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OFFERING MEMORANDUM

NOT FOR GENERAL DISTRIBUTION IN THE UNITED STATES

DEA Finance SA

€400,000,000 $7^{1}/_{2}$% Senior Notes due 2022

DEA Finance SA, incorporated as a public limited liability company (*société anonyme*) under the laws of the Grand Duchy of Luxembourg (the "Issuer"), is offering €400,000,000 aggregate principal amount of its $7^{1}/_{2}$% Senior Notes due 2022 (the "Notes").

Interest on the Notes will accrue at the rate of 7.500% per annum and the Issuer will pay interest on the Notes semi- annually on April 15 and October 15 of each year, commencing April 15, 2017. The maturity date of the Notes is October 15, 2022.

At any time on or after April 15, 2019, the Issuer may redeem all or part of the Notes by paying the redemption prices set forth in this offering memorandum (the "Offering Memorandum"). Prior to April 15, 2019, the Issuer will be entitled, at its option, to redeem all or a portion of the Notes by paying 100% of the principal amount of such Notes, plus accrued and unpaid interest, if any, plus a "make-whole" premium. In addition, prior to April 15, 2019, the Issuer may redeem, at its option, up to 35% of the Notes with the net proceeds from certain equity offerings.

If the Issuer undergoes certain events defined as constituting a change of control, each holder may require the Issuer to repurchase all or a portion of its Notes at 101% of their principal amount, plus accrued and paid interest, if any. In the event of certain developments affecting taxation, the Issuer may redeem all, but not less than all, of the Notes.

The Notes will be senior unsecured debt of the Issuer and will rank *pari passu* in right of payment with all of the Issuer's existing and future senior obligations. The Notes initially will be guaranteed (collectively, the "Guarantees") on a senior basis by L1E Finance GmbH & Co KG (the "Parent") and on a senior subordinated basis by certain subsidiaries of the Parent (the "Subordinated Guarantors" and together with the Parent, the "Guarantors"). The Notes will be structurally subordinated to all existing and future obligations and other liabilities (including trade payables) of the Parent's subsidiaries that are not Guarantors or the Issuer. The Notes will be effectively subordinated to all of the Issuer's and the Guarantors' existing and future secured debt to the extent of the value of the collateral securing such debt. The validity and enforceability of the Guarantees will be subject to contractual and legal limitations, including as pursuant to applicable German and Norwegian law, as described in "Certain insolvency law considerations." The Guarantees may be released under certain circumstances and subject to certain conditions. See "Description of Notes—Note Guarantees release."

This Offering Memorandum includes information on the terms of the Notes and Guarantees, including redemption and repurchase prices, covenants and transfer restrictions.

There is currently no public market for the Notes. The Issuer has applied to have the Notes admitted to listing on the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF market thereof (the "Euro MTF Market"). The Euro MTF Market is not a regulated market within the meaning of Directive 2004/39/EC. This Offering Memorandum constitutes a prospectus for the purpose of the Luxembourg law dated July 10, 2005 on Prospectuses for Securities, as amended.

Investing in the Notes involves a high degree of risk. See the "Risk factors" section of this Offering Memorandum beginning on page 26.

Notes Price: 100.000% plus accrued interest, if any, from October 5, 2016.

The Notes have been delivered in book-entry form on October 5, 2016 (the "Issue Date").

The Notes and the Guarantees have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any other jurisdiction, and may not be offered

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or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. In the United States, this offering is being made only to "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act) in compliance with Rule 144A under the U.S. Securities Act ("Rule 144A"). You are hereby notified that the Initial Purchasers (as defined herein) of the Notes may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A. Outside of the United States, this offering is being made in reliance on Regulation S under the U.S. Securities Act. For further details about eligible offerees and resale restrictions, see "Plan of distribution" and "Notice to investors."

Joint Bookrunners

Deutsche Bank | **Société Générale** | **Citigroup** | **Crédit Agricole CIB** | **ING** | **Natixis** | **UniCredit Bank**

The date of this Offering Memorandum is October 17, 2016.

In making your investment decision, you should rely only on the information contained in this Offering Memorandum. The Issuer and Deutsche Bank AG, London Branch, Société Générale, Citigroup Capital Markets Limited, Crédit Agricole Corporate and Investment Bank, ING Bank N.V., London Branch, Natixis and UniCredit Bank AG (collectively, the "Initial Purchasers") have not authorized anyone to provide you with any other information. If you receive any other information, you should not rely on it. The Issuer and the Initial Purchasers are offering to sell the Notes only in places where offers and sales are permitted. You should not assume that the information contained in this Offering Memorandum is accurate as of any date other than the date on the front cover of this Offering Memorandum. The Company's business or financial condition and other information in this Offering Memorandum may change after that date.

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In this offering memorandum, "Issuer" refers to DEA Finance SA, "Parent" refers to L1E Finance GmbH & Co KG, "Group" refers to Parent and its subsidiaries and "Company" refers to DEA Deutsche Erdoel AG. In this Offering Memorandum, "DEA," "we," "us" and "our" refer to the Company and its subsidiaries, except where the context otherwise requires or it is otherwise indicated. The Company's registered office is located at Überseering 40, 22297 Hamburg, Germany. The Issuer's registered address is located at 1-3, Boulevard de la Foire, C-1528 Luxembourg.

Important information about this Offering Memorandum

This Offering Memorandum is a document that we are providing only to prospective purchasers of the Notes. You should read this Offering Memorandum before making a decision whether to purchase any Notes. You must not use this Offering Memorandum for any other purpose.

We have prepared this Offering Memorandum based on information we have or have obtained from sources we believe to be reliable. Summaries of documents contained in this Offering Memorandum may not be complete. We will make copies of actual documents available to you upon request. Neither we nor the Initial Purchasers are providing you with any legal, investment, business, tax or other advice in this Offering Memorandum. You should consult with your own counsel, accountants and other advisors as needed to assist you in making your investment decision and to advise you whether you are legally permitted to purchase the Notes.

This Offering Memorandum does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose. Accordingly, the Notes may not be offered or sold, directly or indirectly, and this Offering Memorandum may not be distributed, in any jurisdiction except in accordance with the legal requirements applicable in such jurisdiction. You must comply with all laws applicable in any jurisdiction in which you buy, offer or sell the Notes or possess or distribute this Offering Memorandum, and you must obtain all applicable consents and approvals; neither we nor the Initial Purchasers shall have any responsibility for any of the foregoing legal requirements.

We are offering the Notes, and the Guarantors are issuing the Guarantees, in reliance on (i) an exemption from registration under the U.S. Securities Act for an offer and sale of securities that does not involve a public offering and (ii) a transaction pursuant to Regulation S that is not subject to the registration requirements of the U.S. Securities Act. If you purchase the Notes, you will be deemed to have made certain acknowledgments, representations and warranties as detailed under "Notice to investors." The Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the U.S. Securities Act and applicable securities laws of any other jurisdiction pursuant to registration or exemption therefrom. You may be required to bear the financial risk of an investment in the Notes for an indefinite period. Neither we nor the Initial Purchasers are making an offer to sell the Notes in any jurisdiction where the offer and sale of the Notes is prohibited. Neither we nor the Initial Purchasers are making any representation to you that the Notes are a legal investment for you.

Each prospective purchaser of the Notes must comply with all applicable laws and rules and regulations in force in any jurisdiction in which it purchases, offers or sells the Notes and must obtain any consent, approval or permission required by it for the purchase, offer or sale by it of the Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales, and neither we nor the Initial Purchasers shall have any responsibility therefor.

Neither the U.S. Securities and Exchange Commission (the "SEC"), any U.S. state securities commission nor any non-U.S. securities authority nor other authority has approved or disapproved of the Notes or determined if this Offering Memorandum is truthful or complete. Any representation to the contrary is a criminal offense.

We accept responsibility for the information contained in this Offering Memorandum. We have made all reasonable inquiries and confirm to the best of our knowledge, information and belief that the information contained in this Offering Memorandum with regard to us and our subsidiaries and affiliates and the Notes is true and accurate in all material respects, that the opinions and intentions expressed in this Offering Memorandum are honestly held and that we are not aware of any other facts, the omission of which would make this Offering Memorandum or any statement contained herein misleading in any material respect.

The Initial Purchasers make no representation or warranty, express or implied, as to, and assume no responsibility for, the accuracy or completeness of the information contained in this Offering Memorandum. Nothing contained in this Offering Memorandum is, or shall be relied upon as, a promise or representation by the Initial Purchasers as to the past, the present or the future.

We reserve the right to withdraw this offering at any time. We and the Initial Purchasers may reject any offer to purchase the Notes in whole or in part for any reason or no reason, sell less than the entire principal amount of the Notes offered hereby or allocate to any purchaser less than all of the Notes for which it has subscribed. The Initial Purchasers and certain of their respective related entities may acquire, for their own accounts, a portion of the Notes.

The information set out in relation to sections of this Offering Memorandum describing clearing and settlement arrangements, including in the "Description of Notes" and "Book-entry, delivery and form," is subject to a change in or reinterpretation of the rules, regulations and procedures of Euroclear or Clearstream currently in effect. While we accept

responsibility for accurately summarizing the information concerning Euroclear or Clearstream, we accept no further responsibility in respect of such information.

IN CONNECTION WITH THIS OFFERING, DEUTSCHE BANK AG, LONDON BRANCH (THE "STABILIZING MANAGER") (OR PERSONS ACTING ON ITS BEHALF) MAY OVER-ALLOT OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL OTHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, NO ASSURANCE CAN BE GIVEN THAT THE STABILIZING MANAGER (OR PERSONS ACTING ON ITS BEHALF) WILL UNDERTAKE STABILIZATION ACTION. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE FINAL TERMS OF THIS OFFERING IS MADE AND, IF BEGUN, MAY BE DISCONTINUED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 CALENDAR DAYS AFTER THE ISSUE DATE AND 60 CALENDAR DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILIZATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILIZING MANAGER (OR PERSONS ACTING ON ITS BEHALF) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES. FOR A DESCRIPTION OF THESE ACTIVITIES, SEE "PLAN OF DISTRIBUTION."

Notice to U.S. investors

This offering is being made in the United States in reliance upon an exemption from registration under the U.S. Securities Act for an offer and sale of the Notes which does not involve a public offering. In making your purchase, you will be deemed to have made certain acknowledgments, representations and agreements. See "Notice to investors."

This Offering Memorandum is being provided (1) to a limited number of U.S. investors that we reasonably believe to be QIBs under Rule 144A under the U.S. Securities Act for informational use solely in connection with their consideration of the purchase of the Notes and (2) to investors outside the United States pursuant to offshore transactions complying with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act. The Notes described in this Offering Memorandum have not been registered with, recommended by or approved by the SEC, any state securities commission in the United States or any other securities commission or regulatory authority, nor has the SEC, any state securities commission in the United States or any such securities commission or authority passed upon the accuracy or adequacy of this Offering Memorandum. Any representation to the contrary is a criminal offense.

Notice to certain other investors

Austria The Notes may be offered and sold in the Republic of Austria only in compliance with the Austrian Capital Markets Act (*Kapitalmarktgesetz*) as amended (the "Austrian Capital Markets Act") and applicable European Union legislation. This Offering Memorandum has not been approved under the Austrian Capital Markets Act or the Directive 2003/71/EC, and accordingly the Notes may not be offered publicly in Austria.

Belgium The Notes are not offered, directly or indirectly, to the public in Belgium. The Notes are being offered in Belgium to qualified investors only, within the meaning of Article 3, §2, a) and 10 of the Belgian law of June 16, 2006 on the public offering of securities and admission of securities to trading on a regulated market ("Belgian Prospectus Law") and/or on the basis of the other exemptions set out in Article 3, §2 of the Belgian Prospectus Law. Accordingly, this Offering Memorandum has not been and will not be notified to, or approved by, the Belgian banking, finance and insurance commission (*Commissie voor het bank-, financie- en assurantiewezen/Commission bancaire, financière et des assurances*). The Offering cannot be advertised and this Offering Memorandum and any other information, circular, brochure or similar documents may not be distributed, directly or indirectly, in Belgium other than to said qualified investors or, as the case may be, other than on the basis of the other exemptions set out in Article 3, §2 of the Belgian Prospectus Law.

Denmark This Offering Memorandum has not been filed with or approved by any authority in the Kingdom of Denmark. The Notes have not been offered or sold and may not be offered, sold or delivered directly or indirectly in the Kingdom of Denmark, unless in compliance with the Danish Act on Trading in Securities (Consolidated Act No. 795 of August 20, 2009, as amended from time to time) and any Orders issued thereunder.

France This Offering Memorandum has not been prepared in the context of a public offering in France within the meaning of Article L. 411-1 of the *Code Monétaire et Financier* and has not been admitted to the clearance procedure of the *Autorité des marchés financiers.* Consequently, the Notes may not be, directly or indirectly, offered or sold to the public in France and neither this Offering Memorandum nor any other offering material may be distributed or caused to be distributed, directly or indirectly, to the public in France. Such offers, sales and distributions will only be made in France to providers of investment services relating to portfolio management for the account of third-parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour le compte de tiers*) and/or to qualified investors (*investisseurs qualifiés*) and/or to a limited circle of investors (*cercle restreint d'investisseurs*) each acting for their own accounts, as defined in and in accordance with Articles L. 411-1, L. 411-2 and D. 411-1 to 411-4 of the *Code Monétaire et Financier*.

Germany The Offering is not a public offering in the Federal Republic of Germany. The Notes may only be offered, sold and acquired in accordance with the provisions of the Securities Prospectus Act of the Federal Republic of Germany (the "Securities Prospectus Act", *Wertpapierprospektgesetz, WpPG*), as amended, the Commission Regulation (EC) No. 809/2004 of 29 April 2004 as amended, and any other applicable German law. No application has been made under German law to permit a public offer of Notes in the Federal Republic of Germany. This Offering Memorandum has not been approved for purposes of a public offer of the Notes and accordingly the Notes may not be, and are not being, offered or advertised publicly or by public promotion in Germany. Therefore, this Offering Memorandum is strictly for private use and the offer is only being made to recipients to whom the document is personally addressed and does not constitute an offer or advertisement to the public. The Notes will only be available to and this Offering Memorandum and any other offering material in relation to the Notes is directed only at persons who are qualified investors (*qualifizierte Anleger*) within the meaning of Section 2, No. 6 of the Securities Prospectus Act. Any resale of the Notes in Germany may only be made in accordance with the Securities Prospectus Act and other applicable laws. The Company has not, and does not intend to, file a securities prospectus with the German Federal Financial Supervisory Authority ("BaFin," *Bundesanstalt für Finanzdienstleistungsaufsicht*) or obtain a notification to BaFin from another competent authority of a Member State of the EEA, with which a securities prospectus may have been filed, pursuant to Section 17(3) of the Securities Prospectus Act.

Grand Duchy of Luxembourg This Offering Memorandum has not been approved by and will not be submitted for approval to *Commission de Surveillance du Secteur Financier* (the Luxembourg competent authority) for the purposes of public offering or sale of the Notes in the Grand Duchy of Luxembourg. Accordingly, the Notes may not be offered or sold to the public in the Grand Duchy of Luxembourg, directly or indirectly, and neither this Offering Memorandum nor any other circular, prospectus, form of application, advertisement, communication or other material may be distributed, or otherwise made available in or from, or published in, the Grand Duchy of Luxembourg except for the sole purpose of the listing of the Notes on the Official List of the Luxembourg Stock Exchange and to the admission to trading of the Notes on the Euro MTF and except if the offer benefits from an exemption to or constitutes a transaction otherwise not subject to the requirements to publish a prospectus for the purpose of the Luxembourg act dated July 10, 2005 relating to prospectuses for securities, as amended, and implementing the Prospectus Directive. The expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

Italy No action has been or will be taken which could allow an offering of the Notes to the public in the Republic of Italy. Accordingly, the Notes may not be offered or sold directly or indirectly in the Republic of Italy, and neither this Offering Memorandum nor any other offering circular, prospectus, form of application, advertisement, other offering material or other information relating to the Company or the Notes may be issued, distributed or published in the Republic of Italy, except under circumstances that will result in compliance with all applicable laws, orders, rules and regulations. The Notes cannot be offered or sold to any natural persons nor to entities other than qualified investors (according to the definition provided for by the Prospectus Directive) either on the primary or on the secondary market.

Netherlands This Offering Memorandum is directed only at qualified investors as defined in the Prospectus Directive, as amended and as implemented in the Netherlands ("Qualified Investors").

This Offering Memorandum must not be acted on or relied on by persons who are not Qualified Investors. Any investment or investment activity to which this Offering Memorandum relates is available only to Qualified Investors and will be engaged in only with Qualified Investors. Recipients of this Offering Memorandum are not permitted to transmit it to any other person. The Notes are not being offered to the public in the Netherlands.

Norway This Offering Memorandum has not been and will not be filed with or approved by the Norwegian Financial Supervisory Authority, the Oslo Stock Exchange or any other regulatory authority in Norway. The Notes have not been offered or sold and may not be offered, sold or delivered, directly or indirectly, in Norway, unless in compliance with Chapter 7 of the Norwegian Securities Trading Act 2007 and secondary regulations issued pursuant thereto, as amended from time to time. Accordingly, this Offering Memorandum may not be made available nor may the Notes otherwise be marketed and offered for sale in Norway other than in circumstances that are deemed not to be a marketing of an offer to the public in Norway.

Russia The Notes will not be, nor are they intended to be, offered, transferred or sold as part of their initial distribution or at any time thereafter to or for the benefit of any persons (including legal entities) resident, incorporated, established or having their usual residence in the Russian Federation or to any person located within the territory of the Russian Federation unless and to the extent otherwise permitted under Russian law. Neither the Notes nor this Offering Memorandum or other documents relating to them have been or are intended to be registered in Russia with any state authorities that may from time to time be responsible for such registration. The Notes are not eligible for "placement" and "circulation" in the Russian Federation (as defined under Russian law) unless and to the extent otherwise permitted by Russian law. The information provided in this Offering Memorandum is not an offer, or an invitation to make offers, sell, purchase, exchange or otherwise transfer the Notes in the Russian Federation or to or for the benefit of any Russian person or entity.

Switzerland The Notes offered hereby are being offered in Switzerland on the basis of a private placement only. This Offering Memorandum does not constitute a prospectus within the meaning of Art. 652A of the Swiss Federal Code of Obligations.

