreement as a “Lender” and will accordingly become a “Finance Party” for the purposes of the Agreement.
3. The Facility Office and other notice details of the Acceding Lender for the purposes of the Agreement are as follows:
Address:
Attention:
Tel.:
Fax.:
E-mail:
4. The Commitment of the Acceding Lender for the purposes of the Agreement is €[].
5. This Accordion Lender Accession Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.
6. This Accordion Lender Accession Agreement is a Finance Document.

For and on behalf of

[*Acceding Lender*]

DNB Bank ASA

By:

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SCHEDULE 8

FORM OF ASSIGNMENT AGREEMENT

To: [] as Agent and [] as Company, for and on behalf of each Obligor

From: [the Existing Lender] (the “Existing Lender”) and [the New Lender] (the “New Lender”)

Dated:

[Company] - [] Facility Agreement dated [] (the “Agreement”)

1. We refer to the Agreement. This is an Assignment Agreement. This Assignment Agreement shall take effect as an Assignment Agreement for the purpose of the Agreement. Terms defined in the Agreement have the same meaning in this Assignment Agreement unless given a different meaning in this Assignment Agreement.
2. We refer to Clause 25.6 (*Procedure for assignment*) of the Agreement:
 - (a) The Existing Lender assigns absolutely to the New Lender all the rights of the Existing Lender under the Agreement and the other Finance Documents which relate to that portion of the Existing Lender’s Commitments and participations in Loans under the Agreement as specified in the Schedule.
 - (b) The Existing Lender is released from all the obligations of the Existing Lender which correspond to that portion of the Existing Lender’s Commitments and participations in Loans under the Agreement specified in the Schedule.
 - (c) The New Lender becomes a Party as a Lender and is bound by obligations equivalent to those from which the Existing Lender is released under paragraph (b) above.
3. The proposed Transfer Date is [].
4. On the Transfer Date the New Lender becomes Party to the relevant Finance Documents as a Lender.
5. The Facility Office and address, fax Number and attention details for notices of the New Lender for the purposes of Clause 32.2 (*Addresses*) are set out in the Schedule.
6. The New Lender expressly acknowledges the limitations on the Existing Lender’s obligations set out in paragraph (c) of Clause 25.4 (*Limitation of responsibility of Existing Lenders*).
7. The New Lender confirms, for the benefit of the Agent and without liability to any Obligor, that it is a Treaty Lender.
8. This Assignment Agreement acts as notice to the Agent (on behalf of each Finance Party) and, upon delivery in accordance with Clause 25.9 (*Copy of Transfer Certificate or Assignment Agreement to Company*), to the Company (on behalf of each Obligor) of the assignment referred to in this Assignment Agreement.
9. This Assignment Agreement may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Assignment Agreement.

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by asterisks (“[***]”), and the omitted text has been filed separately with the Securities and Exchange Commission.

10. This Assignment Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.
11. This Assignment Agreement has been entered into on the date stated at the beginning of this Assignment Agreement.

Note: The execution of this Assignment Agreement may not transfer a proportionate share of the Existing Lender’s interest in the Transaction Security in all jurisdictions. It is the responsibility of the New Lender to ascertain whether any other documents or other formalities are required to perfect a transfer of such a share in the Existing Lender’s Transaction Security in any jurisdiction and, if so, to arrange for execution of those documents and completion of those formalities.

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THE SCHEDULE

Rights to be assigned and obligations to be released and undertaken

[insert relevant details]

[Facility office address, fax number and attention details for notices and account details for payments]

[Existing Lender]

By:

[New Lender]

By:

This Assignment Agreement is accepted as an Assignment Agreement for the purposes of the Agreement by the Agent and the Transfer Date is confirmed as [].

Signature of this Assignment Agreement by the Agent constitutes confirmation by the Agent of receipt of notice of the assignment referred to herein, which notice the Agent receives on behalf of each Finance Party.

[Agent]

By:

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OR

[EXECUTED AS A DEED

By: [*Subsidiary*]

_____ Signature of Director

_____ Name of Director

in the presence of

_____ Signature of witness

_____ Name of witness

_____ Address of witness

_____ Occupation of witness]

Marine Harvest ASA

By:

DNB Bank ASA

By:

Date:

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by asterisks (“[***]”), and the omitted text has been filed separately with the Securities and Exchange Commission.

SCHEDULE 10

SECURITY AGENCY PROVISIONS

1. Definitions

In this Schedule 7:

“**Security Property**” means all right, title and interest in, to and under any Security Document, including:

- (a) the Charged Assets;
- (b) the benefit of the undertakings in any Security Document; and
- (c) all sums received or recovered by the Security Agent pursuant to any Security Document and any assets representing the same.

A reference to a “paragraph” shall be to a paragraph of this Schedule 7.

2. Declaration of trust

- (a) The Security Agent and each other Finance Party agree that the Security Agent shall hold the Security Property in trust for the benefit of the Secured Parties on the terms of the Finance Documents.
- (b) Subject to paragraph (c) below, paragraph (a) above shall not apply to any Security Document which is expressed to be or is construed to be governed by any law other than English or Scottish law or any other law which recognises the legal concept of a “trust”.
- (c) Paragraph (b) above shall not affect or limit paragraph (d) of Clause 29.7 (*Parallel Debt*) nor the applicability of the provisions of this Schedule with respect to any Security Document which is expressed to be or is construed to be governed by any law other than English or Scottish law or any other law which recognises the concept of a “trust”.

3. Defects in Security

The Security Agent shall not be liable for any failure or omission to perfect, or defect in perfecting, the Security created pursuant to any Security Document, including:

- (a) failure to obtain any Authorisation for the execution, validity, enforceability or admissibility in evidence of any Security Document; or
- (b) failure to effect or procure registration of or otherwise protect or perfect any of the Security created by the Security Documents under any laws in any territory.

4. No enquiry

The Security Agent may accept without enquiry, requisition, objection or investigation such title as any Obligor may have to any Charged Assets.

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by asterisks (“[***]”), and the omitted text has been filed separately with the Securities and Exchange Commission.

5. **Retention of documents**

The Security Agent may hold title deeds and other documents relating to any of the Charged Assets in such manner as it sees fit (including allowing any Obligor to retain them).

6. **Indemnity out of Security Property**

The Security Agent and every receiver, delegate, attorney, agent or other similar person appointed under any Security Document may indemnify itself out of the Security Property against any cost, loss or liability incurred by it in that capacity (otherwise than by reason of its own gross negligence or wilful misconduct).

7. **Basis of distribution**

To enable it to make any distribution, the Security Agent may fix a date as at which the amount of the Debt is to be calculated and may require, and rely on, a certificate from any Party giving details of:

- (a) any sums due or owing to any Party as at that date; and
- (b) such other matters as it thinks fit.

8. **Rights of Security Agent**

The Security Agent shall have all the rights, privileges and immunities which gratuitous trustees have or may have in England, even though it is entitled to remuneration.

9. **No duty to collect payments**

The Security Agent shall not have any duty:

- (a) to ensure that any payment or other financial benefit in respect of any of the Charged Assets is duly and punctually paid, received or collected; or
- (b) to ensure the taking up of any (or any offer of any) stocks, shares, rights, moneys or other property accruing or offered at any time by way of interest, dividend, redemption, bonus, rights, preference, option, warrant or otherwise in respect of any of the Charged Assets.

10. **Appropriation**

- (a) Each Party irrevocably waives any right to appropriate any payment to, or other sum received, recovered or held by, the Security Agent in or towards payment of any particular part of the Debt and agrees that the Security Agent shall have the exclusive right to do so.
- (b) Paragraph (a) above will override any application made or purported to be made by any other person.

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by asterisks (“[***]”), and the omitted text has been filed separately with the Securities and Exchange Commission.

11. **Investments**

All money received or held by the Security Agent under the Finance Documents may, in the name of, or under the control of, the Security Agent:

- (a) be invested in any investment it may select; or
- (b) be deposited at such bank or institution (including itself, any other Finance Party or any Affiliate of any Finance Party) as it thinks fit.

12. **Suspense account**

Subject to paragraph 14 below, the Security Agent may:

- (a) hold in an interest bearing suspense account any money received by it from any Obligor; and
- (b) invest an amount equal to the balance from time to time standing to the credit of that suspense account in any of the investments authorised by paragraph 12 above.

13. **Timing of distributions**

Distributions by the Security Agent shall be made as and when determined by it.

14. **Delegation**

- (a) The Security Agent may:
 - (i) employ and pay an agent selected by it to transact or conduct any business and to do all acts required to be done by it (including the receipt and payment of money) and the holding of Security on its behalf if required in accordance with market practice in any relevant jurisdiction;
 - (ii) delegate to any person on any terms (including power to sub-delegate) all or any of its functions; and
 - (iii) with the prior consent of the Majority Lenders, appoint, on such terms as it may determine, or remove, any person to act either as separate or joint security agent with those rights and obligations vested in the Security Agent by this Agreement or any Security Document.
- (b) The Security Agent will not be:
 - (i) responsible to anyone for any misconduct or omission by any agent, delegate or security agent appointed by it pursuant to paragraph (a) above; or
 - (ii) bound to supervise the proceedings or acts of any such agent, delegate or security agent,provided that it exercises reasonable care in selecting that agent, delegate or security agent.

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15. **Unwinding**

Any appropriation or distribution which later transpires to have been or is agreed by the Security Agent to have been invalid or which has to be refunded shall be refunded and shall be deemed never to have been made.

16. **Lenders**

The Security Agent shall be entitled to assume that each Lender is a Lender unless notified by the Agent to the contrary.

17. **Disapplication**

Section 1 of the Trustee Act 2000 shall not apply to the duties and powers of the Security Agent in relation to the trusts constituted by any Finance Document save to the extent required by law. Where there are inconsistencies between the Trustee Act 1925 and the Trustee Act 2000 and the express provisions of any such Finance Document, the provisions of such Finance Document shall, to the extent allowed by law, prevail and, in the case of any such inconsistency with the Trustee Act 2000, the provisions of such Finance Document shall constitute a restriction or exclusion for the purposes of that Act.