United Kingdom This Offering Memorandum is directed only at persons ("Relevant Persons") who (i) fall within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, (ii) fall within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations etc.) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended or (iii) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any Notes may otherwise lawfully be communicated or caused to be communicated.

This Offering Memorandum must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment activity to which this Offering Memorandum relates is available only to Relevant Persons and will be engaged in only with Relevant Persons. Recipients of this Offering Memorandum are not permitted to transmit it to any other person. The Notes are not being offered to the public in the United Kingdom.

THIS OFFERING MEMORANDUM CONTAINS IMPORTANT INFORMATION WHICH YOU SHOULD READ BEFORE YOU MAKE ANY DECISION WITH RESPECT TO AN INVESTMENT IN THE NOTES.

Forward-looking statements

This Offering Memorandum includes statements that are, or may deemed to be, "forward-looking statements," within the meaning of the securities laws of certain jurisdictions, including statements under the headings "Presentation of industry and market data," "Summary," "Risk factors," "Management's discussion and analysis of financial condition and results of operations," "Our business" and other sections. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "anticipate," "expect," "suggests," "plan," "believe," "intend," "estimates," "targets," "projects," "should," "could," "would," "may," "will," "forecast," and other similar expressions or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Offering Memorandum and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which we operate. While these forward-looking statements are based on our internal expectations, estimates, projections, assumptions and beliefs as at the date of such statements or information, including, among other things, assumptions with respect to production, future capital expenditures and cash flow, we caution you that the assumptions used in the preparation of such information may prove to be incorrect and no assurance can be given that our expectations, or the assumptions underlying these expectations, will prove to be correct.

We caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and the development of the industry in which we operate may differ materially from those made in or suggested by the forward-looking statements contained in this Offering Memorandum. In addition, even if our results of operations, financial condition and liquidity, and the development of the industry in which we operate are consistent with the forward-looking statements contained in this Offering Memorandum, those results or developments may not be indicative of results or developments in subsequent periods.

Any forward-looking statements that we make in this Offering Memorandum speak only as of the date of such statement, and we undertake no obligation to update such statements. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical data.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We believe that these risks and uncertainties include, but are not limited to, those described in the "Risk factors" section of this Offering Memorandum:

- the volatility in oil and gas prices;
- the level of oil and gas reserves and contingent resources may be lower than expected;
- drilling, exploration and productions risks and hazards;
- significant uncertainty as to the success of drilling appraisal, exploration and development activities;
- the competitiveness of our industry;
- the technological developments in the industry;
- climate change abatement legislation, including costs of complying with such legislation;
- the compliance with obligations under licenses, contracts and field development plans;
- issues caused by commercial partners we do not control;
- the failure to obtain access to necessary equipment and transportation systems;
- the unanticipated increased costs including with respect to decommissioning obligations;
- the successful integration of acquisitions;
- our ability to retain and hire qualified personnel;
- the damage to our business reputation;

- political, economic, fiscal, legal, regulatory and social uncertainties in certain of the countries in which we do business;
- the risk of disputes over title or exploration and production rights;
- inadequate insurance coverage;
- the risk of litigation;
- the inability of counterparties to meet their payment obligations;
- currency exchange and inflation risks;
- exposure to losses from hedging activities;
- the inability to sell assets on attractive terms;
- the compliance with health and safety and environmental regulations;
- the risks of intentional or unintentional disruption to our website and internal systems and misappropriation of confidential information;
- issues caused by not owning trademarks, service marks and trade names used in connection with the operation of our business;
- wage demands or work stoppages by unionized employees; and
- changes to tax legislation or increases in effective tax rates.

The list above is not exhaustive and there are other factors that may cause our actual results to differ materially from the forward-looking statements contained in this Offering Memorandum. Moreover, new risk factors emerge from time to time and it is not possible for us to predict all such risk factors. We cannot assess the impact of all risk factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, you should not place undue reliance on forward-looking statements as a prediction of actual results.

We urge you to read the sections of this Offering Memorandum entitled "Risk factors," "Management's discussion and analysis of financial condition and results of operations," "Presentation of industry and market data" and "Our business" for a more complete discussion of the factors that could affect our future performance and the markets in which we operate.

Presentation of financial and other information

Financial information

DEA

The audited consolidated financial statements as of and for the year ended December 31, 2014 and as of and for the short fiscal years ended March 31, 2015 and December 31, 2015 included elsewhere in this Offering Memorandum have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and adopted by the European Union ("IFRS") and, with respect to the audited consolidated financial statements as of and for the years ended December 31, 2014 and as of and for the short fiscal years ended March 31, 2015 and December 31, 2015, in consideration of the additional requirements of sec. 315a (1) German Commercial Code (*Handelsgesetzbuch*, "HGB"). The consolidated financial statements comply with Article 4 of the EU IAS Regulation.

The audited financial statements were originally issued in German. The English language financial statements included elsewhere in this OM are translations and in the event of a discrepancy, the German language version will prevail.

Where financial data is labelled "audited", this means that it was taken from the audited financial statements of the Company as of and for the year ended December 31, 2014 and the short fiscal years ended March 31, 2015 and December 31, 2015, in each case, prepared in accordance with IFRS.

The label "unaudited" is used to indicate financial data that was taken from a source other than the audited financial statements, derived by adding the Company's audited short fiscal years, or recomputed from the audited financial statements.

The financial information as of and for each of the years ended December 31, 2013 and 2014 are derived from the Company's audited consolidated financial statements as of and for the year ended December 31, 2014. The financial information presented as of and for the year ended December 31, 2015 has been derived by adding the Company's audited consolidated financial statements as of and for the short fiscal years ended March 31, 2015 and December 31, 2015. The Company's audited consolidated financial statements as of and for the short fiscal year ended March 31, 2015 were prepared following a resolution adopted at the annual general meeting of the Company on March 12, 2015 to declare the period from January 1, 2015 to March 31, 2015 a short fiscal year. This declaration was made in order for German tax authorities to permit the creation of a tax group consisting of the Company and its subsidiaries incorporated in Germany and the L1E Holding Companies (as defined below) incorporated in Germany. The Company's audited consolidated financial statements as of and for the short fiscal year ended December 31, 2015 were prepared following a resolution adopted at the annual general meeting of the Company on April 17, 2015, to declare the period from April 1, 2015 to December 31, 2015 a short fiscal year. This declaration was made in order to align future fiscal years with the calendar year. There are no financial statements available for the Issuer as it was incorporated in September 2016.

The historical financial information as of and for the six months ended June 30, 2015 and June 30, 2016 are derived from the Company's unaudited condensed consolidated interim financial statements for the six months ended June 30, 2016. See "Summary historical financial data."

The consolidated financial statements and certain other financial information, including EBITDAX and ratios, contained elsewhere in this Offering Memorandum relate to the Company and all of its directly or indirectly owned subsidiaries. As a result, the financial information of the following entities are not included in the financial statements included in this Offering Memorandum: L1E Acquisitions GmbH, L1E Funding GmbH, the Parent and the Issuer (collectively, the "L1E Holding Companies"). The Issuer will produce and file yearly standalone financial statemens in accordance with Luxembourg law. Our financial reporting as of January 1, 2017 will include the L1E Holding Companies. See "Description of Notes—Certain covenants—Reports." As of June 30, 2016, none of the L1E Holding Companies had any material assets or liabilities other than (i) the shares in its respective subsidiaries, as applicable, (ii) the Shareholder Loan and (iii) cash and receivables related to the DEA Acquisition and related transactions. See "Certain relationships and related party transactions—Transactions with Related Parties—Shareholder Loan." With effect from April 2, 2015, the Company assumed the rights and obligations established by the RBL Facility from L1E Funding GmbH. In return for this assumption of debt, the Company granted a loan to L1E Funding GmbH in the amount of $2,200 million. The interest payment from this loan is shown as interest income in DEA's consolidated financial statements, but is treated as intercompany debt within the restricted group for the purposes of this Offering Memorandum. Following the offering of the Notes and the application of the proceeds therefrom, we expect to have a de minimis amount of cash at the L1E Holding Companies and the Issuer.

The auditor's reports of PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Essen, Germany, for the Company's consolidated financial statements as of and for the year ended December 31, 2014 and as of

and for the short fiscal years ended March 31, 2015 and December 31, 2015, as included elsewhere in this Offering Memorandum, refer to group management reports of the Company. The examinations of and the auditor's reports upon such group management reports are required under German auditing standards. Those examinations were not made in accordance with generally accepted auditing principles ("GAAP") or attestation standards in the United States. Accordingly, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Essen, Germany, does not express any opinion on this information or on the consolidated financial statements included in this Offering Memorandum, in each case in accordance with U.S. GAAP or U.S. attestation standards.

E.ON Norge

The E.ON Norge historical financial information as of and for the years ended December 31, 2015 included in this Offering Memorandum has been derived from E.ON Norge's audited statutory accounts included elsewhere in this Offering Memorandum. E.ON Norge's audited statutory accounts reported in Norwegian kroner and included herein and the accompanying notes thereto have been prepared in accordance with the Companies Act, the Norwegian accounting act §3-9 and "Forskrift om forenklet IFRS fastsatt av Finansdepartementet 21. januar 2008".

***Pro forma* financial information**

The unaudited *pro forma* condensed consolidated income statement information presented in this Offering Memorandum has been prepared solely to show how the acquisition of all shares in E.ON Norge (as defined herein) (the "E.ON Acquisition") would have impacted the Company's income statements for the twelve months ended December 31, 2015 had the E.ON Acquisition occurred on January 1, 2015. The Company's unaudited *pro forma* condensed consolidated income statement for the year ended December 31, 2015 have been prepared for illustrative purposes only and do not purport to represent what our actual results of operations would have been if the E.ON Acquisition had actually occurred on January 1, 2015, nor does it purport to project our income statement at any future date. The unaudited *pro forma* financial information set forth in this Offering Memorandum is based on available information and certain assumptions and estimates that we believe are reasonable and may differ materially from the actual amounts that would have been achieved had the E.ON Acquisition occurred on January 1, 2015.

The unaudited *pro forma* financial information does not include all information required for financial statements under IFRS, and should be read in conjunction with the audited consolidated financial statements and the notes related thereto included elsewhere in this Offering Memorandum of the Company as of and for the short fiscal years ended March 31, 2015 and December 31, 2015. The unaudited *pro forma* financial information does not give effect to the Notes offered hereby. Certain adjustments were made to the audited statutory accounts of E.ON Norge in order to align their accounting policies and principles with DEA's accounting policies and principles. As of the date of this Offering Memorandum there are no new standards or interpretations implemented which had a significant impact on the Company's financial statements.

The unaudited *pro forma* financial information has not been prepared in accordance with Article 11 of Regulation S-X under the U.S. Securities Act, the Prospectus Directive, IFRS or any GAAP.

Non-GAAP and non-IFRS financial measures

This Offering Memorandum contains non-GAAP and non-IFRS measures and ratios, including EBITDAX, net debt, net working capital, coverage ratios and EBITDAX per boe that are not required by, or presented in accordance with, any GAAP or IFRS.

EBITDAX consists of results from continuing operations before taxes of the Company for the period before:

- interest and other financing costs;
- exploration expenses;
- depreciation, depletion and amortization and impairments;
- acquisition, disposal and restructuring costs and extraordinary items;
- gain or loss from foreign currency exchange (including hedging);
- gain or loss on book value attributable to the disposal of any fixed asset (other than the sale of trading stock); and
- pension items.

Total debt consists of:

- current debt to banks; *plus*
- non-current debt to banks, in each case, including the Notes.

Net debt consists of:

- current debt to banks; *plus*
- non-current debt to banks, in each case, including the Notes; *less*
- cash and cash equivalents.

For purposes of calculating total debt and net debt, the Company excludes amounts outstanding under the following debt instruments entered into between L1E Acquisitions GmbH, as lender, and the Company, as borrower: (i) the $400 million revolving working capital facility agreement, dated March 2, 2015 as amended and restated from time to time; (ii) the €630.6 million term loan agreement (as assigned to L1E Acquisitions GmbH by RWE Aktiengesellschaft), dated February 25, 2015, as amended and restated from time to time and (iii) the $147.5 million shareholder loan agreement, dated December 15, 2015, as amended and restated from time to time (clauses (i), (ii) and (iii), collectively, the "L1E Acquisitions Agreements"). In March 2015, the $147.5 million shareholder loan was repaid in connection with a cashless settlement in connection with our DPLTAs.

As of December 31, 2015 and June 30, 2016, we had an aggregate amount of €1,061.5 million and €717.2 million, respectively, outstanding under the L1E Acquisitions Agreements. Each of the L1E Acquisitions Agreements will be treated as intercompany loans once the scope of consolidation expands to encompass the Parent and its subsidiaries, which is expected to occur following the offering of the Notes hereby. These loan agreements along with equity contributions underpin L1 Energy's long-term investment strategy with respect to the Company, by providing the liquidity and flexibility required for the Company's operations. As a result, the Company does not count amounts outstanding under these agreements as debt for any purpose other than financial reporting in accordance with generally accepted accounting principles and taxation, and excludes such amounts from the calculation of its financial ratios.

Net working capital consists of:

- trade receivables; *plus*
- DPLTA payables and *less* receivables; *less*
- L1E receivables; *plus*
- inventories; *less*
- trade payables.

The non-GAAP and non-IFRS measures and ratios may not be comparable to other similarly titled measures of other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results as reported under IFRS or any GAAP. Our management uses these measures to measure operating performance and liquidity, in presentations to our Management Board and as a basis for strategic planning and forecasting, as well as monitoring certain aspects of our operating cash flow and liquidity. We present non-GAAP and non-IFRS measures and ratios because we believe that they and similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity. Non-GAAP and non-IFRS measures and ratios such as EBITDAX, coverage ratios and EBITDAX per boe are not measurements of our performance or liquidity under IFRS and should not be considered as alternatives to operating profit, profit for the year, capital expenditure or any other performance measures derived in accordance with IFRS or any GAAP or as alternatives to cash flow from operating, investing or financing activities.

We present a reconciliation of each of the non-GAAP and non-IFRS measures to the most directly comparable measure calculated and presented in accordance with IFRS and discuss its limitations. For a reconciliation of these non-GAAP and non-IFRS measures, refer to "Summary historical financial data" or "Selected financial data."

EBITDAX may also be defined differently from the definition of "Consolidated Cash Flow" under the Indenture. Some of the limitations of EBITDAX are:

- they do not reflect our cash expenditures or future requirements for contractual commitments;
- they do not reflect changes in, or cash requirements for, our working capital needs;
- they do not reflect the significant interest expense, or the cash requirements necessary, to service interest or principal payments on our debt;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often need to be replaced in the future and EBITDAX does not reflect any cash requirements that would be required to make such replacements;
- they do not reflect the impact of certain cash charges resulting from matters we consider not to be indicative of our ongoing operations; and
- other companies in our industry may calculate these measures differently from the way we do, limiting their usefulness as comparative measures.

Because of these limitations, EBITDAX should not be considered as measures of discretionary cash available to us to invest in the growth of our business or as measures of cash that will be available to us to meet our obligations. You should compensate for these limitations by relying primarily on our IFRS results and using these non-GAAP and non-IFRS measures only to supplement your evaluation of our performance.

As Adjusted Financial Data

We present in this Offering Memorandum certain as adjusted financial data for the Company which is based on consolidated financial information of the Company, as adjusted to give effect to issuance of the Notes offered hereby, including the application of the net proceeds of the Notes as set forth under "Use of proceeds," as of June 30, 2016. See "Summary historical financial data—other historical and as adjusted financial information." The as adjusted financial data has not been prepared in accordance with the requirements of Regulation S-X of the Securities Act, the Prospectus Directive, IFRS or any GAAP. Neither the assumptions underlying the related adjustments nor the resulting as adjusted financial data have been audited or reviewed in accordance with IFRS or any GAAP.

Presentation

Certain numerical figures and percentages set out in this Offering Memorandum, including financial data presented in billions, millions or thousands, have been subject to rounding adjustments and, as a result, the totals of the data in this Offering Memorandum may vary slightly from the actual arithmetic totals of such information. Percentages and amounts reflecting changes over time periods relating to financial and other data set forth in "Management's discussion and analysis of financial condition and results of operations" are calculated using the numerical data in our financial statements or the tabular presentation of other data (subject to rounding) contained in this Offering Memorandum, as applicable, and not using the numerical data in the narrative description thereof.

Certain reserves and production information

Our oil and gas reserves data presented in this Offering Memorandum has been prepared by management and certified by RPS Group Plc ("RPS") in accordance with the Society of Petroleum Engineer's ("SPE") Petroleum Resource Management System ("PRMS"), as follows:

- "1P reserves," or "proved reserves," are those quantities of petroleum, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations. If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate.
- "2P reserves," or "proved plus probable reserves," are 1P reserves plus those additional reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than 1P reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the estimated 2P reserves. In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P reserves estimate.

We retain RPS as our independent reserve engineer for the purposes of certifying the reserves associated with our asset portfolio and our internal reserve estimates. Estimated reserves presented herein may differ from estimates made in accordance with guidelines and definitions used by other companies in the industry or by the SEC.

As of December 31, 2015, RPS audited 99.6% of our 2P reserves, with the remaining 0.4% (or 2.31 mmboe) derived from our own estimates and not audited by RPS. As of December 31, 2014, RPS audited 99.5% of our 2P reserves, with the remaining 0.5% (or 2.23 mmboe) derived from our own estimates and not audited by RPS. These estimates mainly relate to gas reserves in our German storage business.

Typical to the industry in which we operate, there are a number of uncertainties inherent in estimating quantities of 1P and 2P reserves. Therefore, the reserve information in this Offering Memorandum represents only estimates. Reserve assessment is a subjective process of estimating underground accumulations of oil and gas that cannot be measured in an exact manner. The accuracy of any reserve estimate is a function of a number of variable factors and assumptions, many of which are beyond our control, including the quality of available data and of engineering and geological interpretation and judgment. As a result, estimates of different reserve assessors may vary. In addition, results of drilling, testing and production subsequent to the date of an estimate may justify revising the original estimate. Accordingly, due to the inherent uncertainties and the limited nature of reservoir data and the inherently imprecise nature of reserve estimates, the initial reserve estimates are often different from the quantities of oil and gas that are ultimately recovered. The accuracy of such estimates depends primarily on the assumptions upon which they were based.

You should not place undue reliance on the ability of the estimates of 1P and 2P reserves to predict actual 1P and 2P reserves or on comparisons of similar reports concerning other companies, and this Offering Memorandum should be accepted with the understanding that our financial performance subsequent to the date of the estimates may necessitate revision of the 1P and 2P reserves information set forth herein. In addition, except to the extent that we acquire additional properties containing 1P and 2P reserves or conduct successful exploration and development activities, or both, our 1P and 2P reserves will decline as they are produced.

Additionally, in the Offering Memorandum, we use the terms 1PD reserves and 2PD reserves to further categorize our 1P and 2P reserves information:

- "1PD reserves" are developed 1P reserves that are expected to be recovered from existing wells, including reserves expected to be recovered from completion intervals which are open at the time of the estimate but which have not yet started producing or wells which were shut in for market conditions or pipeline connections or wells not capable of producing for mechanical reasons. These reserves are considered developed only after the necessary equipment has been installed, or when the costs to do so are relatively minor.

- "2PD reserves" are developed 2P reserves that are expected to be recovered from existing wells, including reserves expected to be recovered from zones completion intervals which are open at the time of the estimate but which have not yet started producing or wells which were shut in for market conditions or pipeline connections or wells not capable of producing for mechanical reasons. These reserves are considered developed only after the necessary equipment has been installed, or when the costs to do so are relatively minor.

Potential investors should note that we have not estimated 1P and 2P reserves under the standards of reserves measurement applied by the SEC (the "SEC Basis") for any of the relevant periods reviewed in the Offering Memorandum, or otherwise. The SEC Basis differs from PRMS.

Unless otherwise indicated, all production figures are presented on a net to our working interest. Where gross amounts are indicated, they are presented on a total project basis—i.e., the total interests of all relevant license holders in the relevant fields and license areas without deduction for the economic interest of our commercial partners, taxes or royalty interests or otherwise. Forecasts of production for our individual assets of ours are derived from production estimates included in our reserve reports. Our legal interest and effective working interest in the relevant fields and license areas are separately disclosed. See "Our Business—Material Agreements Relating to Our Assets" for a more detailed discussion of the terms of the agreements governing our interests. In licenses governed by production sharing contracts, the reserves we are entitled to may be lower than the working interest volumes presented herein.

Hydrocarbon data

The report referenced in this Offering Memorandum uses the following estimates:

- oil and gas condensate in standard millions of barrels ("MMbbl") (a barrel being the equivalent of 42 U.S. gallons);

- natural gas in billions of cubic feet ("bcf") and trillions of cubic feet ("tcf") at standard temperature and pressure bases;
- natural gas liquids ("NGL") and liquefied petroleum gas ("LPG") in millions of tons ("MMt"); and
- liquid in standard millions of barrels of oil equivalent ("MMboe").

This Offering Memorandum presents certain production and reserves-related information on an "equivalency" basis. Our conversion of data for tonnes into barrels and from cubic feet into boe may differ from that data used by other companies. We have assumed a conversion rate of 6.114 bcf to 1 MMboe. This conversion is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent value equivalencies at the wellhead. Although this conversion factor is an industry accepted convention, it is not reflective of price or market value differentials between product types.

There are a number of uncertainties inherent in estimating quantities of 1P and 2P reserves, including many factors beyond our control. Such information represents only estimates and such estimates are forward-looking statements which are based on judgments regarding future events that may be inaccurate. See "Forward-looking statements." Estimation of 1P and 2P reserves is a subjective process of estimating underground accumulations of oil and gas that cannot be measured in an exact manner. The accuracy of any 1P and 2P reserves estimate is a function of a number of factors, many of which are beyond our control, including the quality of available data, and involves engineering and geological interpretation and judgment. As a result, estimates of different engineers may vary. In addition, results of drilling, testing and production subsequent to the date of an estimate may justify revising the original estimate. Accordingly, due to the inherent uncertainties and the limited nature of reservoir data and the inherently imprecise nature of 1P and 2P reserves estimates, the initial 1P and 2P reserves estimates are often different from the quantities of oil and gas that are ultimately recovered.

Presentation in RPS reports

RPS has certified our assessments of certain fields in our asset base on a historical basis and provided its opinion as to the reasonableness of our assessments in reports and related appendices dated April 2016 and April 2015 (each an "RPS Report" or collectively, the "RPS Reports").

The technical personnel responsible for preparing the certification of our reserve estimates at RPS meet the requirements regarding qualifications, independence, objectivity and confidentiality set forth by the SPE. RPS is an independent consultancy and does not own an interest in our properties and is not employed on a contingent fee basis.

Commercial partners

In this Offering Memorandum, when we describe activities in relation to licenses and assets in which we hold interests, references to "we," "our" and similar words mean, depending on the context, DEA Deutsche Erdoel AG and its commercial partners with interests in such licenses and assets.

Divestment of UK Assets

On November 30, 2015 we completed the process of selling our portfolio of operated and non-operated exploration, development and production assets in the United Kingdom (the "UK Assets"). Therefore, the UK Assets were treated as discontinued operations as of January 1, 2015. Unless indicated otherwise, all information in this Offering Memorandum relating to our interests in licenses, acreage under license, reserves, production and sales revenues excludes our UK Assets for the twelve months ended December 31, 2015 and the six months ended June 30, 2015 and June 30, 2016. The tables below show the reserves associated with our UK Assets as of the year ended December 31, 2014 and production, sales revenues and EBITDAX that our UK Assets contributed to our operations for the year ended December 31, 2013 and December 31, 2014.

	As of the year ended December 31,
	2014
1P Reserves (MMboe)	47.8
2P Reserves (MMboe)	61.8

	For the twelve months ended December 31,	
	2013	2014

Total production (kboepd)	7.3	17.4
Sales revenue (in millions of €) (unaudited)	171.1	289.9
EBITDAX (in millions of €)[(1)] (unaudited)	116.7	184.4

(1) Excludes corporate general and administrative cost/expense allocation.

Acquisition of E.ON Assets

On December 16, 2015, we completed the acquisition of the portfolio of operated and non-operated exploration, development and production assets in Norway, including the Njord and Skarv fields, (the "E.ON Assets") from E.ON Norge. The effective date of the acquisition was January 1, 2015. The transaction allowed us to expand our portfolio in one of our core regions by acquiring business with significant growth potential, and more than doubled our production in Norway. A subsidiary of DEA initially acquired E.ON Norge, which thereafter consolidated and integrated into our Norwegian operations. In May 2016, at the end of the legal merger process, the newly merged company was named DEA Norge AS. Following the merger, we own interests in 69 licenses across Norway.

Definitions

- “Company” means DEA Deutsche Erdoel AG, a company organized under the laws of Germany;
- “DEA Acquisition” means the acquisition of RWE Dea AG pursuant to the DEA SPA, which closed on March 2, 2015;
- “DEA Guarantors” means the Subordinated Guarantors, excluding L1E Funding GmbH and L1E Acquisitions GmbH;
- “DEA Norge” means DEA Norge AS, a company organized under the laws of Norway;
- “DEA SPA” means the share purchase agreement among L1E Acquisitions GmbH, Letterone Holdings S.A., LTS Holdings Limited, RWE AG and BGE Beteiligungs-Gesellschaft für Energieunternehmen mbH, dated March 28, 2014, as amended on May 6, 2014, August 21, 2014 and January 15, 2015;
- “E.ON Acquisition” means the acquisition of E.ON Norge pursuant to the E.ON SPA, which closed on December 16, 2015, and the subsequent integration of the business of E.ON Norge with DEA Norge;
- “E.ON Assets” means the portfolio of operated and non-operated exploration, development and production assets in Norway in connection with the E.ON Acquisition;
- “E.ON Norge” means E.ON E&P Norge AS, a company previously organized under the laws of Norway and and as of the date of this Offering Memorandum, merged into DEA Norge;
- “E.ON SPA” means the share purchase agreement among DEA Norge, as buyer, DEA, as buyer’s guarantor, E.On Beteiligungen GmbH, as seller, and E.On SE, as seller’s guarantor, dated October 9, 2015;
- “EURIBOR” means Euro Interbank Offered Rate;
- “Guarantors” means, collectively, the Parent and the Subordinated Guarantors;
- “Indenture” means the indenture to be dated as of the issue date between, among others, the Issuer, the Guarantors and the Trustee;
- “Issuer” means DEA Finance SA;
- “L1 Energy” or “Group” means, collectively, the group of entities comprising the investment vehicle of Letterone Holdings S.A. See “Summary—Shareholder”;
- “L1E Holding Companies” means L1E Acquisitions GmbH, L1E Funding GmbH, the Parent and the Issuer;
- “LIBOR” means London Interbank Offered Rate;
- “OPEC” means the Organization for Petroleum Exporting Countries;
- “RBL Facility” means the $2,300 million, multi-currency senior secured revolving and letter of credit facility dated December 30, 2014, between, among others, L1E Funding GmbH, as borrower and Citigroup Global Markets Limited, Deutsche Bank AG, Amsterdam Branch, Natixis, Société Générale, London Branch and The Bank of Nova Scotia, as mandated lead arrangers. See “Description of certain financing arrangements—RBL Facility”;
- “SEC” means the U.S. Securities and Exchange Commission;
- “Parent” means L1E Finance GmbH & Co KG;
- “Subordinated Guarantors” means L1E Funding GmbH, L1E Acquisitions GmbH, the Company, DEA Speicher GmbH, DEA International GmbH, DEA Norge, DEA Suez GmbH and DEA Nile GmbH;
- “UK” means the United Kingdom of Great Britain and Northern Ireland;

- "UK Assets" means our previously owned portfolio of operated and non-operated exploration, development and production assets in the United Kingdom, sold on November 30, 2015;
- "UK Divestment" means the sale of our UK Assets pursuant to the UK SPA;
- "UK SPA" means the share purchase agreement among DEA, Highland Marine Stitching, as seller, Ineos Offshore BCS Limited, as purchaser, and Ineos Holdings AG, the purchaser parent, dated October 9, 2015;
- "UniCredit Guarantee Facility" means the $50 million senior unsecured guarantee and documentary facility between DEA and UniCredit Bank AG, dated April 4, 2016, as amended and restated from time to time;
- "UniCredit Revolving Facility" means the $50 million senior unsecured revolving credit loan facility between DEA and UniCredit Bank AG, dated April 4, 2016, as amended and restated from time to time;
- "UniCredit Facilities" means collectively the UniCredit Revolving Facility and the UniCredit Guarantee Facility. See "Description of certain financing arrangements—Bilateral Agreements";
- "United States" or "U.S." means the United States of America; and
- "U.S. Securities Act" means the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

Exchange rate information

In this Offering Memorandum, references to "GBP," "pounds sterling" and "£" are to the lawful currency of the UK; references to "euro," "EUR" or "€" are to the single currency of the participating Member States of the European and Monetary Union of the Treaty Establishing the European Community, as amended from time to time; references to "U.S. dollars," "US$" and "$" are to the lawful currency of the United States of America; and references to "NOK" or "Norwegian kroner" are to the lawful currency of Norway. We publish our combined financial information in euro.

The following tables set forth, for the periods set forth below, the high, low, average and period end Bloomberg Composite Rate expressed as U.S. dollars per €1.00. The Bloomberg Composite Rate is a "best market" calculation, in which, at any point in time, the bid rate is equal to the highest bid rate of all contributing bank indications and the ask rate is set to the lowest ask rate offered by these banks. The Bloomberg Composite Rate is a mid-value rate between the applied highest bid rate and the lowest ask rate. The rates may differ from the actual rates used in the preparation of the Combined Financial Information and other financial information appearing in this Offering Memorandum. While we take responsibility for accurately reproducing the below information derived from Bloomberg, neither we nor the Initial Purchasers represent that the U.S. dollar amounts referred to below could be or could have been converted into euro at any particular rate indicated or any other rate.

The average rate for a year means the average of the Bloomberg Composite Rates on the last day of each month during a year. The average rate for a month, or for any shorter period, means the average of the daily Bloomberg Composite Rates during that month, or shorter period, as the case may be.

The Bloomberg Composite Rate of the euro on September 23, 2016 was $1.1233 per €1.00.

	U.S. dollars per euro			
	Period end	Average	High	Low
Year				
2011	1.2960	1.3924	1.4874	1.2925
2012	1.3197	1.2859	1.3463	1.2053
2013	1.3789	1.3300	1.3789	1.2819
2014	1.2100	1.3209	1.3866	1.2100
2015	1.0866	1.1100	1.2099	1.0492

Source: Bloomberg

	U.S. dollars per euro			
	Period end	Average	High	Low
Month				
March 2016	1.1381	1.1135	1.1381	1.0853
April 2016	1.1440	1.1344	1.1440	1.1223
May 2016	1.1139	1.1306	1.1527	1.1134
June 2016	1.1073	1.1238	1.1399	1.1038
July 2016	1.0993	1.1055	1.1148	1.0967
August 2016	1.1158	1.1206	1.1330	1.1077
September 2016	1.1228	1.1212	1.1254	1.1153
October 2016 (through October 14, 2016)	1.0995	1.1123	1.1218	1.0995

Source: Bloomberg

For the preparation of our financial statements we use the following exchange rates based on published European Central Bank rates for converting non-euro amounts into euro.

	U.S. dollars per euro	
	Period end	Average
Year		
2013	1.3791	1.3308
2014	1.2141	1.3211
2015	1.0887	1.1096
Six months ended June 30,		
2015	1.1189	1.1158

2016	1.1102	1.1154

Source: European Central Bank

	Norwegian kroner per euro	
	Period end	Average
Year		
2013	8.3630	7.8664
2014	9.0420	8.3696
2015	9.6030	8.9417
Six months ended June 30,		
2015	8.7910	8.6442
2016	9.3008	9.4234

Source: European Central Bank

	British pounds per euro	
	Period end	Average
Year		
2013	0.8337	0.8501
2014	0.7789	0.8031
2015	0.7340	0.7260
Six months ended June 30,		
2015	0.7114	0.7324
2016	0.8265	0.7783

Source: European Central Bank

Presentation of industry and market data

In this Offering Memorandum, we rely on and refer to information regarding our business and the markets in which we operate and compete. The market data and certain economic and industry data and forecasts used in this Offering Memorandum were obtained from governmental and other publicly available information, independent industry publications and reports prepared by industry consultants, including:

- BP Statistical Review 2016;
- EIA World Energy Outlook;
- Landesamt für Bergbau, Energie und Geologie;
- Norwegian Petroleum Directorate;
- Norwegian Oil and Gas Association; and
- U.S. Department of Energy.

Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but that there can be no assurance as to the accuracy and completeness of such information. We believe that these industry publications, surveys and forecasts are reliable, but we have not independently verified any of the data from third party sources. Forecasts and other forward-looking information obtained from these sources are subject to the same qualifications and uncertainties as the other forward-looking statements in this Offering Memorandum.

We cannot assure you that any of the assumptions underlying any statements regarding the oil and gas industry are accurate or correctly reflect our position in the industry. 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 Offering Memorandum should be viewed with caution and no representation or warranty is given by any person, including us and the Initial Purchasers, as to their accuracy.

Elsewhere in this Offering Memorandum, statements regarding the oil and gas industry are not based on published statistical data or information obtained from independent third parties, but are based solely on our experience, our internal studies and estimates, and our own investigation of market conditions. We cannot assure you that any of these studies or estimates are accurate, and none of our internal surveys or information have been verified by any independent sources. While we are not aware of any misstatements regarding our estimates presented herein, our estimates involve risks, assumptions and uncertainties and are subject to change based on various factors, including those discussed under the heading “Risk factors” in this Offering Memorandum.

Summary

This summary highlights certain information about our business and the offering of the Notes described elsewhere in this Offering Memorandum. This summary is not complete and does not contain all the information you should consider before investing in the Notes. This summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information included in this Offering Memorandum, including the audited consolidated financial statements of the Company, and the related notes thereto. The reserves data presented in this section have been estimated in accordance with PRMS guidelines and definitions. Estimated reserves presented herein may differ from estimates made in accordance with guidelines and definitions used by other companies in the industry or by the SEC. See "Presentation of financial and other information." Unless otherwise indicated, our production figures are presented on a working interest basis, which unless otherwise indicated, reflects our working interest. Where gross amounts are indicated, they are presented on a total basis—i.e., the actual interest of the relevant license holder in the fields and license areas without deduction for the economic interest of other participants, taxes or royalty interests or otherwise. Our legal interest and effective working interest in the relevant fields and license areas are separately disclosed. See "Our business—Production and development." See also "Our business—Material agreements relating to our assets" for a more detailed discussion of some of the terms of the agreements governing our interests.

Further, unless otherwise indicated, (i) all production, reserves, financial and operational information are presented on a pro forma basis giving effect to the E.ON Acquisition as if it had occurred on January 1, 2015 and (ii) all financial information, including EBITDAX, relate to the Company and all of its directly or indirectly owned subsidiaries and does not include the L1E Holding Companies. See "Presentation of financial and other information—Financial information—DEA" and "—Acquisition of E.ON Assets."

You should read carefully the entire Offering Memorandum to understand our business, the nature and terms of the Notes and the tax and other considerations which are important to your decision to invest in the Notes, including the risks discussed under the caption "Risk factors" and "Management's discussion and analysis of financial condition and results of operations."

Overview

We are an international independent crude oil and natural gas company with full lifecycle capabilities across exploration, development and production. Since our founding in 1899, we have become one of the largest independent European-focused exploration and production ("E&P") companies based on production and estimated reserves. Our primary mission is the secure, environmentally-conscious and sustainable production of crude oil, natural gas and natural gas liquids ("NGLs"). Our core production and development assets are located in Germany, Norway, Denmark, Egypt and Algeria. Additionally, we own large-scale underground natural gas storage facilities located in Germany for storage of third-party natural gas. Headquartered in Hamburg, Germany, we had 1,350 employees as of June 30, 2016.

Our *pro forma* working interest production for the twelve months ended June 30, 2016 was 156.0 kboepd (45% oil, 55% gas). As of December 31, 2015, we had 1P and 2P reserves of 398.8 MMboe (26% liquids, 74% gas) and 575.0 MMboe (29% liquids, 71% gas), respectively. For the twelve months ended December 31, 2015, our *pro forma* EBITDAX was €1,394.7 million. For an explanation of EBITDAX, see "Summary historical financial data—Other historical and as adjusted financial information."

Our management and operating teams have an extensive track-record of successfully completing development projects and delivering production growth, with annual production increasing by more than 70% between December 31, 2013 and 2015.