18. **Enforcement of Security**

18.1 **Enforcement instructions**

- (a) Until the Discharge Date, the Security Agent shall:
- (i) exercise any right, power, authority or discretion vested in it as Security Agent in accordance with any instructions given to it by the Majority Lenders (or, if so instructed by the Majority Lenders, refrain from exercising any right, power, authority or discretion vested in it as Security Agent); and
 - (ii) not be liable for any act (or omission) if it acts (or refrains from taking any action) in accordance with an instruction of the Majority Lenders.
- (b) Any instructions given in accordance with paragraph (a) above will be binding on all the Secured Parties.
- (c) The Security Agent may refrain from acting in accordance with any instructions given in accordance with paragraph (a) above until it has received such security as it may require for any cost, loss or liability (together with any associated VAT) which it may incur in complying with the instructions.
- (d) In the absence of instructions given in accordance with paragraph (a) above, the Security Agent may act (or refrain from taking action) as it considers to be in the best interest of the Finance Parties.

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- (e) The Security Agent is not authorised to act on behalf of a Secured Party (without first obtaining that Party’s consent) in any legal or arbitration proceedings relating to any Senior Finance Document or any Hedging Document or Long Term Hedging Document.

18.2 Exemption

No Finance Party shall be responsible to any other Party under this Agreement for any instructions given or not given to the Security Agent in relation to the Security Documents.

18.3 Release of Security on enforcement

If, pursuant to or for the purpose of any Enforcement Action taken or to be taken by the Security Agent in accordance with this Agreement, the Security Agent requires any release of any guarantee or Security granted by any member of the Group, each Party shall promptly enter into any release and/or other document and take any action which the Security Agent may reasonably require.

18.4 Authority of Security Agent

- (a) In connection with any Enforcement Action:
 - (i) the Security Agent (or any receiver) sells or otherwise disposes of (or proposes to sell or otherwise dispose of) any asset under any Security Document; or
 - (ii) a member of the Group sells or otherwise disposes of (or proposes to sell or otherwise dispose of) any asset at the request of the Security Agent or the Majority Lenders,

the Security Agent may, and is hereby irrevocably authorised on behalf of each Party to:

- (A) release the Security created pursuant to the Security Documents over the relevant asset; and
- (B) if the relevant asset comprises all of the shares in the capital of a member of the Group, release that member of the Group and any subsidiary of it from all its past, present and future liabilities and/or obligations (both actual and contingent) as a borrower or guarantor of the whole or any part of the Debt (including any liability to any other member of the Group by way of guarantee or contribution) and release any Security granted by that member of the Group or any subsidiary of it over any asset under any Security Document.

The net cash proceeds of sale or disposal shall be applied in or towards payment of Debt in accordance with paragraph 19.1 (*Order of application*).

- (b) Each Party shall promptly enter into any release and/or other document and take any action which the Security Agent may reasonably require to give effect to paragraph (a) above.
- (c) No such release under paragraph (a) above will affect the obligations and/or liabilities of any other member of the Group to the Secured Parties.

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19. Application of Recoveries

19.1 Order of application

Subject to the rights of creditors mandatorily preferred by law applying to companies generally, the proceeds of enforcement of the Security conferred by the Security Documents, all recoveries by the Security Agent under guarantees of the Debt and all other amounts paid to the Security Agent pursuant to this Agreement shall be applied in the following order:

- (a) **first**, in or towards payment of any unpaid fees, costs, expenses and liabilities (including any interest thereon as provided in the Security Documents) incurred by or on behalf of the Security Agent (or any adviser, receiver, delegate, attorney or agent) and the remuneration of the Security Agent (or any adviser, receiver, delegate, attorney or agent) in connection with carrying out its duties or exercising powers or discretions under the Security Documents or this Agreement;
- (b) **second**, in or towards payment to the Agent for application towards any unpaid costs and expenses incurred by or on behalf of any Secured Party in connection with such enforcement, recovery or other payment *pari passu* between themselves;
- (c) **third**, in or towards payment to the Agent for application towards the balance of the Senior Debt (in accordance with the terms of the Senior Finance Documents) and the Hedging Debt (on a pro rata basis between the Hedging Debt of each Hedging Bank) *pari passu* between themselves;
- (d) **fourth**, after the Discharge Date, in or towards payment to the Agent for application towards the balance of the Long Term Hedging Debt (for which only amounts received or recovered by the Security Agent pursuant to the terms of the Long Term Hedging Security Documents may be applied) on a pro rata basis between the Long Term Hedging Debt of each Long Term Hedging Bank; and
- (e) **fifth**, in payment of the surplus (if any) to the relevant Obligor or other person entitled thereto.

19.2 Good discharge

An acknowledgement of receipt signed by the relevant person to whom payments are to be made under this paragraph 19 shall be a good discharge of the Security Agent.

20. Sharing among the Secured Parties

20.1 Payments to Secured Parties

- (a) If a Finance Party, a Hedging Bank or a Long Term Hedging Bank (a “**Recovering Creditor**”) makes a Senior Recovery a Hedging Recovery or a Long Term Hedging Recovery, as relevant (the “**Recovery**”) in respect of any amounts owed by any Obligor other than in accordance with paragraph 19.1 (*Order of application*) and applies that amount to a payment due under the Finance Documents to which it is a party then:

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- (i) the Recovering Creditor shall, within three Business Days, notify details of the Recovery to the Security Agent;
- (ii) the Security Agent shall determine whether the Recovery is in excess of the amount the Recovering Creditor would have been paid had the Recovery been made by the Security Agent and distributed in accordance with paragraph 19.1 (*Order of application*), without taking account of any Tax which would be imposed on the Security Agent or the Senior Agent in relation to the Recovery; and
- (iii) the Recovering Creditor shall, within three Business Days of demand by the Security Agent, pay to the Security Agent an amount (the “**Sharing Payment**”) equal to such Recovery less any amount which the Security Agent determines may be retained by the Recovering Creditor as its share of any payment to be made in accordance with paragraph 19.1 (*Order of application*).

20.2 **Redistribution of payments**

The Security Agent shall treat the Sharing Payment as if it had been paid by the relevant Obligor and distribute it between the Secured Parties (other than the Recovering Creditor) in accordance with paragraph 19.1 (*Order of application*).

20.3 **Recovering Creditor’s rights**

- (a) On a distribution by the Security Agent under paragraph 29.2 (*Redistribution of payments*), the Recovering Creditor will be subrogated to the rights of the Secured Parties which have shared in the redistribution.
- (b) If and to the extent that the Recovering Creditor is not able to rely on its rights under paragraph (a) above, the relevant Obligor shall be liable to the Recovering Creditor for a debt equal to the Sharing Payment which is immediately due and payable.

20.4 **Reversal of redistribution**

If any part of the Sharing Payment received or recovered by a Recovering Creditor becomes repayable and is repaid by that Recovering Creditor, then:

- (a) each Secured Party which has received a share of the relevant Sharing Payment pursuant to paragraph 29.2 (*Redistribution of payments*) shall, upon request of the Security Agent, pay to the Security Agent for account of that Recovering Creditor an amount equal to the appropriate part of its share of the Sharing Payment (together with an amount as is necessary to reimburse that Recovering Creditor for its proportion of any interest on the Sharing Payment which that Recovering Creditor is required to pay); and
- (b) that Recovering Creditor’s rights of subrogation in respect of any reimbursement shall be cancelled and the relevant Obligor will be liable to the reimbursing Secured Party for the amount so reimbursed.

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20.5 **Exceptions**

- (a) This paragraph 20 shall not apply to the extent that the Recovering Creditor would not, after making any payment pursuant to this paragraph 20, have a valid and enforceable claim against the relevant Obligor.
- (b) A Recovering Creditor is not obliged to share with any other Secured Party any amount which the Recovering Creditor has received or recovered as a result of taking legal or arbitration proceedings, if:
 - (i) it notified that other Secured Party of the legal or arbitration proceedings; and
 - (ii) that other Secured Party had an opportunity to participate in those legal or arbitration proceedings but did not do so as soon as reasonably practicable having received notice and did not take separate legal or arbitration proceedings.

20.6 **Loss sharing**

If, at any time after the Acceleration Date, for any reason:

- (i) any of the Senior Debt or Hedging Debt will not be repaid and/or discharged; and
- (ii) any resulting loss is not shared between the Lenders (including the Ancillary Lenders), and the Hedging Banks pro rata to the amount which their respective exposures, whether drawn or undrawn, bore to their total exposure, whether drawn or undrawn, as at the Acceleration Date,

the Lenders and the Hedging Banks shall make such payments between themselves as the Security Agent shall require to ensure that, after taking into account such payments, any such loss is shared between the Lenders and the Hedging Banks pro rata to the amount which their respective exposures, whether drawn or undrawn, bore to their total exposure, whether drawn or undrawn, as at the Acceleration Date.

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SCHEDULE 11

FORM OF COMPLIANCE CERTIFICATE

To: DNB Bank ASA as Agent

From: Marine Harvest ASA

Dated:

Dear Sirs

Marine Harvest ASA - €775,000,000 Facility Agreement dated [•] (the “Agreement”)

We refer to the Agreement. This is a Compliance Certificate. Terms defined in the Agreement have the same meaning in this Compliance Certificate unless given a different meaning in this Compliance Certificate.

1. We confirm that:
 - (i) the Gearing Ratio for the Relevant Period ended on [] (the “**Test Date**”) was []:1;
and
 - (ii) the Equity Ratio on the Test Date was [] per cent.
2. We confirm that the following companies constitute Material Subsidiaries for the purpose of the Agreement:
[]
3. [We confirm that the aggregate of the unconsolidated total assets (excluding any intragroup items of the Guarantors (without double counting and excluding any interests in Subsidiaries of any member of the Group) exceeds [***]% of the consolidated total assets of the Group)
4. We confirm that the aggregate of the unconsolidated turnover of the Guarantors (without double counting and excluding any dividends or other distributions from Subsidiaries of any Member of the Group) exceeds [***]% of the consolidated revenues of the Group.
5. [We confirm that no Default is continuing.]*

Signed: _____ [Signed: _____]

[Chief Financial Officer / Director] of

Director of

* If this statement cannot be made, the certificate should identify any Default that is continuing and the steps, if any, being taken to remedy it.