On December 16, 2015, we completed the acquisition of 100% of the shares of E.ON Norge, more than doubling our production in Norway. In December 2015, we also finalized the farm down of our stake in the West Nile Delta development to 17.25% across two concessions, enabling us to partially monetize our investment while de-risking our position in the development.

The table below shows our working interests in our production and development licenses, our total average working interest daily production for the years ended December 31, 2014 and 2015 and the twelve months ended June 30, 2016 and our 2P reserves as of December 31, 2015. Our 2P reserves are presented on a working interest basis.

			Working interest production (kboepd)			2P Reserves (MMboe)
			Year ended December 31,		Twelve months ended June 30,	
Asset	Working Interest	Operator	2014	2015[1]	2016[1]	As of December 31, 2015

Mittelplate	50.00%	DEA	12.7	12.5	12.8	**55.5**
Völkersen	100.00%	DEA	17.3	18.2	16.7	**49.1**
Pool Hemsbünde[2]	26.99%	DEA/EMPG	2.2	2.0	1.8	**8.2**
Pool Söhlingen	20.61%	EMPG	1.7	2.5	2.9	**9.2**
Pool Bötersen[2]	11.83%	DEA/EMPG	1.3	1.3	1.3	**5.7**
Weissenmoor	30.00%	DEA	0.4	0.5	0.5	**2.0**
Nini	42.86%	DONG	0.2	0.4	0.4	**0.4**
Nini East	42.86%	DONG	1.5	1.7	1.7	**1.4**
Cecilie	43.59%	DONG	0.1	0.2	0.2	**0.4**
Other	—	—	2.2	2.1	2.0	**10.1**[3]
Germany/Denmark			39.5	41.5	40.4	**142.0**
Gjøa	8.00%	Engie[4]	7.7	8.1	8.3	**12.0**
Knarr	10.00%	BG	—	2.5	6.1	**6.5**
Snøhvit Unit	2.81%	Statoil	2.9	3.3	3.3	**22.6**
Snorre Unit	8.57%	Statoil	14.3	12.8	10.6	**32.3**
Zidane	40.00%	DEA	—	—	—	**41.8**
Njord[5][6]	30.00%	Statoil	—	9.2	5.1	**20.6**
Skarv[6]	28.08%	BP	—	40.5	36.0	**70.7**
Other	—	—	3.3	3.9	4.6	**7.7**
Norway			28.2	80.2	73.9	**214.2**
Ras Budran[7]	100.00%	SUCO	6.5	4.8	4.5	**—**[8]
Ras Fanar[7]	100.00%	SUCO	3.9	2.8	2.8	**—**[8]
Zeit Bay[7]	100.00%	SUCO	7.4	10.0	9.8	**—**[8]
Disouq[7]	100.00%	SUCO	15.0	23.4	23.0	**78.1**
West Nile Delta[9]	17.25%	BP	—	1.4	1.6	**97.7**
Other	—	—	0.3	0.1	0.1	**0.0**
Egypt			33.0	42.5	41.7	**175.8**
Other[10]			—	—	—	**42.9**
Total			100.8	164.2	156.0	**575.0**

(1) Giving effect to the E.ON Acquisition as if it had occurred on January 1, 2015.

(2) We and our commercial partners have entered into pooling agreements with respect to the Hemsbünde and Bötersen fields. See "Business—Material agreements relating to our assets—Agreements governing petroleum activities—Germany".

(3) Contains 2.3 MMboe of unaudited DEA estimates associated mainly with our storage business.

(4) Formerly GDF Suez.

(5) Production and 2P Reserves figures include the Hyme Field.

(6) The Njord and Skarv fields were acquired as part of the E.ON Acquisition

(7) We hold a 100% working interest in each of these fields. We operate each field through our joint venture, the Suez Oil Company ("SUCO"), with the Egyptian General Petroleum Company ("EGPC"). We and the EGPC each own 50% of SUCO. Our net entitlements to production these licenses differ fom our corresponding working interest. The table below shows our net entitlement to our production from our SUCO-operated Egyptian licenses for the years ended December 31, 2014 and 2015 and the twelve months ended June 30, 2016:

	Net entitlement production (kboepd)		
	Year ended December 31,		Twelve months ended June 30,
Asset	**2014**	**2015**	**2016**
Ras Budran	3.3	2.4	2.3
Ras Fanar	2.0	1.5	1.4
Zeit Bay	3.8	5.2	5.1
Disouq	8.0	11.9	11.7
Total	**15.1**	**20.0**	**20.5**

(8) Volumes classified for these fields by RPS as reserves in 2014 were subsequently reclassified as contingent resources in 2015 following a cashflow analysis under the terms of the production sharing contracts. In July 2016, DEA initiated an update of the 2015 audit report by RPS based on the five years plan of the operating joint venture SUCO as well as an updated price deck, resulting in economic reserves for each of the fields.

(9) The 2P reserves associated with West Nile Delta give effect to the farm-down of our working interest to 17.25%. See "Business—Material agreements relating to our assets—Agreements governing petroleum activities—Egypt".

(10) Represents reserves associated with other North African assets.

By focusing on proactive portfolio optimization and utilizing our strengths and strategies set forth below, we plan to continue to strengthen and expand our presence in our core operating geographies, in particular Northwestern Europe, as recently demonstrated with the completion of the E.ON Acquisition. Our vision is to increase our daily production volume by safely and efficiently optimizing production from our current assets, successfully completing development projects, engaging in near-field exploration programs and undertaking strategic acquisitions in our core operating regions. We may also consider strategic acquisitions in non-core and other regions, such as Mexico and Brazil.

Our strengths

Producing assets concentrated in low-risk countries with developed infrastructures

We have a diverse portfolio of producing Northwestern European assets located in OECD member countries with AAA credit ratings that are supported by established fiscal and regulatory regimes. During the year ended December 31, 2015, 87% and 100% of our revenues and EBITDAX, respectively, were derived from these OECD countries.

We believe our position in Northwestern Europe is well established as a result of our long-standing operational history in Germany and Norway. We are the largest oil producer in Germany, which accounts for approximately 30% of our oil production. Our key producing fields in Germany are the DEA-operated offshore Mittelplate, Germany's largest oil field encompassing over half of all remaining identified German recoverable oil reserves as of December 31, 2015, and DEA-operated onshore Völkersen, the second largest producing gas field in Germany. In Norway, we have an operational track record of over 40 years, having participated in six of the largest thirty discoveries as of December 31, 2015. Since the acquisition of the E.ON Assets, Norway has become our largest hub of production and reserves, with the Skarv and Snorre fields representing the largest assets in our Norwegian portfolio accounting for approximately 23% and 7%, respectively, of our total working interest production on a *pro forma* basis as of June 30, 2016. We believe our Norwegian portfolio has significant upside potential in terms of further growth as well as synergies.

We are committed to maintaining and strengthening our position in Northwestern Europe. We believe that our focus on Northwestern Europe reduces our exposure to certain operational and geopolitical risks. Additionally, we believe that by focusing on this region, we can benefit from significant synergies. We aim to further expand our activities in this region through optimization of production, future developments and near-field exploration activities supplemented by strategic asset acquisitions as we concurrently grow our production in North Africa through the completion of our West Nile Delta and Reggane Nord development projects in Egypt and Algeria, respectively.

In addition, our investments in our North African assets also benefit from guarantees provided by the Federal Republic of Germany for direct investments made by German companies in developing and emerging countries. These investment guarantees provide protection against a number of political risks, including expropriation, nationalization, civil wars, wars or other armed conflicts and payment embargoes or moratoria, under certain conditions. We have approximately $3,100 million aggregate nominal coverage in connection with our investments in Egypt, Algeria and Libya.

Diversified portfolio of assets and with competitive production costs

Our production is diversified within Germany, Norway, Denmark and Egypt. Following the E.ON Acquisition, our largest producing field, Skarv in Norway, represents 23% of our total average daily working interest production, with the next largest producing field, Völkersen in Germany, representing 11%. Our assets produce oil and gas at various stages of their life-cycle and are located in regions with well-developed infrastructure. Our oil and gas production is balanced between oil and gas, with crude oil and natural gas representing approximately 45% and 55%, respectively, of our *pro forma* production as of the twelve months ended June 30, 2016.

Our cash flows benefit from the diversification of pricing mechanisms associated with our products and markets. In 2015, approximately 50% of our oil and gas production was subject to pricing mechanisms based on benchmarks other than the Brent oil price such as TTF, NBP, fixed price or other mechanisms. In recent years, Brent oil prices have only modestly influenced TTF or NBP gas prices, thus serving to diversify our exposure to pricing benchmarks.

Our cash flows are further diversified by our natural gas storage business. We own three natural gas storage facilities in Germany with a total storage volume of approximately 63 bcf. For the six months ended June 30, 2016, our storage business contributed €8.2 million to our consolidated EBITDAX (representing 2.1% of our EBITDAX for the same period). We have entered into long-term lease contracts with third-party operators for two of our storage facilities. These

contracts contain price floors at cost-plus, a margin that serves to provide full cost coverage and a stable rate of return. We are currently reviewing long-term options for our storage business, including potential future disposals.

We consistently seek production efficiencies by leveraging our technical capabilities and the effective deployment of production technology and reservoir management to achieve increased regularity and recovery and to realize cost savings across our operations. The aim of such efforts is to steadily increase operational efficiencies and to reduce our exploration, development and production costs.

Our production costs per boe of working interest production over the past three years have remained relatively stable at $12.60/boe and $12.70/boe for the years ended December 31, 2013 and 2014, respectively and $10.30/boe for the year ended December 31, 2015. For the six months ended June 30, 2016, we had average production expenditures of $7.90/boe. This decrease in production costs is driven by our expenditure savings program (as discussed below), weaker euro and Norwegian kroner as well as the commencement of production at our comparatively low-cost fields in Norway and Egypt and the disposal of the comparatively high-cost UK assets. We believe that our production costs for the six months ended June 30, 2016 compares favorably to our peers in our core operating regions.

As a result of the decline in oil prices in 2014, we established an expenditure savings program in December 2014 to adjust our capital and operating expenditures. The focus of the expenditure savings program is to reduce capital and operating expenditures through the identification of project-based savings potential across our entire value chain, excluding expenditures related to quality, health, safety and environmental ("QHSE"). Pending investment decisions have been reviewed and future project investments must meet our investment thresholds on the basis of the current oil pricing environment. We expect to continue to review our operations and implement strategic cost-savings initiatives to mitigate the impact of any further potential commodity price declines and the current price levels. As a result of our expenditure savings program and our competitive production costs, we achieved positive free cash flow before financing, dividends, and corporate M&A during the six months ended June 30, 2016.

Significant reserve base supporting production

Our production is complemented by a significant 2P reserve base. As of December 31, 2015, we had 2P reserves of 575.0 MMboe, representing an approximately 21% increase in 2P reserves from 2014, resulting from the E.ON Acquisition and West Nile Delta and Zidane additions, as well as organic increases.

Approximately half of our 2P reserves of 575.0 MMboe are already developed. Additionally, our 2P reserves are diversified across over 50 individual projects, with our largest fields, West Nile Delta and Skarv representing only approximately 17% and 12% of our 2P reserves, respectively.

Proven ability to successfully execute complex development projects

For over 115 years we have been active across the entire E&P value chain, optimizing production and delivering successful new ventures, exploration and development projects in our core operating regions utilizing the technical, operational and industry experience of our management and employees. We have long-standing operational experience and commercial relationships in each of our core markets, including over 30 years of production activities in Germany, Norway and Egypt.

We are the operator of assets that accounted for approximately 50% of our production during the twelve months ended June 30, 2016, and have further critical in-house capabilities in exploration and development projects. The operatorship of our producing assets and development projects provides us with greater ability to effectively manage production performance, production costs and the nature, timing and amount of capital expenditures in those assets, which is particularly advantageous in light of the current oil price environment. Our operatorship promotes the efficient implementation of our preferred engineering and operating techniques as well as allows us to achieve more favorable assessments in connection with M&A transactions. We believe our extensive operating experience also bolsters our reputation as an influential partner in fields which are operated by other parties.

Our knowledge of our core markets also enables us to successfully develop projects under our operatorship. In Germany, we continue to work with our commercial partners to optimize oil production from Mittelplate, which commenced production in 1987. For example, through the drilling of high-tech, extended-reach production wells, we have successfully extended production of Mittelplate. Prior to the UK Divestment, we successfully brought on-stream natural gas production from the offshore Clipper South and Breagh fields in the UK in 2012 and 2013, respectively. We developed phase one of Breagh in 27 months and Clipper South in 18 months following approval of the respective field development plan. In Egypt, we brought Disouq onstream in 2013, despite the increased political and security risks during a period of public unrest, achieving a working interest production rate of 23.4 kboepd in 2015.

Excellent quality, health, safety and environmental track record

Quality, health, safety and environmental excellence is imperative to our business. We actively manage the safety of all personnel working across our operations, including through the application of health and safety standards, the implementation of security measures at our facilities and internal and external audits of health and safety risks. One of the performance measures we track is the recognized industry metric, lost time injury frequency ("LTIF"). We monitor our injury rates and currently benchmark them on a regional basis due to the varying lost time injury criteria across the countries in which we operate. In Germany our LTIF in 2014 was approximately one-eighth of the German industry average. In 2014, each of our Norway and UK operations encountered one lost time injury. Overall, our LTIF was 0.28 per million working hours in 2015 (1.97 in 2014).

We carefully manage our impact on the environment and strive to uphold the highest international environmental, health and safety standards. We undertake a wide range of construction-related and operational measures for the conservation of soil and water resources. These include the shielding of local environments by means of special catchment tanks and monitoring facilities. Additionally, one of the critical objectives of our environmental policy is the avoidance of water pollution. To achieve this objective, we define a number of water pollution control measures during the planning phase, prior to the undertaking of any development activity.

We operate in jurisdictions with stringent regulatory regimes, including Germany and Norway. For example, our Mittelplate operations are situated in ecologically-sensitive tidal flats in the Wadden Sea Tidelands National Park, a UNESCO World Heritage area. Oil and gas production in the national park is regulated by legislation that specifies the drilling and extraction methods allowed. Our focus on QHSE is exemplified by the fact that during Mittelplate's production history, spanning over more than 25 years, no environmental incidents have been recorded. To ensure compliance with relevant legislation and regulations, we routinely monitor our activities and constantly adapt our operations to incorporate new innovations and safety measures. We have successfully passed annual QHSE review and have achieved recertification by the relevant governmental regulatory agencies in the German states in which we operate. Additionally, we have been awarded a number of QHSE certificates, including ISO 9001 (*quality*), ISO 14001 (*environmental protection*), ISO 5001 (*energy efficiency*) and OHSAS 18001 (*occupational safety*), reflecting our dedication to maintaining high QHSE standards.

Experienced management team

Our senior management team has significant oil and gas operational experience and considerable regional experience in Germany, Norway, Denmark, Egypt and Algeria, where our core production and development projects are located. We believe this combination of industry and regional expertise has allowed us to develop constructive long-standing working relationships with our commercial partners, including BP, Shell, Statoil and Engie (formerly GDF Suez), our license partners in Norway, national oil companies, including EGPC, our joint venture partner in Egypt, and national and regional governments, local regulators, agencies and communities.

Our Chief Executive Officer, Chief Financial Officer, Chief Commercial Officer and Chief Operating Officer have over 100 years of combined E&P and energy industry experience. Our CEO, Thomas Rappuhn, has served in a number of leadership roles and has extensive international experience. Prior to his appointment as CEO, Mr. Rappuhn served as our COO from 2006 to 2010. Dmitry Avdeev, our CFO since 2016, has senior management experience in a number of energy companies, including serving as CFO of Rosneft. He has also held a number of various senior finance roles, including Partner at L1 Energy and Co-Head of Russian Investment Banking at Morgan Stanley. Dr. Johannes Karlisch, our CCO since 2016, has experience in senior management roles in energy companies, including RWE AG, our prior parent company. He served as our CFO between 2010 and 2016. Our COO, Dirk Warzecha, has extensive international experience, having served as the General Manager of RWE DEA Egypt and as Field Development Manager in North Africa.

We complement our highly experienced executive management team with our eight senior vice presidents for Exploration, Field Development, Geo Support Centre, DEA Norge, Libya/Algeria, Business Development & M&A, OpCo Germany/Denmark, and DEA Egypt, with combined tenure at DEA of over 100 years.

Significant liquidity and financial flexibility

We intend to use the proceeds of the offering of the Notes to partially repay (without cancelling) amounts outstanding under the RBL Facility. As of and for the twelve months ended December 31, 2015, on a *pro forma* and as adjusted basis after giving effect to the offering of the Notes and the use of proceeds therefrom, we had net debt of €1,715.0 million, corresponding to a ratio of net debt to EBITDAX of approximately 1.2x, and the ability to draw additional amounts under our RBL Facility. See "Summary historical financial data—Other pro forma and financial information." We aim to maintain a prudent financial profile and strong balance sheet aligned with our conservative

financial strategy. Additionally, we currently have the committed, but undrawn UniCredit Revolving Facility. See "Description of certain financing arrangements—Bilateral Agreements."   .

Further, we currently have no debt maturities until the second half of 2019, allowing us to minimize the liquidity demands of debt repayment.

Dedicated shareholder support and close cooperation

We benefit from the strong, long-term oriented support of our shareholder, L1 Energy, who has backed our senior management team's vision and long-term strategy. L1 Energy, an investment vehicle of LetterOne, is focused on the establishment of a safe and sustainably growing global oil and gas company. DEA represents L1 Energy's key operating platform covering Europe and North Africa. L1 Energy has emphasized its commitment to our long-term goal of increasing production in our core operating geographies by funding organic and inorganic growth, including selective strategic acquisitions.

We also benefit from the extensive oil and gas industry experience of L1 Energy's management team, led by Executive Chairman Lord Browne of Madingley, the former CEO of BP plc and Advisory Board which also includes Mr. Chip Goodyear, the former CEO of BHP Billiton, Mr. Andrew Gould, the Non-Executive Chairman of BG Group and former Chairman and CEO of Schlumberger Limited, Mr. Tony Hayward, the Chairman of Genel Energy PLC and the former CEO of BP plc, and Mr. Stan Polovets, the former CEO of AAR Consortium.

Our strategy

Our aim is to continue developing existing assets and consider further growth opportunities.

Grow production and execute key projects

We intend to continue generating the greatest possible return from our existing core assets through pro-active management and lower-risk upgrades. Our existing portfolio of producing assets in Germany, Norway, Denmark and Egypt has delivered stable returns over the last three years, with total average daily production of 84 kboepd, 101 kboepd, and 115 kboepd (excluding the effect of the E.ON Acquisition) for the years ended December 31, 2013, 2014 and 2015, respectively. We intend to optimize returns from our producing fields in Northwestern Europe and Egypt by using established and new technologies to maximize recoveries of in-place oil and gas and manage natural decline rates by strategic infill drilling and enhanced oil recovery projects. We also believe that there is potential to find new reservoirs at these maturing assets. Mittelplate is an example of the successful optimization of our production from a mature asset in production since 1987 where the introduction of high-tech, extended-reach production wells, has opened up new production opportunities. Further, we and our commercial partners intend to extend the production life of the Snorre field in Norway through the Snorre 2040 Project, encompassing, among other things, the drilling of additional production wells and gas import and injection, and would commence following a final investment decision scheduled for 2017. Additionally, following the E.ON Acquisition, we plan to invest in the refurbishment of the Njord platform, which we estimate will allow us to restart production from the Njord field by 2021. We are also focused on ensuring that all of our key infrastructure maintains high reliability levels in order to facilitate consistent delivery of target production levels. Further, we intend to leverage the value of our existing infrastructure by developing new, smaller deposits in the vicinity of our existing production facilities and within existing license areas that would otherwise be uneconomic without the ability to utilize such existing infrastructure.

We are focused on increasing production in Northwestern Europe where we believe that there is considerable scope for growth. To achieve this goal, we intend to pursue, with the support of L1 Energy, strategic asset development and production opportunities in Norway and Denmark, and acquisitions of producing assets in Germany.

Finally, we seek to continue collaborating with our commercial partners to successfully bring production on-stream at West Nile Delta and Reggane, our core development projects in Egypt and Algeria, respectively. West Nile Delta, operated by BP, is our largest development project, representing 97.7 MMboe, or 17%, of our 2P reserves as of December 31, 2015. The first two fields of the West Nile Delta development, Taurus and Libra, are scheduled to come on-stream in 2017, with the remaining fields scheduled to start production in 2019. Under the project development plan, natural gas production from West Nile Delta is planned to reach up to approximately 1.4 bcfd, representing approximately one-fifth of Egypt's current natural gas production. In Algeria, development drilling commenced at the Reggane gas project in January 2015. The initial drilling campaign envisages the drilling of 26 development wells. Production from Reggane is scheduled to commence during the second half of 2017.

Increase value through balanced organic and inorganic growth

Regular portfolio management and enhancement are integral aspects of our exploration, development and production strategy through which we seek to realize value at an appropriate point in the life cycle of an asset. We continually review macroeconomic, technical and competitive data with respect to our exploration portfolio.

Exploration is important to our operations and supports our plan to increase future production. Our exploration team has excellent regional and technical experience and know-how. Since 2005, our exploration activities have been primarily focused in North Africa and Norway. As part of our portfolio management strategy, we intend to continue to refocus our exploration activities. This regional re-focus is complemented by a focus on near-field exploration prospects with a high probability of reserves additions, creating the possibility to benefit from faster commercialization tracks as well as emerging basins with potential to identify multiple plays such as in the Barents Sea. We aim to benefit from our existing operational infrastructure and economies of scale to target additional opportunities in our core operating regions. As part of this strategy, and in light of the limited potential of these licenses, we are withdrawing from exploration activities in Turkmenistan, Trinidad & Tobago, Suriname and Guyana, where we held or currently hold licenses. However, to complement our organic growth strategy, we also consider selective strategic acquisitions of companies and/or interests in licences in our core and non-core operating regions as well as other regions. As a result, we continue to monitor new opportunities for exploration and production internationally.

In order balance our risk profile, our goal is to cap exploration expenditures at 15% of our overall post-tax investment budget.

Focus on costs and capital efficiency

We aim to maintain a conservative financial profile and strong balance sheet with ample liquidity. We expect to fund exploration and development activities from a combination of production cash flows, proceeds of debt issuances and, potentially through the proceeds of any portfolio management activities, such as farm-downs or sales. Our financial policy is to maintain what we and L1 Energy consider to be appropriate leverage levels. Our current target ratio of net debt to EBITDAX is 2.0x, with the possibility of temporary increases to up to 2.5x in the event of a major acquisition. We intend to maintain a conservative approach to acquisitions, considering potential future acquisitions that satisfy this policy. As of and for the year ended December 31, 2015, on a *pro forma* and as adjusted basis after giving effect to the offering of the Notes and the application of the net proceeds therefrom, we would have had a ratio of net debt to EBITDAX of approximately 1.2x. See "Summary of historical financial data—Other historical and as adjusted financial information." We also intend to continue to maintain a balanced ratio between secured debt represented by the RBL Facility and unsecured debt.

We also seek to monetize certain assets, through divestiture or farm-downs. For example, we completed a farm-down of our interest in the West Nile Delta development to 17.25% in 2015 for a consideration of $100 million. Partial sales or farm-downs enable us to monetize value early in the life-cycle of an asset and de-risk our interests by reducing our exposure to an asset and associated development and other expenditures.

We closely monitor liquidity risk through cash flow forecasts and sensitivity analyses. We manage our credit risk by assessing the creditworthiness of potential counterparties before entering into transactions and through ongoing creditworthiness evaluations with respect to ongoing transactions. We maintain insurance that we believe is consistent with customary industry practices in the jurisdictions in which we do business. We believe that we maintain a prudent risk management policy based on our continuous monitoring of market conditions. In addition, we use derivative financial instruments and physical forward sales to limit our exposure to fluctuations in oil and gas prices. We have a commodity hedge policy through which we seek hedge approximately 20% of our production over a three- to five-year period using swaps and fixed price delivery contracts. See "Description of certain financing arrangements—Hedging arrangements".

Continue to deliver high QHSE standards and sustainability of operations

We are committed to sustainable business development. We will continue to focus on maintaining high safety and operational standards, which we believe are required for doing business in our markets. We believe that our high-quality customer service, highly-skilled and competent employees and our strong health and safety track record are key factors driving our ability to win new oil field services and natural gas storage contracts, and to renew and extend such existing contracts. We are focused on continuing to strengthen our customer relationships with the goal of becoming the partner of choice based on our technical and commercial excellence, environmental consciousness and sustainable business development. We intend to achieve this goal by: (i) maintaining the current high quality of our service when operating our rigs and natural gas storage facilities, (ii) continuing to train and retain our highly-qualified employees, (iii) maintaining our strong health and safety track record and (iv) engaging in an intensive dialogue with our commercial and community partners and other stakeholders about our operations and policies. We plan to continue to devote appropriate resources to safeguarding the health, safety and security of our employees, contractors and third parties on our rigs and in our natural gas storage facilities. We intend to maintain operational and technical integrity through maintaining and certifying our

equipment to the highest international standards and training and developing our personnel to execute operations safely, professionally, efficiently and cost effectively.

Shareholder

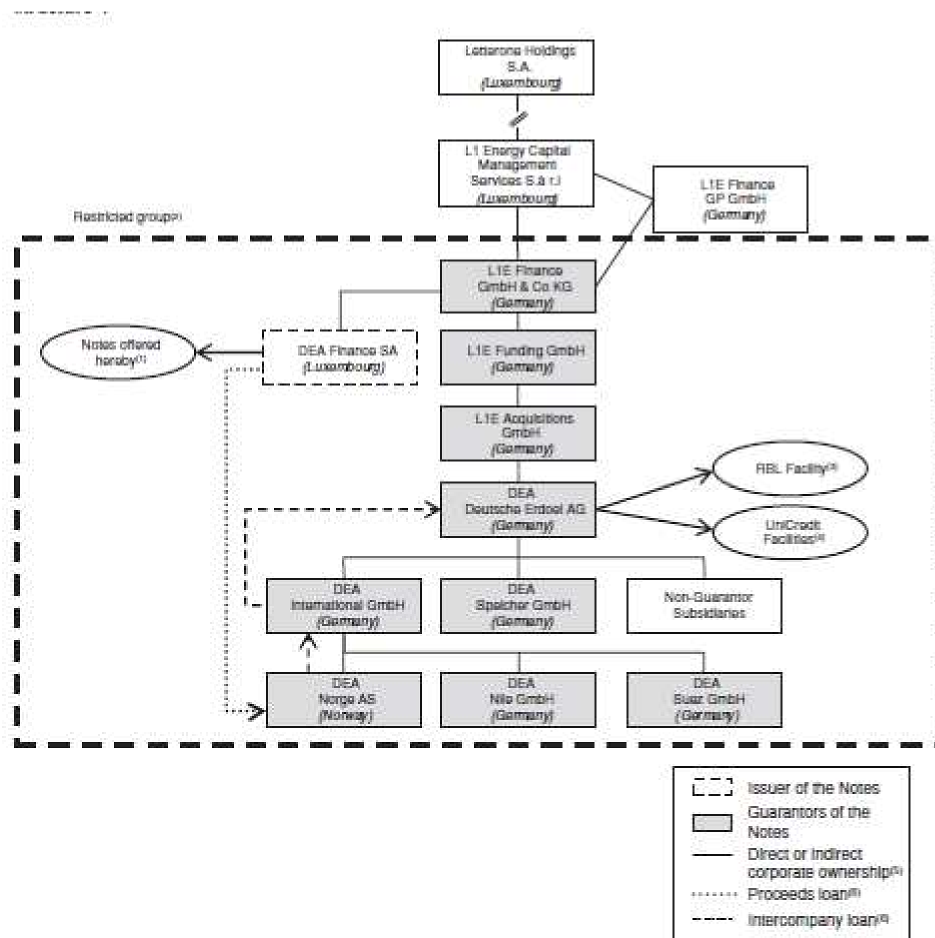
Our shareholder is a member of L1 Energy, which acquired DEA in March 2015 for a consideration of $5.5 billion, financed by the $2.2 billion RBL Facility and $3.3 billion of equity.

L1 Energy is part of LetterOne, a privately owned Luxembourg-based international investment business founded in 2013 by Mikhail Fridman, German Khan, Alexey Kuzmichev and Peter Aven, among others. LetterOne targets investments in the energy, telecoms and technology, healthcare and, most recently, retail sectors. LetterOne consists of two groups, the first being L1 Energy. The second group, of which Letterone Investment Holdings S.A. is the ultimate parent company, comprises of L1 Technology, L1 Treasury, L1 Health and L1 Retail.

LetterOne is focused on utilizing its financial resources, management and investment expertise to make value-driven investments in those sectors. Some of the investments include stakes in VimpelCom and TurkCell, as well as a $200 million investment in Uber. As of December 31, 2015, LetterOne's combined net assets totalled $21.1 billion, including $10.7 billion of liquidity held and managed by L1 Treasury.

Corporate structure and certain financing arrangements

The following chart shows a simplified summary of our corporate and financing structure after giving effect to the offering of the Notes and the use of proceeds therefrom, as described under "Use of proceeds." The chart does not include all of the Parent's subsidiaries or all of the debt obligations thereof. Unless otherwise indicated, the subsidiaries included in the simplified structure below are directly or indirectly wholly owned by Letterone Holdings S.A. Our legal interests in our assets vary based on our contractual arrangement with our commercial partners and the relevant licenses and related agreements. For a description of our interests in certain assets, see "Our business—Overview of our assets." For a summary of the debt obligations identified in this diagram, see "Description of Notes," "Description of certain financing arrangements," "Capitalization" and "Risk factors—Risks relating to the Notes and the Group's structure".



(1) The Notes offered hereby will be senior debt of the Issuer ranking *pari passu* in right of payment with all existing and future obligations of the Issuer that are not expressly contractually subordinated in right of payment to the Notes. The Notes will be structurally subordinated to all existing and future obligations and other liabilities (including trade payables and letters of credit) of the Parent's subsidiaries that are not Guarantors or the Issuer. The Notes will initially benefit from the Senior Guarantee (as defined herein) by the Parent and the Subordinated Guarantees (as defined herein) by certain of the Parent's subsidiaries. The Senior Guarantee will be the senior debt of the Parent, ranking *pari passu* in right of payment with all existing and future obligations of the Parent that are not expressly contractually subordinated in right of payment to the Senior Guarantee. The Senior Guarantee will be effectively subordinated to all existing and future secured obligations of the Parent, to the extent of the value of the property and assets securing such obligations, unless such assets also secure the Guarantee on an equal and ratable or senior basis. The Subordinated Guarantees will be senior subordinated debt of each of the Subordinated Guarantors, subordinated in right of payment to all existing and future senior obligations of that Subordinated Guarantor, including such Subordinated Guarantor's obligations under the RBL Facility and effectively subordinated to all existing and future secured obligations of that Subordinated Guarantor (including obligations under the RBL Facility), to the extent of the value of the property and assets securing such obligations, unless such assets also secure the Guarantees on an equal and ratable or senior basis and will be subject to the limitations described herein. As of and for the year ended December 31, 2015, the DEA Guarantors represented 99.3% of the Company's consolidated *pro forma* sales revenues, 99.1% of the Company's consolidated *pro forma* EBITDAX and 100.0% of the Company's consolidated property, plant and equipment. See "Risk factors—Risks relating to the Notes and the Group's structure—Each of the Subordinated Guarantees will be subordinated to the Group's existing and future senior debt" "Risk factors—Risks relating to the Notes and the Group's structure—Each Guarantee will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit its validity and enforceability" and "Certain insolvency law considerations and enforcement limitations".

(2) Each of the Subordinated Guarantors is an indirect wholly owned subsidiary of the Parent. The Parent and its subsidiaries are members of the "restricted group"; however, the consolidated financial statements and other financial information contained elsewhere in this Offering Memorandum only include DEA Deutsche Erdoel AG and its directly or indirectly owned subsidiaries. As a result, the financial information of the L1E Holding Companies are not included in the financial statements included in this Offering Memorandum. See "Presentation of financial

and other information". Our financial reporting as of January 1, 2017 will include the L1E Holding Companies. See "Description of Notes—Certain Covenants—Reports."

(3) The RBL Facility consists of a senior secured revolving credit facility provided under an agreement dated December 30, 2014, as amended and restated from time to time, with Natixis as facility agent. The Subordinated Guarantors will provide senior guarantees of the RBL Facility that will rank senior in right of payment to the Subordinated Guarantees. As of June 30, 2016, the outstanding balance was $2,050 million and the commitments under the RBL Facility were $2,300 million. See "Description of certain financing arrangements—RBL Facility." We intend to use the proceeds from the issue of the Notes to partially repay (without cancelling) the RBL Facility. See "Use of proceeds".

(4) Represents (i) the $50 million senior unsecured revolving credit loan facility and (ii) the $50 million senior unsecured guarantee and documentary credit facility, in each case, between DEA and UniCredit Bank AG, dated April 4, 2016, as amended and restated from time to time. In connection with the offering of the Notes hereby, the DEA Guarantors (excluding DEA) will provide senior subordinated guarantees to the Unicredit Facilities that will rank *pari passu* in right of payment with the Subordinated Guarantees. As of June 30, 2016 there were no amounts outstanding under the UniCredit Facilities. See "Description of certain financing arrangements—Bilateral Agreements".

(5) Domination and/or profit and loss transfer agreements have been concluded between each of the following entities: (i) L1E Funding GmbH (dominating entity) and L1E Acquisitions GmbH (dominated entity); (ii) L1E Acquisitions GmbH (dominating entity) and DEA (dominated entity); (iii) DEA (dominating entity) and DEA International GmbH (dominated entity); (iv) DEA International GmbH (dominating entity) and DEA Nile GmbH (dominated entity); (v) DEA International GmbH (dominating entity) and DEA Suez GmbH (dominated entity); (vi) DEA and DEA Speicher GmbH. See "Description of certain financing arrangements—Domination and/or profit and loss transfer agreements."

(6) On the Issue Date, the Issuer will issue the Notes offered hereby and will on-lend the proceeds therefrom to DEA Norge, which will, in turn, partially repay an existing intercompany loan or loans to DEA International GmbH. DEA International GmbH will then partially repay an existing intercompany loan or loans to the Company, which will, in turn, partially repay (without cancelling) amounts outstanding under the RBL Facility. The RBL Facility will be secured by a first-priority security interest in the intercompany receivables owed to the Issuer under the proceeds loan.

The offering

The following is a brief summary of certain terms of this offering. It is not intended to be complete and it is subject to important limitations and exceptions. Accordingly, it may not contain all the information that is important to you. For additional information regarding the Notes and the Guarantees, see "Description of Notes."

Issuer .... DEA Finance SA, incorporated as a public limited liability company (*société anonyme*) under the laws of the Grand Duchy of Luxembourg (the "Issuer").

Notes offered .... €400 million aggregate principal amount of $7^1/_2$% Senior Notes due 2022 (the "Notes").

Issue date .... October 5, 2016.

Issue price .... 100.000% (plus accrued interest, if any, from October 5, 2016).

Maturity date .... October 15, 2022.

Interest rate .... 7.500% per annum.

Interest payment dates: .... The Issuer will pay interest on the Notes semi-annually in arrears on April 15 and October 15, beginning April 15, 2017. Interest will accrue from October 5, 2016.

Form and denomination .... The Issuer will issue the Notes in minimum denominations of €100,000 and any integral multiple of €1,000 in excess thereof, maintained in book-entry form. Notes in denominations of less than and €100,000 will not be available.

Ranking of the Notes .... The Notes will:

- be general obligations of the Issuer;
- rank *pari passu* in right of payment with all existing and future obligations of the Issuer that are not expressly contractually subordinated in right of payment to the Notes;
- be senior in right of payment to all future obligations of the Issuer that are subordinated in right of payment to the Notes;
- be effectively subordinated to all existing and future secured obligations of the Issuer to the extent of the value of the property and assets securing such obligations unless such assets also secure the Notes on an equal and ratable senior basis;
- be structurally subordinated to all existing and future obligations of the Parent's Subsidiaries other than the Issuer that do not guarantee the Notes; and
- be guaranteed on a senior and senior subordinated basis by the Guarantors, subject to limitations under applicable law as set forth below under the caption "—Guarantors."

Guarantors .... The Notes will be guaranteed on the Issue Date on a senior (the "Senior Guarantee") and senior subordinated basis (the "Subordinated Guarantees" and together with the Senior Guarantee, collectively, the "Guarantees").

Senior Guarantors .... The Notes will be guaranteed on the Issue Date on a senior basis by L1E Finance GmbH & Co KG (the "Parent").