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Marine Harvest ASA

Marine Harvest ASA]

**insert applicable certification language*

for and on behalf of

name of auditors of Marine Harvest ASA

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SCHEDULE 12

FORM OF CONFIDENTIALITY UNDERTAKING

To: *[Insert name of potential purchaser]*

Re: **The Agreement**

Company:

Date:

Amount:

Agent:

Dear Sirs

We understand that you are considering acquiring an interest in the Agreement which, subject to the Agreement, may be by way of novation, assignment, the entering into, whether directly or indirectly, of a sub-participation or any other transaction under which payments are to be made or may be made by reference to one or more Finance Documents and/or one or more Obligors or by way of investing in or otherwise financing, directly or indirectly, any such novation, assignment, sub-participation or other transaction (the “**Acquisition**”). In consideration of us agreeing to make available to you certain information, by your signature of a copy of this letter you agree as follows:

1. **CONFIDENTIALITY UNDERTAKING**

You undertake (a) to keep all Confidential Information confidential and not to disclose it to anyone, save to the extent permitted by paragraph 2 below and to ensure that all Confidential Information is protected with security measures and a degree of care that would apply to your own confidential information, and (b) until the Acquisition is completed to use the Confidential Information only for the Permitted Purpose.

2. **PERMITTED DISCLOSURE**

We agree that you may disclose:

2.1 to any of your Affiliates and any of your or their officers, directors, employees, professional advisers and auditors such Confidential Information as you shall consider appropriate if any person to whom the Confidential Information is to be given pursuant to this paragraph 2.1 is informed in writing of its confidential nature and that some or all of such Confidential Information may be price-sensitive information, except that there shall be no such requirement to so inform if the recipient is subject to professional obligations to maintain the confidentiality of the information or is otherwise bound by requirements of confidentiality in relation to the Confidential Information;

2.2 subject to the requirements of the Agreement, to any person:

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by asterisks (“[***]”), and the omitted text has been filed separately with the Securities and Exchange Commission.

- (a) to (or through) whom you assign or transfer (or may potentially assign or transfer) all or any of your rights and/or obligations which you may acquire under the Agreement such Confidential Information as you shall consider appropriate if the person to whom the Confidential Information is to be given pursuant to this sub-paragraph (a) of paragraph 2.2 has delivered a letter to you in equivalent form to this letter;
- (b) with (or through) whom you enter into (or may potentially enter into) any sub-participation in relation to, or any other transaction under which payments are to be made or may be made by reference to the Agreement or any Obligor such Confidential Information as you shall consider appropriate if the person to whom the Confidential Information is to be given pursuant to this sub-paragraph (b) of paragraph 2.2 has delivered a letter to you in equivalent form to this letter;
- (c) to whom information is required or requested to be disclosed by any governmental, banking, taxation or other regulatory authority or similar body, the rules of any relevant stock exchange or pursuant to any applicable law or regulation such Confidential Information as you shall consider appropriate; and

2.3 notwithstanding paragraphs 2.1 and 2.2. above, Confidential Information to such persons to whom, and on the same terms as, a Finance Party is permitted to disclose Confidential Information under the Agreement, as if such permissions were set out in full in this letter and as if references in those permissions to Finance Party were references to you.

3. NOTIFICATION OF DISCLOSURE

You agree (to the extent permitted by law and regulation) to inform us:

- 3.1 of the circumstances of any disclosure of Confidential Information made pursuant to sub-paragraph (c) of paragraph 2.2 above except where such disclosure is made to any of the persons referred to in that paragraph during the ordinary course of its supervisory or regulatory function; and
- 3.2 upon becoming aware that Confidential Information has been disclosed in breach of this letter.

4. RETURN OF COPIES

If you do not enter into the Acquisition and we so request in writing, you shall return all Confidential Information supplied to you by us and destroy or permanently erase (to the extent technically practicable) all copies of Confidential Information made by you and use your reasonable endeavours to ensure that anyone to whom you have supplied any Confidential Information destroys or permanently erases (to the extent technically practicable) such Confidential Information and any copies made by them, in each case save to the extent that you or the recipients are required to retain any such Confidential Information by any applicable law, rule or regulation or by any competent judicial, governmental, supervisory or regulatory body or in accordance with internal policy, or where the Confidential Information has been disclosed under sub-paragraph (c) of paragraph 2.2 above.

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by asterisks (“[***]”), and the omitted text has been filed separately with the Securities and Exchange Commission.

5. CONTINUING OBLIGATIONS

The obligations in this letter are continuing and, in particular, shall survive and remain binding on you until (a) if you acquire an interest in the Agreement by way of novation, the date on which you acquire such an interest; (b) if you enter into the Acquisition other than by way of novation, the date falling [twelve] months after termination of that Acquisition; or (c) in any other case [twelve] months after the date of this letter.

6. NO REPRESENTATION; CONSEQUENCES OF BREACH, ETC

You acknowledge and agree that:

6.1 neither we, nor any member of the Group nor any of our or their respective officers, employees or advisers (each a “**Relevant Person**”) (i) make any representation or warranty, express or implied, as to, or assume any responsibility for, the accuracy, reliability or completeness of any of the Confidential Information or any other information supplied by us or the assumptions on which it is based or (ii) shall be under any obligation to update or correct any inaccuracy in the Confidential Information or any other information supplied by us or be otherwise liable to you or any other person in respect of the Confidential Information or any such information; and

6.2 we or members of the Group may be irreparably harmed by the breach of the terms of this letter and damages may not be an adequate remedy; each Relevant Person may be granted an injunction or specific performance for any threatened or actual breach of the provisions of this letter by you.

7. ENTIRE AGREEMENT: NO WAIVER; AMENDMENTS, ETC

7.1 This letter constitutes the entire agreement between us in relation to your obligations regarding Confidential Information and supersedes any previous agreement, whether express or implied, regarding Confidential Information.

7.2 No failure or delay in exercising any right or remedy under this letter will operate as a waiver thereof nor will any single or partial exercise of any right or remedy preclude any further exercise thereof or the exercise of any other right or remedy under this letter.

7.3 The terms of this letter and your obligations under this letter may only be amended or modified by written agreement between us.

8. INSIDE INFORMATION

You acknowledge that some or all of the Confidential Information is or may be price-sensitive information and that the use of such information may be regulated or prohibited by applicable legislation including securities law relating to insider dealing and market abuse and you undertake not to use any Confidential Information for any unlawful purpose.

9. NATURE OF UNDERTAKINGS

The undertakings given by you under this letter are given to us and are also given for the benefit of the Company and each other member of the Group.

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10. THIRD PARTY RIGHTS

- 10.1 Subject to this paragraph 10 and to paragraphs 6 and 9, a person who is not a party to this letter has no right under the Contracts (Rights of Third Parties) Act 1999 (the “**Third Parties Act**”) to enforce or to enjoy the benefit of any term of this letter.
- 10.2 The Relevant Persons may enjoy the benefit of the terms of paragraphs 6 and 9 subject to and in accordance with this paragraph 10 and the provisions of the Third Parties Act.
- 10.3 Notwithstanding any provisions of this letter, the parties to this letter do not require the consent of any Relevant Person to rescind or vary this letter at any time.

11. GOVERNING LAW AND JURISDICTION

- 11.1 This letter (including the agreement constituted by your acknowledgement of its terms) (the “**Letter**”) and any non-contractual obligations arising out of or in connection with it (including any non-contractual obligations arising out of the negotiation of the transaction contemplated by this Letter) are governed by English law.
- 11.2 The courts of England have non-exclusive jurisdiction to settle any dispute arising out of or in connection with this Letter (including a dispute relating to any non-contractual obligation arising out of or in connection with either this Letter or the negotiation of the transaction contemplated by this Letter).

12. DEFINITIONS

In this letter (including the acknowledgement set out below) terms defined in the Agreement shall, unless the context otherwise requires, have the same meaning and:

“**Confidential Information**” means all information relating to the Company, any Obligor, the Group, the Finance Documents, [the/a] Facility and/or the Acquisition which is provided to you in relation to the Finance Documents or [the/a] Facility by us or any of our affiliates or advisers, in whatever form, and includes information given orally and any document, electronic file or any other way of representing or recording information which contains or is derived or copied from such information but excludes information that:

- (a) is or becomes public information other than as a direct or indirect result of any breach by you of this letter; or
- (b) is identified in writing at the time of delivery as non-confidential by us or our advisers; or
- (c) is known by you before the date the information is disclosed to you by us or any of our affiliates or advisers or is lawfully obtained by you after that date, from a source which is, as far as you are aware, unconnected with the Group and which, in either case, as far as you are aware, has not been obtained in breach of, and is not otherwise subject to, any obligation of confidentiality.

“**Group**” means the Company and its subsidiaries for the time being (as such term is defined in the Companies Act 2006).

“**Permitted Purpose**” means considering and evaluating whether to enter into the Acquisition.

Please acknowledge your agreement to the above by signing and returning the enclosed copy.

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Yours faithfully

For and on behalf of

[Seller]

To: [Seller]

The Company and each other member of the Group

We acknowledge and agree to the above:

For and on behalf of

[Potential Purchaser]

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SCHEDULE 13

SIGNATURES

[]

By:

[]

By:

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SCHEDULE 14

TIMETABLES

“D - []” refers to the number of Business Days before the relevant Utilisation Date/the first day of the relevant Interest Period.

	<u>Loans in euro and NOK</u>	<u>Loans in other currencies</u>
Request for approval as an Optional Currency, if required (Clause 4.3 (<i>Conditions relating to Optional Currencies</i>))	D - 5 10:00 a.m.	D - 5 10:00 a.m.
Agent notifies the Lenders of the request (Clause 4.3 (<i>Conditions relating to Optional Currencies</i>))	D - 5 3:00 p.m.	D - 5 3:00 p.m.
Responses by Lenders to the request (Clause 4.3 (<i>Conditions relating to Optional Currencies</i>))	D - 4 1:00 p.m.	D - 4 1:00 p.m.
Agent notifies the Company if a currency is approved as an Optional Currency in accordance with Clause 4.3 (<i>Conditions relating to Optional Currencies</i>)	D - 4 5:00 p.m.	D - 4 5:00 p.m.
Delivery of a duly completed Utilisation Request (Clause 5.1 (<i>Delivery of a Utilisation Request</i>)) or a Selection Notice (Clause 11.1 (<i>Selection of Interest Periods</i>))	D - 3 10:00 a.m.	D - 3 10:00 a.m.
Agent determines (in relation to a Utilisation) the Base Currency Amount of the Loan, if required under Clause 5.4 (<i>Lender’s Participation</i>) and notifies the Lenders of the Loan in accordance with Clause 5.4 (<i>Lender’s Participation</i>)	D - 3 11:00 a.m.	D - 3 11:00 a.m.
EURIBOR, LIBOR or NIBOR is fixed	Quotation Day as of 11:00 a.m. (Brussels time)	Quotation Day as of 11:00 a.m.
Agent receives a notification from a Lender under Clause 6.2 (<i>Unavailability of a currency</i>)	Quotation Day 3:00 p.m.	Quotation Day 3:00 p.m.