Subordinated Guarantors .... The Notes will be guaranteed on the Issue Date on a senior subordinated basis by DEA Deutsche Erdoel AG, DEA Speicher GmbH, DEA International GmbH, DEA Suez GmbH, DEA Nile GmbH and DEA Norge AS (collectively, the "DEA Guarantors"), L1E Funding GmbH and L1E Acquisitions GmbH (collectively with the DEA Guarantors, the "Subordinated Guarantors").

As of June 30, 2016, on an as adjusted basis after giving effect to the offering of the Notes and the application of the proceeds therefrom:

- the DEA Guarantors and their consolidated subsidiaries would have had €1,855.8 million of indebtedness, of which €1,455.8 million would have been secured indebtedness under the RBL Facility and €400.0 million would have been unsecured indebtedness represented by the Notes (in each case excluding amortized fees); and
- the non-Guarantor subsidiaries of the Parent had nil financial indebtedness (excluding intercompany indebtedness).

As of and for the year ended December 31, 2015, the DEA Guarantors represented 99.3% of the Company's consolidated *pro forma* sales revenues, 99.1% of the Company's consolidated *pro forma* EBITDAX and 100.0% of the Company's consolidated property, plant and equipment. For a description of the L1E Holding Companies. See "Presentation of financial and other information—Financial information—DEA."

Although the Indenture governing the Notes will contain limitations on the amount of additional indebtedness the Parent and its restricted subsidiaries will be allowed to incur, the amount of such additional indebtedness could be substantial.

The obligations of each Guarantor under its Guarantee will be limited to an amount that can be guaranteed under applicable laws, and will not apply to the extent a Guarantee would be illegal or unenforceable under applicable local and bankruptcy laws. See "Risk factors—Risks related to the Notes and our structure—Each Guarantee will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit its validity and enforceability" and "Certain insolvency law considerations and enforcement limitations."

Ranking of the Senior Guarantee. The Senior Guarantee will:

- be a senior obligation of the Parent;
- rank *pari passu* in right of payment with all existing and future senior obligations of the Parent that are not subordinated in right of payment to the Senior Guarantee (including its obligations under the RBL Facility);
- be senior in right of payment to all future obligations of the Parent that are expressly contractually subordinated in right of payment to the Senior Guarantee; and
- be effectively subordinated to all existing and future secured obligations of the Parent (including its obligations under the RBL Facility), to the extent of the value of the property and assets securing such obligations, unless such assets also secure the Senior Guarantee on an equal and ratable or senior basis.

The Senior Guarantee will be subject to release under certain circumstances. See "Description of Notes—Guarantees release."

Ranking of the Subordinated Guarantees................................. Each Subordinated Guarantee will:

- be a senior subordinated obligation of the respective Subordinated Guarantor;
- be subordinated in right of payment to all existing and future senior obligations of that Subordinated Guarantor, including, such Subordinated Guarantor's obligations under the RBL Facility;
- rank *pari passu* in right of payment with all future senior subordinated obligations of that Subordinated Guarantor, including certain of the Subordinated Guarantors' obligations under the Unicredit Facilities with respect to the DEA Guarantors (excluding DEA);
- be senior in right of payment to all future obligations of that Subordinated Guarantor that are expressly contractually subordinated in right of payment to that Subordinated Guarantor's Note Guarantee; and
- be effectively subordinated to all existing and future secured obligations of that Guarantor (including obligations under the RBL Facility), to the extent of the value of the property and assets securing such obligations, unless such assets also secure the Guarantees on an equal and ratable or senior basis.

The Subordinated Guarantees will be subject to release under certain circumstances. See "Description of Notes—Guarantees release." See "Description of certain financing arrangements—Intercreditor Facility."

Use of proceeds............................... The Issuer estimates that the net proceeds from the sale of the Notes in this offering will be approximately €391.2 million, after deducting estimated fees and expenses and the Initial Purchasers' discount. The Issuer intends to use the proceeds from the issue of the Notes to (i) partially repay (without cancelling) amounts outstanding under the RBL Facility and (ii) pay related fees and expenses in connection with, or otherwise related to, the offering of the Notes. Actual amounts may vary from estimated amounts depending on several factors, including differences from the Issuer's estimate of fees and expenses. See "Use of proceeds."

Additional amounts .... All payments made by or on behalf of the Issuer under or with respect to the Notes or by any of the Guarantors with respect to any Guarantee will be made without withholding or deduction for taxes unless required by law. If the Issuer or any Guarantor is required by law to withhold or deduct for taxes imposed by any relevant taxing jurisdiction with respect to a payment to the holders of Notes, the Issuer or such Guarantor, as applicable, will pay the additional amounts necessary so that the net amount received by the holders of Notes after the withholding or deduction is equal to the amount that they would have received in the absence of the withholding or deduction, subject to certain exceptions. See "Description of Notes—Additional amounts."

Optional redemption for tax reasons .... In the event of certain developments affecting taxation, the Issuer may redeem the Notes in whole, but not in part, at any time upon giving prior notice, at a redemption price of 100% of the principal amount, plus accrued and unpaid interest, if any, and additional amounts, if any, to the date of redemption. See "Description of Notes—Redemption for changes in taxes."

Optional redemption .... Prior to April 15, 2019, the Issuer may redeem all or part of the Notes at a redemption price equal to 100% of the principal amount of such Notes redeemed, plus accrued and unpaid interest, if any, to the redemption date, plus a "make-whole" premium, as described under "Description of Notes—Optional redemption."

In addition, on or prior to April 15, 2019, the Issuer may redeem up to 35% of the original principal amount of each of the Notes with the net cash proceeds from specified equity offerings at a redemption price equal to 107.500% of the principal amount thereof plus accrued and unpaid interest, if any, to the redemption date, provided that at least 65% of the original principal amount of the Notes remain outstanding after the redemption. See "Description of Notes—Optional redemption."

The Issuer may redeem the Notes on or after April 15, 2019, in whole or in part, at its option at the redemption prices as described under "Description of Notes—Optional redemption."

Change of control........................... Upon the occurrence of certain change of control events, the Issuer will be required to offer to repurchase the Notes at a purchase price equal to 101% of their aggregate principal amount, plus accrued and unpaid interest, if any, to the date of the purchase. See "Description of Notes—Repurchase at the option of holders—Change of control."

Certain covenants .... The Indenture will limit, among other things, the ability of the Parent and its restricted subsidiaries to:

- incur additional debt and issue guarantees and preferred stock;
- make certain payments, including dividends and other distributions, with respect to outstanding share capital;
- repay or redeem subordinated debt or share capital;
- create or incur certain liens;
- impose restrictions on the ability of subsidiaries to pay dividends or other payments to the Parent;
- make certain investments or loans;
- sell, lease or transfer certain assets, including shares of any restricted subsidiary of the Parent;
- guarantee certain types of other indebtedness of the Parent or its restricted subsidiaries without also guaranteeing the Notes;
- expand into unrelated businesses;
- make certain changes to profit pooling agreements;
- merge or consolidate with other entities, or make certain asset sales; and
- enter into certain transactions with affiliates.

Each of the covenants is subject to a number of important exceptions and qualifications. See "Description of Notes—Certain covenants."

Transfer restrictions...................... The Notes and the Guarantees have not been, and will not be, registered under U.S. federal or state or any foreign securities laws. The Notes are subject to restrictions on transfer and may not be offered or sold except pursuant to an exception from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. See "Notice to investors."

No prior market............................. The Notes will be new securities for which there is no market. Although the Initial Purchasers have informed the Issuer that they intend to make a market in the Notes, they are not obligated to do so and they may discontinue market-making at any time without notice. Accordingly, the Issuer cannot assure you that an active trading market for the Notes will develop or be maintained.

Listing .... Application has been made to admit the Notes to listing on the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF Market in accordance with the rules thereof.

Governing law .... The Notes, the Guarantees and the Indenture will be governed by New York law.

The Intercreditor Agreement (as defined herein) is governed by the laws of England and Wales.

The application of provisions set out in Articles 84 to 94-8 of the Luxembourg law of August 10, 1915 on commercial companies, as amended, is excluded.

Trustee	The Bank of New York Mellon, London Branch.
Registrar and Transfer Agent	The Bank of New York Mellon (Luxembourg) S.A.
Paying Agent	The Bank of New York Mellon, London Branch.
Listing Agent	The Bank of New York Mellon (Luxembourg) S.A.
Risk factors	Investing in the Notes involves substantial risks. You should consider carefully all the information in this Offering Memorandum and, in particular, you should evaluate the specific risk factors set forth under "Risk factors" before making a decision whether to invest in the Notes.

Summary historical financial data

The following tables present our summary consolidated financial data as of and for the years ended December 31, 2013, and 2014 and for the short fiscal years ended March 31, 2015 and December 31, 2015 and for the six months ended June 30, 2015 and June 30, 2016.

The financial information as of and for each of the years ended December 31, 2013 and 2014 is derived from the Company's audited consolidated financial statements as of and for the year ended December 31, 2014. The financial information presented as of and for the year ended December 31, 2015 has been derived by adding the Company's audited consolidated financial statements as of and for the short fiscal years ended March 31, 2015 and December 31, 2015. The Company's audited consolidated financial statements as of and for the short fiscal year ended March 31, 2015 were prepared following a resolution adopted at the annual general meeting of the Company on March 12, 2015 to declare the period from January 1 to March 31, 2015 a short fiscal year. This declaration was made in order for German tax authorities to permit the creation of a tax group consisting of the Company and its subsidiaries incorporated in Germany and the L1E Holding Companies (as defined below) incorporated in Germany. The Company's audited consolidated financial statements as of and for the short fiscal year ended December 31, 2015 were prepared following a resolution adopted at the annual general meeting of the Company on April 17, 2015, to declare the period from April 1 to December 31, 2015 a short fiscal year. This declaration was made in order to align future fiscal years with the calendar year.

The historical financial information as of and for the six months ended June 30, 2015 and June 30, 2016 are derived from the Company's unaudited condensed consolidated interim financial statements for the six months ended June 30, 2016. See "Additional historical financial information."

The UK Assets were reclassified as discontinued operations as of September 30, 2015 and prior periods were restated to reflect this treatement as if the reclassification had occurred as of January 1, 2015.

The consolidated financial statements contained elsewhere in this Offering Memorandum include the Company and all of its directly or indirectly owned subsidiaries. As a result, the financial information of the following entities are not included in the financial statements included in this Offering Memorandum: L1E Acquisitions GmbH, L1E Funding GmbH, L1E Finance GmbH & Co KG and DEA Finance SA (collectively, the "L1E Holding Companies"). Our financial reporting as of January 1, 2017 will be prepared at the level of the Parent and will include the L1E Holding Companies and the Issuer. See "Description of Notes—Certain Covenants—Reports." As of June 30, 2016, none of the L1E Holding Companies had any material assets or liabilities other than (i) the shares in its respective subsidiaries, if applicable, (ii) the Shareholder Loan and (iii) cash and receivables related to the DEA Acquisition and related transactions. See "Certain relationships and related party transactions—Transactions with Related Parties—Shareholder Loan." With effect from April 2, 2015, the Company assumed the rights and obligations established by the RBL Facility from L1E Funding GmbH. In return for the debt pushdown, the Company granted a loan to L1E Funding GmbH in the amount of $2,200 million. The interest payment from this loan is shown as interest income in DEA's consolidated financial statements, but is treated as intercompany debt within the restricted group for the purposes of this Offering Memorandum. Following the offering of the Notes and the application of the proceeds therefrom, we expect to have a de minimis amount of cash at each of the L1E Holding Companies.

The table below also includes our unaudited *pro forma* condensed consolidated income statement data for the twelve months ended December 31, 2015, giving *pro forma* effect to the E.ON Acquisition had such acquisition occurred on January 1, 2015. The *pro forma* adjustments are based upon available information and certain assumptions that we believe are reasonable. The summary unaudited *pro forma* condensed consolidated financial data are based upon available information and certain assumptions that management believes are factually supportable and that are reasonable under the circumstance.

The *pro forma* financial data is provided for informational purposes only and do not purport to represent what our results of operations or financial position actually would have been had the E.ON Acquisition actually occurred on the date present, nor does it purport to project our income statement for any future period.

The summary unaudited *pro forma* condensed consolidated income statement and consolidated financial statement data set forth in the following tables should be read in conjunction with Unaudited pro forma consolidated financial information," "Presentation of financial information—Non-GAAP and non-IFRS financial measures," "Capitalization," "Use of proceeds," "Management's discussion and analysis of financial condition and results of operations," "Selected financial data," "Additional historical financial information," the Company's consolidated audited financial statements and related notes. Historical results may not necessarily be indicative of results that may be expected for any future period.

Consolidated income statement data

(in millions of €)	Year ended December 31, 2013 (audited)	Year ended December 31, 2014 (audited)	Year ended December 31, 2015 (unaudited)[(1)]	Six months ended June 30, 2015 (unaudited)	Six months ended June 30, 2016 (unaudited)	Pro forma twelve months ended December 31, 2015 (unaudited)
Sales revenues	2,100.2	2,030.9	1,464.6	752.9	777.0	2,265.2
Energy tax expense	(0.9)	(1.1)	(0.9)	(0.3)	(0.4)	(0.9)
	2,099.3	**2,029.8**	**1,463.7**	**752.6**	**776.6**	**2,264.3**
Other operating income	198.8	232.2	287.0	260.8	124.9	389.9
Cost of materials	(861.1)	(747.0)	(516.9)	(259.3)	(272.1)	(720.4)
Personnel cost	(166.9)	(173.7)	(167.6)	(95.7)	(92.9)	(194.6)
Amortization/depreciation and impairment losses	(414.8)	(722.9)	(902.9)	(514.9)	(250.1)	(1,219.8)
Other operating expenses	(325.5)	(349.0)	(565.2)	(351.0)	(252.5)	(676.4)
Income from operating activities	**529.8**	**269.4**	**(401.9)**	**(207.5)**	**33.9**	**(157.1)**
Income from investments	(0.9)	0.2	0.2	(0.1)	0.4	0.2
Financial income	8.7	6.2	67.0	18.5	42.1	68.1
Financial expenses	(25.9)	(27.2)	(71.6)	(26.3)	(53.9)	(106.9)
Results from continuing operations before taxes	**511.7**	**248.6**	**(406.3)**	**(215.4)**	**22.5**	**(195.7)**
Income taxes	(216.4)	(181.4)	(10.0)	(58.3)	(49.9)	(219.2)
Result from continuing operations	**295.3**	**67.2**	**(416.3)**	**(273.7)**	**(27.4)**	**(414.9)**
Result from discontinued operations	—	—	(235.5)	(10.8)	—	(235.5)
Net result	**295.3**	**67.2**	**(651.8)**	**(284.5)**	**(27.4)**	**(650.4)**
Thereof attributable to:						
Shareholders of the parent company	292.5	63.9	(654.3)	(285.6)	(28.7)	(652.9)
Non-controlling interests	2.8	3.3	2.5	1.1	1.3	2.5

(1) Derived by adding the Company's audited consolidated financial statements as of and for the short fiscal years ended March 31, 2015 and December 31, 2015.

Consolidated balance sheet data

(in millions of €)	As of December 31, 2013 (audited)	As of December 31, 2014 (audited)	As of December 31, 2015 (audited)	As of June 30, 2016 (unaudited)
Non-current assets	3,663.6	3,754.4	5,472.9	5,551.7
Current assets	676.3	801.2	1,483.8	919.5
Total assets	**4,339.9**	**4,555.6**	**6,956.7**	**6,471.2**
Equity	2,131.1	2,214.0	1,958.4	1,910.6
Non-current liabilities	1,083.5	1,199.0	4,042.4	3,615.8
Current liabilities	1,125.3	1,142.6	955.9	944.8
Total liabilities and equity	**4,339.9**	**4,555.6**	**6,956.7**	**6,471.2**

Consolidated cash flow statement data

(in millions of €)	Year ended December 31, 2013 (audited)	Year ended December 31, 2014 (audited)	Year ended December 31, 2015 (unaudited)[(1)]	Six months ended June 30, 2015 (unaudited)	Six months ended June 30, 2016 (unaudited)
Cash flow from operating activities	744.0	797.4	477.4	163.2	300.7
Cash flow from investing activities	(609.9)	(659.9)	(869.4)	(408.3)	(287.5)
Cash flow from financing activities	(136.7)	(62.3)	640.8	440.8	(138.5)

(1) Derived by adding the Company's audited consolidated financial statements as of and for the short fiscal years ended March 31, 2015 and December 31, 2015.

Other historical and as adjusted financial information

(in millions of €, except ratios)	Year ended December 31,			As of June 30, 2016 and pro forma for the twelve months ended December 31,[1]
	2013 (unaudited)	2014 (unaudited)	2015 (unaudited)	2015 (unaudited)
EBITDAX[2]	1,201.8	1,154.5	819.2	1,394.7
Capital expenditure[3]	633.4	669.3	610.5	645.5
As adjusted total debt[4]				2,034.7
As adjusted net debt[4]				1,715.0
As adjusted finance costs[5]				75.5
EBITDAX/As adjusted finance costs[6]				18.5x
As adjusted net debt/EBITDAX[4][7]				1.2x

(1) The *pro forma* information presented above is as of and for the twelve months ended December 31, 2015. E.ON Norge did not perform period cut-off procedures or balance adjustments for the six months ended June 30, 2015. As a result, it is not possible to present a full pro forma income statement as of and for the six months ended June 30, 2015 and as of and for the twelve months ended June 30, 2016.

However, E.ON Norge did provide management accounts to the Company as of and for the six months ended June 30, 2015. These were taken from the same management accounts of E.ON Norge that formed the basis of the 2015 E.ON Norge statutory accounts included elsewhere in this Offering Memorandum.

While the E.ON Norge statutory accounts for the year ended December 31, 2015, have been audited, the E.ON Norge results for the six months ended June 30, 2015 have not been audited or reviewed by auditors. While management believes this financial information fairly reflects the results of operations of E.ON Norge in the period presented, there can be no assurances that a review or audit would not result in adjustments to the accounts. Accordingly, it may not be possible to identify long-term trends and developments in the Company's business from the *pro forma* financial information for the twelve months ended June 30, 2016 included in this Offering Memorandum and such information may not be indicative of the Company's and E.ON Norge's historical or future consolidated financial condition, which increases the risk associated with an investment in the Notes.