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Agent gives notice in accordance with Clause 6.2 (<i>Unavailability of a currency</i>)	Quotation Day 5:00 p.m.	Quotation Day 5:00 p.m.
---	----------------------------	----------------------------

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SCHEDULE 15

PERMITTED EXISTING FINANCIAL INDEBTEDNESS AND SECURITY

<u>Company</u>	<u>Country</u>	<u>Lender/Counterparty</u>	<u>Type of Loan/Facility</u>	<u>Currency</u>	<u>Amount</u>	<u>Purpose</u>	<u>Security</u>
Marine Harvest ASA	Norway	Norsk Tillitsmann	Bond loan (ex convertible - conversion period expired)	NOK	78.247.754	General financing of the operations	Senior unsecured bonds
Marine Harvest ASA	Norway	Norsk Tillitsmann	Convertible Loan	EUR	225.000.000	General financing of the operations	Senior unsecured bonds
Marine Harvest Norway AS	Norway	Eggesbø Næringsbygg AS	Financial Lease	NOK	118.412.000	Lease of slaughterhouse at Eggesbøneset	
Marine Harvest Canada	Canada	GMAC of Can	Repayment loan	CAD	13.118	Dealer financing of vehicles	Security in Vehicle
Marine Harvest Canada	Canada	Ford Credit	Repayment loan	CAD	9.788	Dealer financing of vehicles	Security in Vehicle
Marine Harvest Scotland	Scotland	Nordea	VAT deferment facility	GBP	200.000	Deferment of VAT payment on imports	None
Marine Harvest Scotland	Scotland	Nordea	BACS limit	GBP	2.000.000	Operation of BACS payments	None
Marine Harvest Sterk B.V.	Netherlands	Rabobank	Overdraft facility	EUR	500.000	Overdraft	Pledge in tangible assets
Marine Harvest Sterk B.V.	Netherlands	Rabobank	Guarantee facility	EUR	500.000	Issuance of Guarantees	Pledge in tangible assets + Cross Guarantees
Marine Harvest Kritsen S.A.	France	Societe Generale	Overdraft facility	EUR	2.000.000	Financing of operations	None
Marine Harvest Kritsen S.A.	France	BCME	Overdraft facility	EUR	1.500.000	Temporary facility for stocks - Christmas sale	None
Marine Harvest Pieters N.V.	Belgium	BNP Paribas Fortis	Instalment loan	EUR	1.276.842	Refurbishment of Oostende plant	Mortgage on buildings at Oostende
Marine Harvest Pieters N.V.	Belgium	BNP Paribas Fortis	Multi-purpose facility	EUR	700.000	Available for ST loans, LC's Guarantees etc	None

Marine Harvest Pieters N.V.	Belgium	KBC	Multi-purpose facility	EUR	9.200.000	Available for ST loans, LC's Guarantees etc	None
Marine Harvest Rolmer	France	Banque Scalbert Dupont	Overdraft Facility	EUR	150.000	Overdrafts	Parent company guarantee from MH Pieters

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<u>Company</u>	<u>Country</u>	<u>Lender/Counterparty</u>	<u>Type of Loan/Facility</u>	<u>Currency</u>	<u>Amount</u>	<u>Purpose</u>	<u>Security</u>
Marine Harvest Faroes P/F	Faroe Islands	Eik Banki P/F	Instalment loan	DKK	39.282.948	General financing of the operations	Pledge in equipment and buildings
Marine Harvest Faroes P/F	Faroe Islands	Eik Banki P/F	Overdraft Facility	DKK	15.000.000	Overdrafts, issuance of L/Cs etc	Pledge in biomass
Marine Harvest Chile S.A.	Chile	BCI	Overdraft Facility	USD	750.000	Overdrafts	None
Delifish S.A	Chile	BCI	Overdraft Facility	USD	50.000	Overdrafts	None

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SCHEDULE 16

HEDGING

1. Definitions and interpretation

For the purposes of this Schedule 16, the following additional definitions shall apply:

“**Declared Default**” means an Event of Default which has resulted in the Agent exercising any of its rights under Clause 24.14 (*Acceleration*).

“**ISDA Master Agreement**” means the 1992 Multicurrency-Cross Border Master Agreement or 2002 Master Agreement, each as published by the International Swaps and Derivatives Association Inc.

“**Permitted Hedging Payments**” means the payments, receipts and set-offs permitted by paragraph 5.1 (*Permitted Hedging Payments*) as long as they are so permitted.

“**Specified Default**” means, in relation to a Hedging Document or a Long Term Hedging Document:

- (a) the failure by an Obligor to make a payment due under that Hedging Document or Long Term Hedging Document within 10 Business Days of its due date or, as the case may be, the end of any applicable grace period following its due date; or
- (b) the occurrence of a Declared Default.

A reference to a “paragraph” shall, unless otherwise stated, be to a paragraph of this Schedule 16.

2. Ranking

Unless expressly provided to the contrary in this Agreement, the Senior Debt and the Hedging Debt shall rank *pari passu* between themselves in right and priority of payment. The Debt shall rank senior to the Long Term Hedging Debt.

3. Hedging Debt

3.1 Hedging Debt

- (a) Until the Discharge Date, no Hedging Bank or Long Term Hedging Bank shall, except with the prior consent of the Majority Lenders:
 - (i) demand or receive payment, repayment or prepayment of any principal, interest or other amount on or in respect of, or any distribution in respect of, any Hedging Debt or any Long Term Hedging Debt in cash or in kind or apply any money or property in or towards discharge of any Hedging Debt or any Long Term Hedging Debt, except as permitted by paragraph 5.1 (*Permitted Hedging Payments*);
 - (ii) exercise any set-off against any Hedging Debt or any Long Term Hedging Debt, except as permitted by paragraph 5.1 (*Permitted Hedging Payments*);

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- (iii) permit to subsist or receive any Security, or any guarantee, for, or in respect of, any Hedging Debt, other than under any Security Document and the guarantees in any applicable Senior Finance Document;
 - (iv) permit to subsist or receive any Security, or any guarantee, for, or in respect of, any Long Term Hedging Debt, other than under any Long Term Hedging Security Document;
 - (v) terminate (or close out any transaction under) any Hedging Document or any Long Term Hedging Document prior to its stated maturity, except as permitted by paragraph 11.1 (*Permitted hedging enforcement*); or
 - (vi) assign any of its rights or transfer any of its rights or obligations under any Hedging Document or any Long Term Hedging Document to any person unless and until the Security Agent executes a Hedging Bank Accession Deed or a Long Term Hedging Bank Accession Deed (as the case may be) duly completed and signed on behalf of that person.
- (b) Each Hedging Bank and Long Term Hedging Bank shall promptly provide to the Security Agent copies of all Hedging Documents and Long Term Hedging Documents to which that Hedging Bank or Long Term Hedging Bank (as the case may be) is a party.
- (c) Each Hedging Document and Long Term Hedging Document shall:
- (i) be satisfactory in form and substance to the Security Agent;
 - (ii) be based on the ISDA Master Agreement;
 - (iii) provide for two way payments (or, in respect of the 1992 ISDA Master Agreement, payments under the “Second Method” and “Market Quotation” (as defined in the relevant Hedging Document)) in the event of termination of a derivative transaction, whether upon a Termination Event or an Event of Default (each as defined in the relevant Hedging Document or Long Term Hedging Document); and
 - (iv) will provide that the relevant Hedging Bank or Long Term Hedging Bank will, if so requested by the Security Agent under paragraph (b) of paragraph 11.1 (*Permitted hedging enforcement*), following the occurrence of a Declared Default, be entitled to designate an Early Termination Date under or otherwise terminate each Hedging Document or Long Term Hedging Document to which it is a party and each derivative transaction under the relevant Hedging Document or Long Term Hedging Document (as the case may be).

3.2 Amendments to Hedging Documents

Until the Discharge Date, no Obligor, Hedging Bank or Long Term Hedging Bank shall, except with the prior consent of the Majority Lenders, amend or give any waiver or consent under any provision of any Hedging Document or Long Term Hedging Document which would result in:

- (a) any Hedging Document or Long Term Hedging Document ceasing to comply with the requirements of this paragraph 3;

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- (b) any change to the amount to be paid or scheduled payment dates under any Hedging Document or Long Term Hedging Document;
- (c) any Obligor being subject to more onerous obligations as a whole than those contained in the Hedging Documents or Long Term Hedging Documents as originally entered into or obligations which would conflict with any provision of this Agreement;
- (d) any Obligor becoming liable to make an additional payment (or increase an existing payment) under any Hedging Document or Long Term Hedging Document; or
- (e) the assignment of any of its rights or transfer of any of its rights or obligations under any Hedging Document or Long Term Hedging Document to any person unless and until the Security Agent executes a Hedging Bank Accession Deed or Long Term Hedging Bank Accession Deed (as the case may be) duly completed and signed on behalf of that person,

other than any amendment, waiver or consent purely of a technical or administrative nature.

4. **Undertakings of the Obligors**

Until the Discharge Date, no Obligor shall (and the Company shall ensure that no member of the Group will), except with the prior consent of the Majority Lenders:

- (a) pay, repay or prepay and principal, interest or other amount on or in respect of, or make any distribution in respect of, or redeem, purchase or defease, any Hedging Debt or any Long Term Hedging Debt in cash or in kind, except as permitted by paragraph 5.1 (*Permitted Hedging Payments*);
- (b) exercise any set-off against any Hedging Debt or any Long Term Hedging Debt, except as permitted by paragraph 5.1 (*Permitted Hedging Payments*);
- (c) create or permit to subsist any Security over any of its assets, or give any guarantee, for, or in respect of, any Hedging Debt, other than under any Security Document and the guarantees in any applicable Senior Finance Document;
- (d) create or permit to subsist any Security over any of its assets, or give any guarantee, for, or in respect of, any Long Term Hedging Debt, other than under any Long Term Hedging Security Document;
- (e) terminate (or close out any transaction under) any Hedging Document or any Long Term Hedging Document prior to its stated maturity.

5. **Permitted Payments**

5.1 **Permitted Hedging Payments**

Unless a Declared Default has occurred, the relevant Obligor may pay, and (as the case may be) the Hedging Banks or Long Term Hedging Banks may receive and retain, scheduled payments in respect of Hedging Debt or Long Term Hedging Debt arising under the original terms of the

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Hedging Documents or the Long Term Hedging Documents (subject to any amendments permitted by this Agreement).

5.2 Set-off

In this paragraph 5, a payment or receipt includes a discharge by set-off.

6. Turnover of Non-Permitted Payments

6.1 Turnover

Until the Discharge Date if any Hedging Bank receives or recovers any Hedging Recoveries or any Long Term Hedging Bank receives or recovers any Long Term Hedging Recoveries except for any Permitted Hedging Payments, that Hedging Bank or Long Term Hedging Bank shall:

- (a) within three Business Days notify details of the receipt or recovery to the Security Agent;
- (b) hold any such assets and moneys received or recovered by it on trust for the Security Agent for application in accordance with paragraph 19.1 (*Order of application*) of Schedule 10 (*Security agency provisions*); and
- (c) within three Business Days of demand by the Security Agent, pay an amount equal to such receipt or recovery to the Security Agent for application in accordance with paragraph 19.1 (*Order of application*) of Schedule 10 (*Security agency provisions*).

6.2 Non-creation of charge

Nothing in this paragraph 6 or any other provision of this Agreement is intended to or shall create a charge or other Security.

7. Failure of trusts

- (a) If any trust intended to arise pursuant to paragraph 6.1 (*Turnover*) fails or for any reason (including the laws of any jurisdiction in which any assets, moneys, payments or distributions may be situated) cannot be given effect to, the relevant Party will pay to the Security Agent for application in accordance with paragraph 19.1 (*Order of application*) of Schedule 10 (*Security agency provisions*) an amount equal to the amount (or the value of the relevant assets) intended to be so held on trust for the Security Agent.
- (b) If a Party is obliged to pay any amount to the Security Agent in accordance with paragraph 6 (*Turnover of Non-Permitted Payments*):
 - (i) the relevant Obligor shall indemnify that Party (to the extent of its liability for the relevant amount so paid) for any costs, liabilities and expenses incurred by it as a result of it having to make that payment; and
 - (ii) the relevant Debt and/or Long Term Hedging Debt in respect of which a Party made that payment to the Security Agent will be deemed not to have been reduced or discharged in any way or to any extent by the relevant payment, distribution, proceeds or other discharge.

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8. Waiver of defences and appropriations

8.1 Waiver of defences

The obligations of any Secured Party or Obligor shall not be affected in any way by an act, omission, matter or thing which, but for this paragraph 8, would reduce, release or prejudice any of those obligations in whole or in part, (without limitation and whether or not known to any Secured Party or Obligor or any other person) including:

- (a) any time, waiver or consent granted to, or composition with, any person;
- (b) the release of any person under the terms of any composition or arrangement with any creditor of any person;
- (c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any person or any non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;
- (d) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of any person;
- (e) any amendment (however fundamental) or replacement of a Finance Document and any Long Term Hedging Document or any other document or security;
- (f) any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document and any Long Term Hedging Document or any other document or security;
- (g) any insolvency, examinership or similar proceedings; or
- (h) any postponement, discharge, reduction, non-provability or other similar circumstance affecting any obligation of any person under any Finance Document and any Long Term Hedging Document resulting from any insolvency, liquidation or dissolution proceedings or from any law, regulation or order.

8.2 Appropriations

Each Secured Party may, subject to its obligations under this Agreement:

- (a) apply any moneys or other assets received or recovered by it under this Agreement or from any person against the Senior Debt, the Hedging Debt or the Long Term Hedging Debt (as relevant) owed to it, in accordance with this Agreement, in the case of each Finance Party, or such order as it sees fit, in the case of each Hedging Bank or Long Term Hedging Bank;
- (b) apply any moneys or other assets received or recovered by it from any person (other than any moneys or other assets received or recovered under the Senior Finance Documents, the Hedging Documents or the Long Term Hedging Documents (as relevant) or under this Agreement) against any liability of the relevant person to it other

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than the Senior Debt, the Hedging Debt or the Long Term Hedging Debt (as relevant) owed to it; or

- (c) after the Acceleration Date, unless or until moneys or other assets received or recovered by it under the Senior Finance Documents, the Hedging Documents or the Long Term Hedging Documents (as relevant) in aggregate are sufficient to bring about the Discharge Date, if otherwise applied in accordance with the provisions of this Agreement, hold in an interest-bearing suspense account any moneys or other assets received from any person.

9. **Priority**

9.1 **Ranking — Senior Debt and the Hedging Debt**

Except as otherwise provided in this Agreement, all guarantees and all Security created pursuant to any Security Document will secure the Senior Debt and the Hedging Debt *pari passu* between themselves, irrespective of:

- (a) the date on which the Senior Debt or Hedging Debt arose;
- (b) whether a Secured Party is obliged to advance any Senior Debt or Hedging Debt; or
- (c) any fluctuation in the amount, or any intermediate discharge in whole or in part, of any Senior Debt or Hedging Debt.

9.2 **Registration and notice**

The Parties will co-operate with each other with a view to reflecting the priority of the Security created pursuant to any Security Document in any register or with any filing or registration authority and in giving notice to any person of any of the Security created pursuant to any Security Document.

10. **Restrictions on enforcement**

10.1 **Restrictions on enforcement by the Hedging Banks**

- (a) Until the Discharge Date, no Hedging Bank or Long Term Hedging Bank shall, except with the prior consent of the Majority Lenders, take any Enforcement Action in relation to any Hedging Debt or any Long Term Hedging Debt (as the case may be) unless a Specified Default is continuing, in which event paragraph 11.1 (*Permitted hedging enforcement*) shall apply.
- (b) Notwithstanding any Hedging Document or any Long Term Hedging Document, “Automatic Early Termination” shall not apply where the Obligor is the “Defaulting Party” (each as defined in the ISDA Master Agreement).

11. **Permitted enforcement**

11.1 **Permitted hedging enforcement**

- (a) If a Specified Default is continuing, a Hedging Bank or a Long Term Hedging Bank may designate an Early Termination Date in accordance with the relevant Hedging Document or Long

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Term Hedging Document or otherwise terminate the relevant Hedging Document or Long Term Hedging Document, provided that no other Enforcement Action is taken.

- (b) If a Declared Default has occurred, each Hedging Bank and Long Term Hedging Bank will, promptly after a request by the Security Agent, designate an Early Termination Date under or otherwise terminate each Hedging Document and each Long Term Hedging Document to which it is a party and any derivative transaction entered into under that Hedging Document or Long Term Hedging Document.
- (c) On or following:
 - (i) the designation of an Early Termination Date or other termination as provided in paragraph (a) or (b) above; or
 - (ii) the occurrence of the Acceleration Date,

any amount which falls due from a Hedging Bank or a Long Term Hedging Bank to any Obligor shall be paid by that Hedging Bank or Long Term Hedging Bank (as the case may be) to the Security Agent promptly for application in accordance with paragraph 19.1 (*Order of application*) of Schedule 10 (*Security agency provisions*).

12. **Information**

12.1 **Defaults**

Each Hedging Bank and each Long Term Hedging Bank will promptly notify the Agent and the Security Agent of the occurrence of an event of default or potential event of default (however described, including any termination event) under or breach of any Hedging Document or any Long Term Hedging Document (as the case may be) of which it has actual knowledge.

12.2 **Amounts of Debt**

Each of the Agent, the Hedging Banks and the Long Term Hedging Banks will on request by any of the others or the Security Agent from time to time notify the others and the Security Agent of details of the amount of outstanding Senior Debt, Hedging Debt or Long Term Hedging Debt respectively.

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SCHEDULE 17

FORM OF HEDGING BANK ACCESSION DEED

To: DNB Bank ASA as Security Agent

From: *[Proposed Hedging Bank]*

Dated:

Dear Sirs

Marine Harvest ASA - €775,000,000 Facility Agreement dated [•] (the “Agreement”)

1. We refer to the Agreement. This is a Hedging Bank Accession Deed. Terms defined in the Agreement have the same meaning in this Hedging Bank Accession Deed unless given a different meaning in this Hedging Bank Accession Deed.
2. *[Proposed Hedging Bank]* agrees to be bound by the terms of the Agreement as a Hedging Bank.
3. *[Proposed Hedging Bank’s]* administrative details are as follows:
Address:
Fax No:
Attention:
4. Details of the Hedging Document are as follows:
Date:
Parties: *[Proposed Hedging Bank]* and [the Company]
Terms: *[Insert brief summary of type of contract]*.
5. This Hedging Bank Accession Deed is, and any non-contractual obligations arising out of or in connection with it are, governed by English law.

[Proposed Hedging Bank]

By:

This Hedging Bank Accession Deed is accepted by the Security Agent.

[Security Agent]

By:

Date:

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SCHEDULE 18

FORM OF LONG TERM HEDGING BANK ACCESSION DEED

To: DNB Bank ASA as Security Agent
From: *[Proposed Long Term Hedging Bank]*
Dated:
Dear Sirs

Marine Harvest ASA - €775,000,000 Facility Agreement dated [•] (the “Agreement”)

1. We refer to the Agreement. This is a Long Term Hedging Bank Accession Deed. Terms defined in the Agreement have the same meaning in this Long Term Hedging Bank Accession Deed unless given a different meaning in this Long Term Hedging Bank Accession Deed.
2. *[Proposed Long Term Hedging Bank]* agrees to be bound by the terms of the Agreement as a Long Term Hedging Bank.
3. *[Proposed Long Term Hedging Bank’s]* administrative details are as follows:
Address:
Fax No:
Attention:
4. Details of the Long Term Hedging Document are as follows:
Date:
Parties: *[Proposed Long Term Hedging Bank]* and [the Company]
Terms: *[Insert brief summary of type of contract]*.
5. This Long Term Hedging Bank Accession Deed is, and any non-contractual obligations arising out of or in connection with it are, governed by English law.
[Proposed Long Term Hedging Bank]
By:

This Long Term Hedging Bank Accession Deed is accepted by the Security Agent.