Using the E.ON Norge management accounts as of and for the six months ended June 30, 2015, the Company has derived the following further *pro forma* financial information:

(in millions of €, except ratios)	Pro forma as of and for the twelve months ended June 30, 2016
Sales revenue	1,868.4
EBITDAX	1,015.4
Capital expenditure	523.9
As adjusted total debt	1,855.8
As adjusted net debt	1,661.1
As adjusted net debt/EBITDAX	1.6x

The terms EBITDAX, Capital expenditure, As adjusted total debt, As adjusted net debt and As adjusted net debt/EBITDAX are presented, and have been calculated consistently with, the presentations and calculations set out in the footnotes that follow.

(2) EBITDAX is shown for the years ended 2013, 2014 and 2015 and for the *pro forma* twelve months ended December 31, 2015. EBITDAX is a supplemental measure of our financial and operating performance used by management that is not required by, or prepared in accordance with, IFRS. This measure is prepared by management because we believe it provides a view of our recurring operating performance that is unaffected by our capital structure and allows management to readily view operating trends and identify strategies to improve operating performance as well as assisting investors and analysts in comparing our performance across reporting periods on a consistent basis by excluding items that we do not believe are indicative of our core operating performance. You are encouraged to evaluate these adjustments and the reasons we consider them appropriate for supplemental analysis. In evaluating this measure, you should be aware that in the future we may incur expenses that are the same as or similar to some of the adjustments in this presentation. Our presentation of this measure should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. Our use of this measure is as follows:

EBITDAX consists of results from continuing operations of the Company for the period before:

- interest and other financing costs;
- exploration expenses;
- depreciation, depletion and amortization and impairments;
- acquisition, disposal and restructuring costs and extraordinary items;
- gain or loss from foreign currency exchange (including hedging);
- gain or loss on book value attributable to the disposal of any fixed asset (other than the sale of trading stock); and
- pension items.

EBITDAX is not a measurement of performance under IFRS and should not be considered as an alternative to (i) operating profit or profit from continuing activities (as determined in accordance with IFRS) as a measure of our operating performance, (ii) cash flows from operating, investing and financing activities as a measure of our ability to meet our cash needs or (iii) any other measures of performance under IFRS.

We believe that EBITDAX is a useful indicator of our ability to incur and service our indebtedness and can assist securities analysts, investors and other parties to evaluate us. EBITDAX and similar measures are used by different companies for differing purposes and are often calculated in ways that reflect the circumstances of those companies. You should exercise caution in comparing EBITDAX as reported by us to EBITDAX of other companies. EBITDAX as presented here differs from the definition of "Consolidated Cash Flow" contained in the Indenture. See the below table for a reconciliation of EBITDAX to our net income/(loss) before taxes for the periods presented.

	Year ended December 31,			Pro forma as of and for the year ended December 31,
(in millions of €)	**2013 (audited)**	**2014 (audited)**	**2015 (unaudited)**	**2015 (unaudited)**
Results from continuing operations	511.7	248.6	(406.3)	(195.7)
Interest and other financing costs[(a)]	14.1	18.2	1.8	35.6
Exploration expenses[(b)]	233.0	168.3	205.8	258.2
Depreciation, depletion and amortization and impairments[(c)]	411.2	722.9	879.9	1,219.8
Acquisition, disposal and restructuring costs and extraordinary items[(d)]	0.0	0.0	32.8	32.8
Foreign exchange (gain)/loss (including hedging)[(e)]	14.9	(22.5)	88.0	23.9
(Gain)/loss attributable to the disposal of fixed assets[(f)]	0.1	3.1	(5.2)	(5.2)
Pension items[(g)]	16.8	15.9	22.4	25.3
EBITDAX	**1,201.8**	**1,154.5**	**819.2**	**1,394.7**

EBITDAX is derived from the SAP accounting system. Based on the profit/(loss) before taxes, certain amounts are added back.

(a) Interest and other financing cost: based on the complete interest income and expenses, but adjusted for pension related effects (like unwinding the pensions provisions and income from pension assets) which are shown separately in the line "pension items".

(b) Exploration expense: all income and expenses attributable to exploration business areas, booked separately in the SAP system. This excludes (i) depreciation, depletion, amortization and impairments, (ii) interest income and expenses, (iii) currency effects and (iv) pension items for exploration, since these are shown in separate line items.

(c) Depreciation, depletion, amortization and impairments: this includes all depreciation, depletion and amortization and impairments for producing and exploration assets.

(d) Represents all fees, costs and expenses, stamp duty, registration and other taxes incurred by the Company in connection with an acquisition or a disposal and material items of an unusual or non-recurring nature which represent gains or losses including those arising in connection with (i) restructuring activities of an entity and reversals of any provisions with respect to the cost of such restructuring; (ii) disposals, revaluations, write-downs or impairment of non-current assets or any reversals of any write-down or impairment; and (iii) disposals of assets associated with discontinued operations.

(e) Foreign exchange (gain)/loss (including hedging): includes realized and unrealized foreign exchange effects, including hedging results.

(f) Represents gain over book value or loss on book value arising from the disposal of any fixed assets (other than the sale of trading stock).

(g) Represents income from pension plan assets, interest expenses, service charges or changes attributable to a post-employment benefit scheme.

(3) Capital expenditure is shown for the years ended 2013, 2014 and 2015 and for the *pro forma* twelve months ended December 31, 2015. Capital expenditure represents the cash outflows incurred during the period to acquire non-current assets such as property, plant and equipment and certain intangible assets. Capital expenditure has historically mainly comprised the costs of developing oil and gas facilities and the acquisition of shares in new licenses.

(4) As adjusted net debt is shown as of June 30, 2016. As adjusted net debt consists of as adjusted total debt of the Parent, less as adjusted cash and cash equivalents of the Company. As adjusted total debt consists of the aggregate amount of current and non-current liabilities under the RBL Facility and the Notes (in each case excluding unamortized fees) offered hereby.

	As of June 30, 2016 (unaudited)
	(in millions of €)
RBL Facility[(a)]	1,455.8
Notes offered hereby	400.0
UniCredit Revolving Facility	—
As adjusted total debt[(b)]	**1,855.8**
Cash and cash equivalents	(194.7)
As adjusted net debt[(b)]	**1,661.1**

(a) The RBL Facility is a multi-currency senior secured revolving and letter of credit facility dated December 30, 2014, with $2,300 million in total commitments with a $1,000 million accordion, subject to lender approval. The outstanding balance as of June 30, 2016 was $2,050 million, with a $2,300 million borrowing base limit. See "Description of certain financing arrangements—RBL Facility."

(b) For purposes of calculating total debt and net debt, the Company excludes amounts outstanding under the following debt instruments entered into between L1 Acquisitions GmbH, as lender, and the Company, as borrower: (i) the $400 million revolving working capital facility agreement, dated March 2, 2015 as amended and restated from time to time; (ii) the €630.6 million term loan agreement (as assigned to L1E Acquisitions GmbH by RWE Aktiengesellschaft), dated February 25, 2015, as amended and restated from time to time and (iii) the $147.5 million shareholder loan agreement, dated December 15, 2015, as amended and restated from time to time.

As of June 30, 2016, we had an aggregate amount of €717.2 million outstanding under these agreements. Each of these loan agreements will be treated as intercompany loans once the scope of consolidation expands to encompass the Parent and its subsidiaries, which is expected to occur following the offering of the Notes hereby. These loan agreements along with equity contributions underpin L1 Energy's long-term investment strategy with respect to the Company, by providing the liquidity and flexibility required for the Company's operations. As a result, the Company does not count amounts outstanding under these agreements as debt for any purpose other than financial reporting in accordance with generally accepted accounting principles and taxation, and excludes such amounts from the calculation of its financial ratios.

(5) As adjusted finance costs is shown for the *pro forma* twelve months ended December 31, 2015. As adjusted finance costs is calculated as *pro forma* finance costs as adjusted for the offering of the Notes and the use of proceeds therefrom.

(6) The EBITDAX to as adjusted net finance costs ratio is calculated as EBITDAX divided by as adjusted net third-party finance costs. The EBITDAX to as adjusted net finance costs ratio is not a measurement of financial performance under IFRS and should not be considered as a measure of liquidity or an alternative to operating profit or profit for the period or any other performance measure derived in accordance with IFRS.

(7) The as adjusted net debt to EBITDAX ratio is calculated as adjusted net debt divided by EBITDAX. The as adjusted net debt to EBITDAX ratio is not a measurement of financial performance under IFRS and should not be considered as a measure of liquidity or an alternative to operating profit or profit for the period or any other performance measure derived in accordance with IFRS.

Summary reserves, resources, production and operating data

In this Offering Memorandum, references to the Company's reserve volumes have been classified in accordance with SPE's PRMS, as follows:

- "1P reserves," or "proved reserves," are those quantities of petroleum, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations. If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate.

- "2P reserves," or "proved plus probable reserves," are those reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than 1P reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated proved plus probable reserves. In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P reserves estimate.

Reserve estimates provided in this Offering Memorandum are derived from management's estimates and substantially all have been certified by RPS Group Plc, independent reserve engineers. For risks inherent with reserve estimates, see "Risk factors—Risks relating to our business—The level of our oil and gas reserves, their quality and production volumes may be lower than estimated or expected."

Reserves

The following table sets forth certain information with respect to our estimated 1P and 2P reserves as of December 31, 2015, as certified by RPS, assuming a conservative average oil price deck for the 2015 estimates.

(MMboe)	As of December 31, 2015
1P Reserves	
Germany	109.2[1]
Norway	134.0
Denmark	2.2
Egypt	126.8
Other[2]	26.6
Total	**398.8**
2P Reserves[3]	
Germany	139.7[1]
Norway	214.2
Denmark	2.2
Egypt	175.8
Other[2]	43.0
Total	**575.0**

Source: Management estimates certified by RPS, unless stated otherwise.

(1) Contains 2.305 MMboe estimates not certified by RPS, associated mainly with our natural gas storage business.

(2) Represents reserves associated with other North African assets.

(3) 2P reserves (proved plus probable reserves) are inclusive of 1P reserves (proved reserves).

The following table details our production, realized prices and operating cost data as of and for the years ended December 31, 2013, 2014 and 2015, the six months ended June 30, 2015 and June 30, 2016 and, in respect of production, *pro forma* for the twelve months ended December 31, 2015 and June 30, 2016. For additional information on price calculations, see "Management's discussion and analysis of financial condition and results of operations."

Production

Year ended December 31,	Six months ended June 30,

	2013	2014	2015	2015	2016	Pro forma six months ended June 30, 2015(1)	Pro forma twelve months ended December 31, 2015	Pro forma twelve months ended June 30, 2016(1)
Oil production (kbopd)								
Germany/Denmark	15.5	14.8	15.1	14.7	15.3	14.7	15.1	15.4
Norway	14.5	20.7	21.7	20.7	38.5	48.5	47.6	42.6
UK	0.7	0.8	0.6	0.8	—	—	—	—
Egypt	16.0	15.2	12.6	13.6	12.2	13.6	12.6	11.9
Total oil production	**46.6**	**51.4**	**50.0**	**49.7**	**65.9**	**76.7**	**75.3**	**69.9**
Total oil production (excluding UK Assets)	**45.9**	**50.7**	**49.4**	**48.9**	**65.9**			
Gas production (kbopd)								
Germany/Denmark	25.5	24.8	26.4	26.8	24.0	26.8	26.4	25.0
Norway	7.3	7.5	8.8	8.7	30.2	32.8	32.6	31.2
UK	6.6	16.6	19.7	22.0	—	—	—	—
Egypt	5.2	17.9	29.9	27.3	27.1	27.3	29.9	29.8
Total gas production	**44.7**	**66.8**	**84.9**	**84.7**	**81.3**	**86.9**	**88.9**	**86.1**
Total gas production (excluding UK Assets)	**38.1**	**50.2**	**65.1**	**62.8**	**81.3**	**86.9**	**88.9**	**86.1**
Total production (kboepd)								
Germany/Denmark	41.0	39.5	41.5	41.4	39.3	41.4	41.5	40.4
Norway	21.8	28.3	30.5	29.3	68.7	81.4	80.2	73.9
UK	7.3	17.4	20.4	22.7	—	—	—	—
Egypt	21.2	33.0	42.5	40.9	39.2	40.9	42.5	41.7
Total production	**91.3**	**118.2**	**134.9**	**134.4**	**147.2**	**163.7**	**164.2**	**156.0**
Total production (excluding UK Assets)	**84.0**	**100.8**	**114.5**	**111.7**	**147.2**	**163.7**	**164.2**	**156.0**

Operating Data/Working Interest(1)

	Year ended December 31,			Six months ended June 30,		Pro forma twelve months ended December 31, 2015
	2013	2014	2015	2015	2016	
Oil revenue (in millions of €)(2)						
Germany/Denmark	533.9	438.8	384.3	197.8	134.6	384.3
Norway	465.8	553.2	411.0	189.7	261.3	816.1
UK	19.8	19.2	—	—	—	—
Egypt	237.3	194.1	98.0	58.4	31.7	98.0
Total oil revenue	**1,256.8**	**1,205.3**	**893.3**	**445.9**	**427.6**	**1,298.4**
Total oil revenue (excluding UK Assets)	**1,237.0**	**1,186.1**	**893.3**	**445.9**	**427.6**	**1,298.4**
Gas revenue (in millions of €)						
Germany/Denmark	406.7	352.2	339.6	179.5	127.5	339.6
Norway	184.4	83.9	102.5	62.0	159.7	467.2
UK	150.5	270.0	—	—	—	—
Egypt	12.3	39.9	87.6	41.0	39.1	87.6
Total gas revenue	**753.9**	**746.0**	**529.7**	**282.5**	**326.3**	**894.4**
Total gas revenue (excluding UK Assets)	**603.4**	**476.0**	**529.7**	**282.5**	**326.3**	**894.4**
Other revenue (in millions of €)(3)						
Germany/Denmark	38.9	39.0	30.3	15.0	15.1	30.3
Norway	11.1	12.1	11.3	5.9	8.0	11.3
UK	0.8	0.7	—	—	—	—
Egypt	38.7	27.8	—	3.6	—	0.0
Total other revenue	**89.5**	**79.6**	**41.6**	**24.5**	**23.1**	**41.6**
Total other revenue (excluding UK Assets)	**88.7**	**78.9**	**41.6**	**24.5**	**23.1**	**41.6**
Total Revenue (in millions of €)	**2,100.2**	**2,030.9**	**1,464.6**	**752.9**	**777.0**	**2,234.4**

	Year ended December 31,			Six months ended June 30,		Pro forma twelve months ended December 31,
	2013	2014	2015	2015	2016	2015
Average realized oil price[4] ($/bbl)	101.80	91.55	48.44	54.02	35.77	n/a
Germany/Denmark	99.90	88.86	46.04	52.29	34.58	46.04
Norway	103.88	93.22	50.82	57.02	37.09	n/a
UK	101.81	91.05	—	—	—	—
Egypt	101.27	92.02	46.08	50.38	30.5	46.08
Average realized gas price[4] ($/mcf)	9.47	7.64	5.80	5.60	5.00	—
Germany	9.37	8.46	6.50	6.60	5.40	6.50
Norway	10.54	7.70	5.80	7.00	5.80	—
UK	10.65	8.98	—	—	—	—
Egypt	2.68	2.65	2.80	2.70	2.70	2.80
EBITDAX (€)[5]						
Germany/Denmark	567.6	477.2	504.0	254.1	182.0	504.0
Norway	513.4	519.4	389.9	228.4	268.1	965.4
UK	116.7	184.4	—	—	—	—
Egypt	117.4	101.6	9.9	31.7	(19.7)	9.9
Other	(113.4)	(128.2)	(84.5)	(65.5)	(46.6)	(84.5)
Total	**1,201.8**	**1,154.5**	**819.2**	**448.7**	**384.0**	**1,394.7**
EBITDAX ($/boe)[5]						
Germany/Denmark	50.5	43.7	36.9	37.7	28.4	36.9
Norway	85.9	66.4	38.9	48.1	23.9	36.9
UK	58.3	38.4	—	—	—	—
Egypt	39.3	21.4	1.3	8.8	(5.8)	1.4

(1) The *pro forma* financial information presented above is as of and for the twelve months ended December 31, 2015. E.ON Norge did not perform period cut-off procedures or balance adjustments for the six months ended June 30, 2015. As a result, it is not possible to present a full *pro forma* income statement as of and for the six months ended June 30, 2015 and as of and for the twelve months ended June 30, 2016.

However, E.ON Norge did provide management accounts to the Company as of and for the six months ended June 30, 2015. These were taken from the same management accounts of E.ON Norge that formed the basis of the 2015 E.ON Norge statutory accounts included elsewhere in this Offering Memorandum.

While the E.ON Norge statutory accounts for the year ended December 31, 2015, have been audited, the E.ON Norge results for the six months ended June 30, 2015 have not been audited or reviewed by auditors. While management believes this financial information fairly reflects the results of operations of E.ON Norge in the period presented, there can be no assurances that a review or audit would not result in adjustments to the accounts. Accordingly, it may not be possible to identify long-term trends and developments in the Company's business from the *pro forma* financial information as of and for the twelve months ended June 30, 2016 included elsewhere in this Offering Memorandum and such information may not be indicative of the Company's and E.ON Norge's historical or future consolidated financial condition, which increases the risk associated with an investment in the Notes.

Using the E.ON Norge management accounts as of and for the six months ended June 30, 2015, the Company has derived the following further *pro forma* financial information:

(in millions of €)	**Pro forma as of and for the twelve months ended June 30, 2016**
Total sales revenue	1,868.4
Germany / Denmark	639.0
Norway	1,035.9
Egypt	153.4
Other	40.1
EBITDAX	1,015.4
Germany / Denmark	432.8
Norway	693.5
Egypt	(41.6)
Other	(69.2)
Capital expenditures (net of financial asset capex)	523.9
Germany / Denmark	77.4

Norway	140.5
North Africa[a]	288.9
Other	17.1

(a) Includes Egypt and Algeria only.

(2) Oil revenues include income from realized/settled derivatives.

(3) Other revenue includes revenues gained from outside of our producing assets and relate primarily to our gas storage business in Germany and tariffs and tax aquivalent in Egypt.

(4) Realized oil and gas prices are presented without the effects of financial hedging.

(5) EBITDAX/boe for the periods presented is calculated using EBITDAX converted from euros to U.S. dollars using the average European Central Bank exchange rate for each period as set forth under "Exchange rate information." This ratio is based on net entitlement production.