[Security Agent]

By: Date:

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SCHEDULE 19

FORM OF RESIGNATION LETTER

To: DNB Bank ASA

From: [resigning Obligor] and Marine Harvest ASA

Dated:

Dear Sirs

Marine Harvest ASA - €775,000,000 Facility Agreement dated [•] (the “Agreement”)

1. We refer to the Agreement. This is a Resignation Letter. Terms defined in the Agreement have the same meaning in this Resignation Letter unless given a different meaning in this Resignation Letter.
2. Pursuant to [Clause 26.3 (*Resignation of a Borrower*)]/[Clause 26.6 (*Resignation of a Guarantor*)], we request that resigning Obligor be released from its obligations as a Borrower/Guarantor under the Agreement.
3. We confirm that:
 - (a) no Default is continuing or would result from the acceptance of this request; and
 - (b) []
4. This Resignation Letter is, and any non-contractual obligations arising out of or in connection with it are governed by English law.

Marine Harvest ASA

[Subsidiary]

By:

By:

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SCHEDULE 20

ALTERNATIVE REFERENCE BANKS

PART I

ALTERNATIVE REFERENCE BANKS IN RELATION TO LOANS IN EURO

1. The principal Utrecht office of Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.
2. The principal Oslo office of DNB Bank ASA
3. The principal Amsterdam office of ABN AMRO Bank N.V.
4. The principal Oslo office of Nordea Bank Norge ASA

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PART II

ALTERNATIVE REFERENCE BANKS IN RELATION TO LOANS IN CURRENCIES OTHER THAN EURO OR NOK

1. The principal London office of Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.
2. The principal London office of DNB Bank ASA
3. The principal London office of Nordea Bank Finland Plc
4. The principal Amsterdam office of ABN AMRO Bank N.V.

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PART III

ALTERNATIVE REFERENCE BANKS IN RELATION TO LOANS IN NOK

1. The principal Oslo office of DNB Bank ASA
2. The principal Oslo office of Nordea Bank Norge ASA
3. The principal London office of Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.
4. The principal Amsterdam office of ABN AMRO Bank N.V.

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SCHEDULE 21

FORM OF INCREASE CONFIRMATION

To: DNB Bank ASA as Agent, DNB Bank ASA as Security Agent and Marine Harvest ASA as the Company, for and on behalf of each Obligor

From: [*the Increase Lender*] (the “**Increase Lender**”)

Dated:

**Marine Harvest ASA Facilities Agreement
dated [] (the “Facilities Agreement”)**

1. We refer to the Facilities Agreement. This agreement (the “**Agreement**”) shall take effect as an Increase Confirmation for the purpose of the Facilities Agreement. Terms defined in the Facilities Agreement have the same meaning in this Agreement unless given a different meaning in this Agreement.
2. We refer to Clause 2.3 (*Increase*) of the Facilities Agreement.
3. The Increase Lender agrees to assume and will assume all of the obligations corresponding to the Commitment specified in the Schedule (the “**Relevant Commitment**”) as if it was an Original Lender under the Facilities Agreement.
4. The proposed date on which the increase in relation to the Increase Lender and the Relevant Commitment is to take effect (the “**Increase Date**”) is [].
5. On the Increase Date, the Increase Lender becomes party to the relevant Finance Documents as a Lender.
6. The Facility Office and address, fax number and attention details for notices to the Increase Lender for the purposes of Clause 32.2 (*Addresses*) are set out in the Schedule.
7. The Increase Lender expressly acknowledges the limitations on the Lenders’ obligations referred to in paragraph (f) of Clause 2.3 (*Increase*).
8. The Increase Lender confirms, for the benefit of the Agent and without liability to any Obligor, that it is a Treaty Lender.
9. This Agreement may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.
10. This Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by asterisks (“[***]”), and the omitted text has been filed separately with the Securities and Exchange Commission.

12. This Agreement has been entered into on the date stated at the beginning of this Agreement.

Note: The execution of this Increase Confirmation may not be sufficient for the Increase Lender to obtain the benefit of the Transaction Security in all jurisdictions. It is the responsibility of the Increase Lender to ascertain whether any other documents or other formalities are required to obtain the benefit of the Transaction Security in any jurisdiction and, if so, to arrange for execution of those documents and completion of those formalities.

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THE SCHEDULE

Relevant Commitment/rights and obligations to be assumed by the Increase Lender

[insert relevant details]

[Facility office address, fax number and attention details for notices and account details for payments]

[Increase Lender]

By:

This Agreement is accepted as an Increase Confirmation for the purposes of the Facilities Agreement by the Agent.

Agent

By:

Security Agent

By:

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by asterisks (“[***]”), and the omitted text has been filed separately with the Securities and Exchange Commission.

The Company

Marine Harvest ASA

Address: Stortingsgata 8
N-0161
Oslo
Norway

Fax: +47 21 56 20 01

Attention: Jørgen Andersen

By:

The Original Borrower

Marine Harvest ASA

Address: Stortingsgata 8
N-0161
Oslo
Norway

Fax: +47 21 56 20 01

Attention: Jørgen Andersen

By:

The Original Guarantor

Marine Harvest ASA

Address: Stortingsgata 8
N-0161
Oslo
Norway

Fax: +47 21 56 20 01

Attention: Jørgen Andersen

By:

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by asterisks (“[***]”), and the omitted text has been filed separately with the Securities and Exchange Commission.

The Arrangers

DNB Bank ASA (formerly DnB NOR Bank ASA)

By:

Nordea Bank Norge ASA

By:

Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.

By:

ABN AMRO Bank N.V. (formerly Fortis Bank (Nederland) N.V.)

By:

The Bookrunner

DnB NOR Markets, a part of DNB Bank ASA (formerly DnB NOR Bank ASA)

By:

Nordea Bank Norge ASA

By:

Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.

By:

ABN AMRO Bank N.V. (formerly Fortis Bank (Nederland) N.V.)

By:

The Original Lenders

DNB Bank ASA (formerly DnB NOR Bank ASA)

By:

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by asterisks (“[***]”), and the omitted text has been filed separately with the Securities and Exchange Commission.

Nordea Bank Norge ASA

By:

Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.

By:

ABN AMRO Bank N.V. (formerly Fortis Bank (Nederland) N.V.)

By:

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by asterisks (“[***]”), and the omitted text has been filed separately with the Securities and Exchange Commission.

The Agent

DNB Bank ASA (formerly DnB NOR Bank ASA)

Address: DNB Bank ASA
P.O. Box 7100
N-5020 Bergen
Norway

Fax: +47 22 31 86 43

Attention: Stig N. Strand/ Turid Berg

By:

The Security Agent

DNB Bank ASA (formerly DnB NOR Bank ASA)

Address: DNB Bank ASA
ICI Seafood
P.O. Box 7100
N-5020 Bergen
Norway

Fax: +47 55 21 98 55

Attention: Jan Petter Lindsetmo/Rune Nilsen

By:

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by asterisks (“[***]”), and the omitted text has been filed separately with the Securities and Exchange Commission.

**AMENDMENT LETTER
MORPOL ACQUISITION — PART 1**

To: **Marine Harvest ASA** as the Company and Obligor’s agent
Stortingsgata 9
N-0161
Oslo
Norway

Attn: Henrik Heiberg

Dated 2013

Dear Sirs,

MARINE HARVEST ASA (the “Company”) - €775,000,000 facilities agreement originally dated 4 May 2010 as subsequently amended by an amendment agreement dated 27 April 2011 and as amended and restated by the amendment and restatement agreements dated 16 December 2011 and 26 July 2012 (the “Agreement”).

1 BACKGROUND

- (a) This letter is supplemental to and amends the Agreement.
- (b) We refer to the letter from the Company to the Lenders on 19 December 2012 in respect of the Morpol Acquisition (as defined in the schedule hereto). This letter sets out the following requests:
 - (i) consent to the Morpol Acquisition under clause 23.13(b)(ii) whilst retaining the basket in 23.13(b)(i);
 - (ii) consent to the Morpol Guarantee (as defined in the schedule hereto) under clause 23.4(b)(viii); and
 - (iii) a temporary increase in the covenant in clause 22.1 to 3.99 from and including Q1 2013 and until the earlier of (A) the end of the first quarter where consolidation occurs and (B) the end of Q4 2013.

We refer also to the letter from the Company to the Lenders on 7 January 2013 in relation to the Morpol Acquisition. This letter sets out the following further requests:

- (iv) Financial Indebtedness arising from the issuance(s) of bond permitted under clause 23.4(b)(vii) to be increase to EUR [***]; and
 - (v) an amendment to clause 9.5 (*Capital Market Issue Proceeds*) such that the proceeds raised from a bond issue do not have to be prepaid, up to a maximum of EUR [***].
- This letter relates to requests (i) up to and including (iv). If acceptable to all Lenders, a separate amendment letter will be entered into by the Agent and the Company in relation to request (v).
- (c) Pursuant to clause 36 (*Amendments and Waivers*) of the Agreement, Majority Lender consent is required for the amendments to the Agreement contemplated by this letter in relation to requests (i)

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by asterisks (“[***]”), and the omitted text has been filed separately with the Securities and Exchange Commission.

up to and including (iv). Subject to the terms of this letter, the Majority Lenders have consented to the amendments to the Agreement contemplated by this letter. Accordingly, we are authorised to execute this letter on behalf of the Finance Parties.

- (d) By countersigning this letter, you confirm in your capacity as Obligors’ agent that all Obligors consent to these amendments.

2 INTERPRETATION

- (a) Capitalised terms defined in the Agreement have the same meaning when used in this letter unless expressly defined in this letter.
- (b) The provisions of clause 1.2 (*Construction*) of the Agreement apply to this letter as though they were set out in full in this letter except that references to the Agreement are to be construed as references to this letter.

3 AMENDMENTS

Subject to the Company (acting for itself and as Obligors’ agent) countersigning a copy of this letter, the Agreement will be amended as set out in the schedule hereto.

4 AMENDMENT FEE

- (a) In consideration for the Lenders agreeing to the amendments set out herein, an amendment fee of [***] of the Commitments as of the date of this letter is payable within 5 Business Days from the date on which this letter is countersigned by the Company.
- (b) Payment of this fee should be made to the Agent (for the account of each Lender, pro rata to its Commitments).
- (c) This fee is exclusive of any VAT or similar charge. If any VAT or similar charge is chargeable in connection with this fee, the Company shall pay that VAT or similar charge at the same time as it pays this fee.
- (d) All payments shall be paid without any deduction or withholding for or on account of tax (a “**Tax Deduction**”) unless a Tax Deduction is required by law. If a Tax Deduction is required by law to be made, the amount of the payment due shall be increased to an amount which (after making any Tax Deduction) leaves an amount equal to the payment which would have been due if no Tax Deduction had been required.
- (e) This fee is non-refundable and non-creditable against other fees payable in connection with the Agreement. It shall be paid in full, without (and free and clear of any deduction for) set-off or counterclaim.

5 TEMPORARY INCREASE IN MARGIN

As of the date falling 5 Business Days after the date upon which the Company countersigns a copy of this letter, the Margin shall be [***] per cent. per annum until the delivery of the Compliance Certificate relating to the first Financial Quarter of 2013 at which point the Margin applicable to the Facilities will be determined in accordance with the following margin grid until the earlier of (a) the last day of the Financial Quarter during which consolidation of the Morpol Acquisition occurs and (b) 31 December 2013, after which the margin grid in the definition of “**Margin**” in clause 1.1 (*Definitions*) shall apply once more:

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by asterisks (“[***]”), and the omitted text has been filed separately with the Securities and Exchange Commission.

Gearing Ratio	Margin (per cent. p.a.)
Equal to or lower than [***]	[***]
Higher than [***], but lower than or equal to [***]	[***]
Higher than [***], but lower than or equal to [***]	[***]
Higher than [***], but lower than or equal to [***]	[***]
Higher than [***], but lower than or equal to [***]	[***]
Higher than [***], but lower than or equal to [***]	[***]
Higher than [***]	[***]

6 REPRESENTATIONS

The representations and warranties in clause 20 (*Representations*) of the Agreement that are deemed to be repeated pursuant to the terms of clause 20.24 (*Times when representations made*) of the Agreement are made by each Obligor on the date that this letter is countersigned by the Company by reference to the facts and circumstances then existing.

7 MISCELLANEOUS

- (a) This letter is a Finance Document and, for the purpose of paragraph 4 above, a Fee Letter.
- (b) From the date on which the Company duly countersigns a copy of this letter, the Agreement and this letter will be read and construed as one document.
- (c) Except as otherwise provided in this letter, the Finance Documents (including the guarantee and indemnity of the Guarantors) remain in full force and effect.
- (d) The provisions of clause 32 (*Notices*) and clause 40 (*Enforcement*) of the Agreement shall be incorporated into this letter as if set out in full in this letter and as if references in those clauses to “this Agreement” are references to this letter.
- (e) This letter may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this letter.

8 GOVERNING LAW

This letter and any non-contractual obligations arising out of or in connection with it are governed by English law.

If you agree to the terms of this letter, please sign where indicated below and return the enclosed copy of this letter to the Agent.

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by asterisks (“[***]”), and the omitted text has been filed separately with the Securities and Exchange Commission.

Yours faithfully,

For

DNB BANK ASA as Agent for and on behalf of the other Finance Parties

Name:

Title:

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by asterisks (“[***]”), and the omitted text has been filed separately with the Securities and Exchange Commission.

FORM OF ACKNOWLEDGEMENT

We agree to the terms of this letter.

For

MARINE HARVEST ASA for itself and as agent for the other Obligors as Obligors’ agent

Name:

Title:

Date: _____

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by asterisks (“[***]”), and the omitted text has been filed separately with the Securities and Exchange Commission.

SCHEDULE AMENDMENTS TO THE AGREEMENT

1. The following new definitions shall be added to clause 1.1 (*Definitions*) as follows:

“**Morpol Acquisition**” means the Company’s acquisition of all the issued and outstanding shares of Morpol ASA, comprising its acquisition of 48.5 per cent. of the shares of Morpol ASA from Friendmall Ltd and Bazmonta Holding Ltd and the mandatory offer for the remaining shares.

“**Morpol Guarantee**” means the NOK 1,001,500,000 bank guarantee required to be given by a Norwegian bank in accordance with the Norwegian Securities Trading Act in relation to the Company’s mandatory offer for the remaining shares of Morpol ASA as part of the Morpol Acquisition.
2. Paragraph (a) of Clause 22.1 (*Financial condition*) shall be redesignated as paragraph (a)(i) and the words “subject to paragraph (ii) below,” shall be added to the start of this newly designated paragraph (a)(i).
3. A new paragraph (a)(ii) shall be added to Clause 22.1 (*Financial condition*) as follows:

(a)(ii) For the Relevant Periods ending on 31 March 2013 up to and including the Relevant Period ending on the earlier of: (A) the last day of the Financial Quarter during which consolidation of the Morpol Acquisition occurs and (B) 31 December 2013, the Gearing Ratio shall not exceed 3.99:1.
4. In Clause 23.4(b)(vii), the value “EUR [***]” shall be deleted and replaced with “EUR [***]”.
5. Paragraph (b)(vii)(C) of Clause 23.4 (*Financial Indebtedness*) shall be renumbered as paragraph (b)(vii)(D) and a new paragraph (b)(vii)(C) shall be inserted as follows:

(C) any such bond issued on or after 14 January 2013 shall have a final maturity date falling after the Termination Date; and.
6. A new limb (ix) shall be added to paragraph (b) of clause 23.4 (*Financial Indebtedness*) as follows:

(ix) the Morpol Guarantee from 14 January 2013 until and including 10 April 2013.
7. A new limb (iii) shall be added to paragraph (b) of clause 23.13 (*Acquisitions and Investments*) as follows:

(iii) which constitutes the Morpol Acquisition, or a part thereof.

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by asterisks (“[***]”), and the omitted text has been filed separately with the Securities and Exchange Commission.

**AMENDMENT LETTER
MORPOL ACQUISITION — PART 2**

To: **Marine Harvest ASA** as the Company and Obligor’s agent
Stortingsgata 9
N-0161
Oslo
Norway

Attn: Henrik Heiberg

Dated 2013

Dear Sirs,

MARINE HARVEST ASA (the “Company”) - €775,000,000 facilities agreement originally dated 4 May 2010 as subsequently amended by an amendment agreement dated 27 April 2011, as amended and restated by the amendment and restatement agreements dated 16 December 2011 and 26 July 2012 and amended by the amendment letter dated 14 January 2013 (the “Agreement”).

1 BACKGROUND

- (a) This letter is supplemental to and amends the Agreement.
- (b) We refer to the letter from the Company to the Lenders on 19 December 2012 in respect of the Morpol Acquisition (as defined in the schedule hereto). This letter set out the following requests:
 - (vi) consent to the Morpol Acquisition under clause 23.13(b)(ii) whilst retaining the basket in 23.13(b)(i);
 - (vii) consent to the Morpol Guarantee (as defined in the schedule hereto) under clause 23.4(b)(viii); and
 - (viii) a temporary increase in the covenant in clause 22.1 to 3.99 from and including Q1 2013 and until the earlier of (A) the end of the first quarter where consolidation occurs and (B) the end of Q4 2013.

We refer also to the letter from the Company to the Lenders on 7 January 2013 in relation to the Morpol Acquisition. This letter set out the following further requests:

- (ix) Financial Indebtedness arising from the issuance(s) of bond permitted under clause 23.4(b)(vii) to be increase to EUR [***]; and
- (x) an amendment to clause 9.5 (*Capital Market Issue Proceeds*) such that the proceeds raised from a bond issue do not have to be prepaid, up to a maximum of EUR [***].

Requests (i) up to and including (iv) were effected by way of the amendment letter dated 14 January 2013. This letter relates to request (v).

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by asterisks (“[***]”), and the omitted text has been filed separately with the Securities and Exchange Commission.

- (c) Pursuant to clause 36 (*Amendments and Waivers*) of the Agreement, the consent of all Lenders is required for the amendment to the Agreement contemplated by this letter in relation to request (v). Subject to the terms of this letter, all Lenders have consented to the amendment to the Agreement contemplated by this letter. Accordingly, we are authorised to execute this letter on behalf of the Finance Parties.
- (d) By countersigning this letter, you confirm in your capacity as Obligors’ agent that all Obligors consent to these amendments.

2 INTERPRETATION

- (a) Capitalised terms defined in the Agreement have the same meaning when used in this letter unless expressly defined in this letter.
- (b) The provisions of clause 1.2 (*Construction*) of the Agreement apply to this letter as though they were set out in full in this letter except that references to the Agreement are to be construed as references to this letter.

3 AMENDMENTS

Subject to the Company (acting for itself and as Obligors’ agent) countersigning a copy of this letter, the Agreement will be amended such that paragraph (a) of Clause 9.5 (*Capital Market Issue Proceeds*) shall be amended as follows (with the insertion of the words that are underlined and the deletion of the words that have been struck through):

“In this Clause 9.5 “**Capital Market Issue Proceeds**” means [***] per cent. of any cash or cash equivalent proceeds received by a member of the Group in excess of EUR [***] in aggregate for the Group from the date of this Agreement from the issuance of a convertible or regular bond, after deducting (if applicable):

- (i) reasonable transaction costs incurred in connection with the issuance of the convertible or regular bond;
- (ii) reasonable transaction costs incurred in connection with the Permitted Acquisition;
- (iii) proceeds used to fund the purchase price of a Permitted Acquisition;
- (iv) in relation to such Permitted Acquisition proceeds applied in reducing the indebtedness of the target as contractually required by the relevant acquisition documents or this Agreement; and
- (v) proceeds applied for the purpose of funding the working capital requirements in relation to such Permitted Acquisition.”

4 REPRESENTATIONS

The representations and warranties in clause 20 (*Representations*) of the Agreement that are deemed to be repeated pursuant to the terms of clause 20.24 (*Times when representations made*) of the Agreement are made by each Obligor on the date that this letter is countersigned by the Company by reference to the facts and circumstances then existing.

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by asterisks (“[***]”), and the omitted text has been filed separately with the Securities and Exchange Commission.

5 MISCELLANEOUS

- (a) This letter is a Finance Document.
- (b) From the date on which the Company duly countersigns a copy of this letter, the Agreement and this letter will be read and construed as one document.
- (c) Except as otherwise provided in this letter, the Finance Documents (including the guarantee and indemnity of the Guarantors) remain in full force and effect.
- (d) The provisions of clause 32 (*Notices*) and clause 40 (*Enforcement*) of the Agreement shall be incorporated into this letter as if set out in full in this letter and as if references in those clauses to “this Agreement” are references to this letter.
- (e) This letter may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this letter.

6 GOVERNING LAW

This letter and any non-contractual obligations arising out of or in connection with it are governed by English law.

If you agree to the terms of this letter, please sign where indicated below and return the enclosed copy of this letter to the Agent.

Yours faithfully,

For

DNB BANK ASA as Agent for and on behalf of the other Finance Parties

Name:

Title:

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by asterisks (“[***]”), and the omitted text has been filed separately with the Securities and Exchange Commission.

FORM OF ACKNOWLEDGEMENT

We agree to the terms of this letter.

For

MARINE HARVEST ASA for itself and as agent for the other Obligors as Obligors’ agent

Name:

Title:

Date: _____

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**AMENDMENT LETTER
CONVERTIBLE BOND ISSUE**

To: **Marine Harvest ASA** as the Company and Obligor’s agent
Stortingsgata 9
N-0161
Oslo
Norway

Attn: Henrik Heiberg

Dated May 2013

Dear Sirs,

MARINE HARVEST ASA (the “Company”) - €775,000,000 facilities agreement originally dated 4 May 2010 as subsequently amended by an amendment agreement dated 27 April 2011 and as amended and restated by the amendment and restatement agreements dated 16 December 2011 and 26 July 2012 and as amended by amendment letters dated 14 January 2013 and 17 January 2013 (the “Agreement”).

1 BACKGROUND

- (a) This letter is supplemental to and amends the Agreement.
- (b) We refer to the letter from the Company to the Lenders on 24 April 2013 in respect of the amendment request relating to the potential issuance of a convertible bond (the “**Amendment Request Letter**”). The Amendment Request Letter set out a request to amend Clause 23.4(b)(vii) such that the maximum subscription amount is increased by EUR [***] from EUR [***] to EUR [***].
- (c) Pursuant to clause 36 (*Amendments and Waivers*) of the Agreement, Majority Lender consent is required for the amendments to the Agreement contemplated by the Amendment Request Letter. Subject to the terms of this letter, the Majority Lenders have consented to the amendments to the Agreement contemplated by the Amendment Request Letter. Accordingly, we are authorised to execute this letter on behalf of the Finance Parties.
- (d) By countersigning this letter, you confirm in your capacity as Obligors’ agent that all Obligors consent to these amendments.

2 INTERPRETATION

- (a) Capitalised terms defined in the Agreement have the same meaning when used in this letter unless expressly defined in this letter.
- (b) The provisions of clause 1.2 (*Construction*) of the Agreement apply to this letter as though they were set out in full in this letter except that references to the Agreement are to be construed as references to this letter.

Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omissions have been indicated by asterisks (“[***]”), and the omitted text has been filed separately with the Securities and Exchange Commission.

3 AMENDMENT

Subject to the Company (acting for itself and as Obligors’ agent) countersigning a copy of this letter, the Agreement will be amended such that in paragraph (b)(vii) of Clause 23.4 (*Financial Indebtedness*), the value “EUR [***]” shall be deleted and replaced with “EUR [***]”.

4 REPRESENTATIONS

The representations and warranties in clause 20 (*Representations*) of the Agreement that are deemed to be repeated pursuant to the terms of clause 20.24 (*Times when representations made*) of the Agreement are made by each Obligor on the date that this letter is countersigned by the Company by reference to the facts and circumstances then existing.

5 MISCELLANEOUS

- (a) This letter is a Finance Document.
- (b) From the date on which the Company duly countersigns a copy of this letter, the Agreement and this letter will be read and construed as one document.
- (c) Except as otherwise provided in this letter, the Finance Documents (including the guarantee and indemnity of the Guarantors) remain in full force and effect.
- (d) The provisions of clause 32 (*Notices*) and clause 40 (*Enforcement*) of the Agreement shall be incorporated into this letter as if set out in full in this letter and as if references in those clauses to “this Agreement” are references to this letter.
- (e) This letter may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this letter.

6 GOVERNING LAW

This letter and any non-contractual obligations arising out of or in connection with it are governed by English law.

If you agree to the terms of this letter, please sign where indicated below and return the enclosed copy of this letter to the Agent.

Yours faithfully,

For

DNB BANK ASA as Agent for and on behalf of the other Finance Parties

Name:

Title:

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FORM OF ACKNOWLEDGEMENT

We agree to the terms of this letter.

For

MARINE HARVEST ASA for itself and as agent for the other Obligors as Obligors’ agent

Name:

Title:

Date: _____

List of Subsidiaries of Marine Harvest ASA

As of December 31, 2013

<u>Company</u>	<u>Country</u>	<u>Ownership percent</u>
Subsidiaries — Norway		
Marine Harvest Holding AS	Norway	100.0
Marine Harvest Norway AS	Norway	100.0
Marine Harvest Ingredients AS	Norway	100.0
Sterling White Halibut AS	Norway	100.0
Marine Harvest Minority Holding AS	Norway	100.0
Marine Harvest Labrus AS	Norway	100.0
Subsidiaries - Americas		
Marine Harvest North America Inc.	Canada	100.0
Marine Harvest Canada Inc.	Canada	100.0
Englewood Packing Company Ltd.	Canada	100.0
Marine Harvest Chile S.A	Chile	100.0
Ocean Horizons S.A	Chile	100.0
Fjord Seafood Chile S.A	Chile	100.0
Cultivadora de Salmones Linao S.A	Chile	100.0
Salmones Americanos S.A	Chile	100.0
Salmones Tecmar S.A	Chile	100.0
Salmones Lican S.A.	Chile	100.0
Processadora De Productos Marinos Delifish S.A	Chile	100.0
Salmoamerica Corp.	Panama	100.0
Aquamerica International Holdings S.A	Panama	100.0
Panamerica International Holdings S.A	Panama	100.0
Marine Harvest USA Holding LLC	USA	100.0
Ducktrap River of Maine LLC	USA	100.0
Marine Harvest USA LLC	USA	100.0
Subsidiaries - Asia		
Marine Harvest China Co. Ltd.	China	100.0
Marine Harvest Hong Kong Cy Ltd	Hong Kong	100.0
Marine Harvest Japan Inc	Japan	100.0
Marine Harvest Food Service Inc	Japan	100.0
Marine Harvest Korea Co. Ltd	Korea	100.0
Marine Harvest Taiwan Co. Ltd	Taiwan	100.0
Marine Harvest Singapore Pte Ltd	Singapore	100.0
Subsidiaries - Europe		
Marine Harvest Pieters NV	Belgium	100.0
Marine Harvest VAP Europe NV	Belgium	100.0
Marine Harvest Central and Eastern Europe s.r.o.	Czech Republic	100.0
Marine Harvest Faroes P/F	Faroes	100.0
Marine Harvest VAP France SAS	France	100.0
Marine Harvest Appéti' Marine SAS	France	100.0
Marine Harvest Boulogne SAS	France	100.0
Marine Harvest Rolmer SAS	France	100.0
Marine Harvest Lorient SAS	France	100.0
J.L. Solimer SARL	France	100.0
Marine Harvest Kritsen SAS	France	100.0
Marine Harvest Rennes SAS	France	100.0
Belisco Ehf	Iceland	100.0
Comhlucht Iascaireachta Fanad Teoranta	Ireland	100.0
Feirm Farraige Oilean Chliara Teoranta	Ireland	92.0
Marine Harvest Italia S.R.L.	Italy	100.0
Marine Harvest NV	Netherlands	100.0
Marine Harvest International BV	Netherlands	100.0
Marine Harvest Holland BV	Netherlands	100.0
Marine Harvest Sterk Holding BV	Netherlands	100.0
Marine Harvest Sterk BV	Netherlands	100.0
Marine Harvest Poland Sp. Zoo	Poland	100.0
Marine Harvest (Scotland) Ltd	Scotland	100.0
Marine Harvest Spain, S.L.	Spain	100.0

Morpol ASA	Norway	100.0
Subsidiaries - Morpol		
Morpol S.A.	Poland	100.0
Laurin Seafood Sp. z o.o.	Poland	100.0
Morpol VAP Sp. z o.o.	Poland	100.0
Morpol Technology Sp. z o.o.	Poland	100.0
MK Delikatesy Sp. z o.o.	Poland	100.0
Epigon S.A.	Poland	100.0
Waynor Trading AS	Norway	100.0
Laschinger Seafood GmbH	Germany	100.0
Laschinger Produktions GmbH	Germany	100.0
Morpol France SAS	France	100.0
Morpol France Production SAS	France	100.0
Morpol Italia S.R.L.	Italia	100.0
Morpol America Inc.	USA	100.0
Morpol UK Co. Ltd.	UK	100.0
Morpol Japan CO. Ltd.	Japan	89.0
Morpol Transport Sp. z o.o.	Poland	100.0
Brookside Products Ltd.	UK	100.0
Northern Isles Salmon Ltd.	UK	100.0
Mainland Salmon Ltd.	UK	100.0
Orkney Salmon Ltd.	UK	96.8
Lakeland Smolt Ltd.	UK	100.0
Lakeland Unst Ltd.	UK	100.0
Hoganess Salmon Ltd.	UK	100.0
Sea Products of Scotland Ltd.	UK	100.0
Lakeland Cairndow Ltd.	UK	100.0
Migdale Smolt Ltd.	UK	50.1
Migdale Transport Ltd.	UK	50.1
Morpol Holdings Singapore Pte Ltd	Singapore	100.0
Amanda Foods Vietnam Ltd.	Vietnam	100.0
Jøkelfjord Laks AS	Norway	100.0
Jøkelsmolt AS	Norway	100.0
Jøkelfjord Edelfisk AS	Norway	100.0
Meridian Salmon Group Ltd.	UK	100.0
Meridian Salmon Ltd.	UK	100.0
Meridian Salmon Farms Ltd.	UK	100.0
Meridian Salmon Farms (Smolt) Ltd.	UK	100.0
Meridian Salmon Farms (Argyll) Ltd.	UK	100.0
Sound of Jura Salmon Ltd.	UK	100.0
Ocean Shells Ltd.	UK	100.0
Seagro Ltd.	UK	100.0
Cod and Shellfish (Scotland) Ltd.	UK	100.0
North Isles Seafarms Ltd.	UK	100.0
Heogland Salmon Company Ltd.	UK	100.0
Wester Sound Salmon Ltd.	UK	100.0
Marine Farms Ltd.	UK	100.0
Marine Farm Technology Ltd.	UK	100.0
Meridian Salmon Processing Ltd.	UK	100.0
Marine Products (Scotland) Ltd.	UK	80.0

Consent of Independent Registered Public Accounting Firm

We consent to the reference to our firm under the caption "Experts" and to the use of our report dated November 5, 2013, in the Registration Statement (Form 20-F) of Marine Harvest ASA for the registration of its American Depositary Shares.

/s/ Ernst & Young AS

Oslo, Norway
January 24, 2014