Our actual production excluding the UK Assets increased from 2013 to 2015. In the six months ended June 30, 2016, our production declined compared to the *pro forma* production for the six months ended June 30, 2015. This was due to the shutdown of the Norwegian Njord platform for scheduled maintenance for approximately one month during the first half of 2016. Production from the Njord field is therefore included for only five months. In addition, certain fields, particularly the Skarv field in Norway, experienced natural expected declines, which led to lower production. Until certain of our development projects commence production, which is scheduled to occur during the second quarter of 2017, we expect additional declines in production.

Risk factors

In addition to the other information contained in this Offering Memorandum, you should carefully consider the following risk factors before purchasing the Notes. The risks and uncertainties we describe below are not the only ones we face. Additional risks and uncertainties of which we are not aware or that we currently believe are immaterial may also adversely affect our business, prospects, financial condition and results of operations. If any of the possible events described below were to occur, our business, prospects, financial condition and results of operations could be materially and adversely affected. If that happens, we may not be able to pay interest or principal on the Notes when due and you could lose all or part of your investment.

This Offering Memorandum also contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including the risks described below and elsewhere in this Offering Memorandum.

Risks relating to the oil and gas industry

Our business depends significantly on the level of oil and gas prices, which are volatile and have recently declined significantly. If oil and gas prices decline further, our results of operations, cash flows, financial condition and access to capital could be materially and adversely affected

Our revenues, cash flow, reserve estimates, profitability and rate of growth depend substantially on prevailing international and local prices of oil and gas. Because oil and gas are globally traded, we are unable to control the prices we receive for the oil and gas we produce. Oil and gas prices are volatile and have declined significantly recently.

Both oil and gas prices are unstable and are subject to significant fluctuations for many reasons, including, but not limited to:

- changes in global and regional supply and demand, and expectations regarding future supply and demand, for oil and gas products, even relatively minor changes;
- geopolitical uncertainty;
- the ability and willingness of the members of the Organization of the Petroleum Exporting Countries (“OPEC”) and other oil-producing nations to set and maintain specified levels of production and prices;
- access to pipelines, storage platforms, shipping vessels and other means of transporting and storing oil;
- proximity to, and the capacity and cost of, transportation;
- petroleum refining capacity;
- prices, availability and government subsidies of alternative fuels;
- prices and availability of new technologies;
- political, economic and military developments in producing regions, particularly Europe, the Middle East, Russia, Africa and Central and South America, and domestic and foreign governmental regulations and actions, including import and export restrictions, taxes, repatriations and nationalizations;
- global and regional economic conditions;
- trading activities by market participants and others either seeking to secure access to oil and gas or to hedge against commercial risks, or as part of investment portfolio activity;
- weather conditions and natural disasters;
- governmental regulations and actions, including the imposition of export restrictions and taxes;
- terrorism or the threat of terrorism, war or threat of war, which may affect supply, transportation or demand for hydrocarbons and refined petroleum products; and
- market uncertainty and speculative activities by those who buy and sell oil and gas on the world markets.

It is impossible to accurately predict future oil and gas price movements. Historically, crude oil prices have been highly volatile and subject to large fluctuations in response to relatively minor changes in the demand for oil. Price volatility was even more prominent in 2014. The second half of 2014 saw crude oil prices drop sharply primarily due to a supply surplus resulting from, among others factors, increased shale oil production in North America and the decision by OPEC not to reduce production in the face of weaker demand growth. During 2014, the maximum and minimum Brent spot prices were $115.00/bbl and $55.76/bbl, with an average price of $99.45/bbl. In 2015, crude oil prices continued to decline, with maximum and minimum Brent spot prices of $73.05/bbl and $42.74/bbl and an average price of $61.59/bbl. The price decline continued in the first half of 2016, with maximum and minimum Brent spot prices of $53.51/bbl and $27.88/bbl and an average price of $44.13/bbl. While crude oil prices experienced a slight rebound at the end of the first half of 2016, ending the period at $50.54/bbl, its future price levels are uncertain. Our profitability is determined in large part by the difference between the income received from the oil and gas that we produce and our operational costs, taxation, as well as costs incurred in transporting and selling the oil and gas. Therefore, lower prices for oil and gas may reduce the amount of oil and gas that we are able to produce economically or may reduce the economic viability of the production levels of specific wells or of projects planned or in development to the extent that production costs exceed anticipated revenue from such production. This may result in our having to make substantial downward adjustments to our oil and gas reserves.

The economics of producing from some wells and assets may also result in a reduction in the volumes of our reserves which can be produced commercially, resulting in decreases to our reported reserves. While we used a conservative price deck to calculate our 2015 reserve estimates, further reductions in commodity prices may result in a reduction in the volumes of our reserves. We might also elect not to produce from certain wells at lower prices, or our license partners may not want to continue production regardless of the Company's position. "Risks relating to our business—We conduct some of our operations with commercial partners which may increase the risk of delays, additional costs or the suspension or termination of the licenses or the agreements that govern our assets." All of these factors could result in a material decrease in our net production revenue, causing a reduction in our oil and gas exploration and development activities and acquisition of reserves. In addition, certain development projects could become unprofitable as a result of a decline in price and could result in us having to postpone or cancel a planned project, or if it is not possible to cancel the project, carry out the project with negative economic impact. Further, a reduction in oil prices may lead our producing fields to be shut down and to be entered into the decommissioning phase earlier than estimated.

We are affected by the general global economic and financial market situation

We may be affected by the general state of the economy and business conditions, including but not limited to, the occurrence of recessions and inflation, unstable or adverse credit markets, fluctuations in operating expenses, technical problems, work stoppages or other labor difficulties, property or casualty losses which are not adequately covered by insurance, and changes in governmental regulations, such as increased taxation or the introduction of new regulations, increasing operating costs and capital expenditure, which may materially and adversely affect our business, operating results, cash flow and financial conditions. Weak global or regional economic conditions may negatively impact our business in ways that we cannot predict. Global financial markets and economic conditions have been severely disrupted and volatile in recent years and remain subject to significant vulnerabilities, such as the deterioration of fiscal balances and the rapid accumulation of public debt, continued deleveraging in the banking sector and a limited supply of credit. Credit markets as well as the equity and debt capital markets were exceedingly distressed during 2008 and 2009 and have been volatile since that time. The continuing sovereign debt crisis in Greece and other European Union member countries has led to increased volatility in global credit and equity markets. These issues, along with the re-pricing of credit risk and the difficulties currently experienced by financial institutions have made, and will likely continue to make, it difficult to obtain financing. As a result of the disruptions in the credit markets and higher capital requirements, many lenders have increased margins on lending rates, enacted tighter lending standards, required more restrictive terms (including higher collateral ratios for advances, shorter maturities and smaller loan amounts), or have refused to refinance existing debt at all. Additional tightening of capital requirements, and the resulting policies adopted by lenders, could further reduce lending activities. We may experience difficulties obtaining financing commitments or be unable to fully draw on the capacity under committed loans we arrange in the future if our lenders are unwilling to extend financing to us or unable to meet their funding obligations due to their own liquidity, capital or solvency issues. We cannot be certain that financing will be available on acceptable terms or at all. If financing is not available when needed, or is available only on unfavorable terms, we may face difficulties in meeting our future obligations as they come due. Our failure to obtain such funds could have a material adverse effect on our business, results of operations and financial condition, as well as our ability to service our indebtedness.

The level of our oil and gas reserves, their quality and production volumes may be lower than estimated or expected

The reserves set forth in this Offering Memorandum represent estimates only and are based on a technical expert's reports. The standards utilized to prepare the reserves information that has been extracted in this Offering Memorandum, are different from the standards of reporting adopted in other jurisdictions. Investors, therefore, should not assume that the data found in the reserves information set forth in this Offering Memorandum is directly comparable to similar information that has been prepared in accordance with the reserve reporting standards of other jurisdictions.

In general, estimates of economically recoverable oil reserves are based on a number of factors and assumptions made as of the date on which the reserves estimates were determined, such as geological and engineering estimates (which have inherent uncertainties), historical production from the properties, the assumed effects of regulation by governmental agencies and estimates of future commodity prices and operating costs, all of which may vary considerably from actual results.

Underground accumulations of hydrocarbons cannot be measured in an exact manner and estimates thereof are a subjective process aimed at understanding the statistical probabilities of recovery. Estimates of the quantity of economically recoverable oil and gas reserves, rates of production and the timing of development expenditures depend upon several variables and assumptions, including the following:

- production history compared with production from other comparable producing areas;
- quality and quantity of available data;
- interpretation of the available geological and geophysical data;
- effects of regulations adopted by governmental agencies;
- future percentages of international sales;
- future oil prices;
- capital investments;
- effectiveness of the applied technologies and equipment;
- future operating costs, tax on the extraction of commercial minerals, development costs and workover and remedial costs; and
- the judgment of the persons preparing the estimate.

As all reserve estimates are subjective, each of the following items may differ materially from those assumed in estimating reserves:

- the quantities and qualities that are ultimately recovered;
- the timing of the recovery of oil and gas reserves;
- the production and operating costs incurred;
- the amount and timing of additional exploration and future development expenditures; and
- future hydrocarbon sales prices.

Many of the factors in respect of which assumptions are made when estimating reserves are beyond our control and therefore these estimates may prove to be incorrect over time. Evaluations of reserves necessarily involve multiple uncertainties. The accuracy of any reserves evaluation depends on the quality of available information and oil and gas engineering and geological interpretation. Exploration drilling, interpretation, testing and production after the date of the estimates may require substantial upward or downward revisions in our reserves data. Moreover, different reserve engineers may make different estimates of reserves and cash flows based on the same available data. Actual production, revenues and expenditures with respect to reserves will vary from estimates and the variances may be material.

If the assumptions upon which the estimates of our oil and gas reserves have been based prove to be incorrect or if the actual reserves available to us are otherwise less than the current estimates or of lesser quality than expected, we may be unable to recover and produce the estimated levels or quality of oil, gas and other hydrocarbons set out in this Offering Memorandum and this may materially and adversely affect our business, prospects, financial condition and results of operations.

We are dependent on finding, acquiring, developing and producing oil and gas reserves that are economically recoverable. Unless we replace our oil and natural gas reserves, our reserves and production will decline, which would adversely affect our business, financial condition and results of operations

Our future success depends on our ability to find and develop or acquire additional reserves that are economically recoverable, which is dependent on oil and gas prices. Oil and gas exploration and production activities are capital intensive and inherently uncertain in their outcome. Significant expenditure is required to establish the extent of oil and gas reserves through seismic and other surveys and drilling and there can be no certainty that further commercial quantities of oil and gas will be discovered or acquired by us. Our existing and future oil and gas appraisal and exploration projects may therefore involve unprofitable efforts, either from dry wells or from wells that are productive but do not produce sufficient net revenues to return a profit after development, operating and other costs. Few prospects that are explored are ultimately developed into producing oil and gas fields. Even if we are able to discover or acquire commercial quantities of oil and gas in the future, there can be no assurance that these will be commercially developed.

Completion of a well does not guarantee a profit on the investment or recovery of the costs associated with that well. Additionally, the cost of operations and production from successful wells may be materially adversely affected by unusual or unexpected geological formation pressures, oceanographic conditions, hazardous weather conditions, delays in obtaining governmental approvals or consents, shut-ins of connected wells, difficulties arising from environmental or other challenges or other factors. Any inability on our part to recover our costs and generate profits from our exploration and production activities could have a material adverse effect on our business, results of operations, cash flow and financial condition.

Additionally, producing oil and natural gas reservoirs, particularly in the case of mature fields, are generally characterized by declining production rates that vary depending upon reservoir characteristics and other factors. The rate of decline will change if production from existing wells declines in a different manner than we have estimated and can change under other circumstances. Thus, our future oil and natural gas reserves and production and, therefore, our cash flow and results of operations are highly dependent upon our success in efficiently developing and exploiting our current properties and economically finding or acquiring additional recoverable reserves. We may not be able to develop, find or acquire additional reserves to replace our current and future production at acceptable costs. If we are unable to replace our current and future production, the value of our reserves will decrease, and our business, financial condition and results of operations would be adversely affected.

Our development projects require substantial capital expenditures. We may be unable to obtain needed capital or financing on satisfactory terms, which could lead to a decline in our oil and gas reserves

We make and expect to continue to make substantial capital expenditures in our business for the development, production and acquisition of oil and natural gas reserves. We intend to finance the majority of our future capital expenditures with cash flow from operations and, if necessary, borrowings under our RBL Facility. Our cash flows from operations and access to capital are subject to a number of variables which we do not control, including:

- our proved reserves;
- the level of oil and natural gas we are able to produce from existing wells;
- the price at which our oil and gas are sold; and
- our ability to acquire, locate and produce new reserves.

If our revenues or the borrowing base under the RBL Facility decrease as a result of lower oil or gas prices, operating difficulties, declines in reserves or for any other reason, we may have limited ability to obtain the capital necessary to sustain our operations at current levels. Our RBL Facility restricts our ability to obtain certain new financing. If additional capital is needed, we may not be able to obtain debt or equity financing. If cash generated by operations or cash available under our RBL Facility is not sufficient to meet our capital requirements, the failure to obtain additional financing could result in a curtailment of our operations relating to development of our prospects, which in turn could lead to a decline in our oil and natural gas reserves, or if it is not possible to cancel or stop a project, be legally obliged to carry out the project contrary to our desire or with negative economic impact. Further, we may fail to make required cash calls and breach license obligations, which again could lead to adverse consequences, see "—Risks relating to our business—Our exploration and production operations are dependent on our compliance with obligations under licenses, concession agreements, joint operating agreements and field development plans." All of the above could adversely affect our production, revenues and results of operations as well as having a material adverse effect on our ability to service our indebtedness.

Our E&P and natural gas storage operations are subject to operational hazards and unforeseen interruptions, including drilling, exploration and production risks and hazards that may affect our ability to produce oil and gas at expected levels, quality and costs

Developing oil and gas resources and reserves into commercial production involves a high degree of risk. Our exploration operations are subject to all the risks common in our industry. These hazards and risks include but are not limited to encountering unusual or unexpected rock formations or geological pressures, geological uncertainties, seismic shifts, blowouts, oil spills, uncontrollable flows of oil, gas or well fluids, explosions, fires, improper installation or operation of equipment and equipment damage or failure.

Certain of our facilities are also subject to hazards inherent in marine operations, such as capsizing, sinking, grounding, vessel collision and damage from natural catastrophes, severe storms or other severe weather conditions. The offshore drilling we conduct could involve increased risks due to risks inherent in the nature of drilling in complicated environments and complex geological formations including blowouts, encountering formations with abnormal pressure and oil spills. For example, our Knarr field production is produced through a single a floating production, storage and offloading vessel ("FPSO") (Petrojarl Knarr), so any technical failure or accident involving this FPSO could have a material negative impact on our Knarr production and our resulting cash flow therefrom.

Additionally, our natural gas storage operations in Germany are subject to many hazards, including, but not limited to:

- negative unpredicted performance by our storage reservoirs that could cause us to fail to meet expected or forecasted operational levels or contractual commitments to our customers;
- unanticipated equipment failures at our storage facilities;
- damage to storage facilities and related equipment caused by floods, fires, extreme weather conditions and other natural disasters and acts of terrorism;
- damage from construction and farm equipment or other surface uses;
- leaks of or other losses of natural gas as a result of the malfunction of equipment or facilities;
- migration of natural gas through faults in the rock or to some area of the reservoir where the existing wells cannot drain the natural gas effectively;
- blowouts (uncontrolled escapes of natural gas from a well), fires and explosions;
- operator error; and
- environmental pollution or release of toxic substances.

If any of these risks occur, environmental damage, including biodiversity loss or habitat destruction, injury to persons and loss of life, failure to produce oil in commercial quantities, an inability to fully produce discovered reserves or an inability to utilize our natural gas production storage facilities could result. The risks mentioned above could also cause substantial damage to our property and our reputation and put at risk some or all of our interests in licenses, which enable us to explore and/or produce, and could result in us incurring fines or penalties as well as criminal sanctions potentially being enforced against us and/or our officers. Consequent production delays and declines from normal field operating conditions and other adverse actions taken by host governments and third-parties may result in revenue and cash flow levels being adversely affected.

We face significant uncertainty as to the success of any exploration, appraisal and development activities

Oil and gas exploration activities are capital intensive, subject to financing limitations and their successful outcome cannot be assured. We undertake exploration activities, which are frequently subjected to unexpected problems and delays, and incur significant costs, which can differ significantly from estimates, with no guarantee that such expenditure will result in the discovery of commercially deliverable oil or gas. Appraisal results for discoveries are uncertain. Appraisal and development activities involving the drilling of wells across a field may be unpredictable and may not result in the outcome planned, targeted or predicted, as only by extensive testing can the properties of an entire field be more fully understood. For example, where we are drilling wells that are high risk, there is no guarantee such drilling activities will be successful and the actual costs incurred in respect of drilling, operating wells and completing well workovers may exceed our budget. It is difficult to estimate the costs of implementing any exploration and/or appraisal drilling program due to the inherent uncertainties of drilling in unknown formations, the costs associated with encountering

various drilling conditions such as over- pressured zones and changes in drilling plans and locations. We may be required to curtail, delay or cancel any drilling operations because of a variety of factors, including unexpected drilling conditions, pressure or irregularities in geological formations, equipment failures or accidents, breaches of security, title problems, adverse weather conditions, compliance with governmental requirements and shortages or delays in the availability of drilling rigs and the delivery of equipment.

Even if wells are productive, they may not produce sufficient net revenues to return a profit after drilling, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs and drilling hazards and environmental damage can further increase the cost of operations to be recovered. In addition, various field operating conditions may also adversely affect production from successful wells including delays in obtaining governmental approvals, permits, licenses, authorizations or consents, shut-ins of connected wells, insufficient storage or transportation capacity or other geological and mechanical conditions.

In addition, various field operating conditions may also adversely affect production from successful wells including delays in obtaining governmental approvals, permits, licenses, authorizations or consents, shut-ins of connected wells, insufficient storage or transportation capacity or other geological, mechanical conditions and payments tied to project milestones.

Under our production sharing contracts and other similar agreements, we finance exploration, development and operations and the related facilities and equipment and will only recover our costs (after deducting royalties and taxes) if there is successful production in accordance with the terms of these agreements with such cost recovery being ring-fenced and capped at a certain proportion of production and the balance in excess of such cap then being shared with the host government or national oil company. However, there can be no assurance that we will discover commercial quantities of oil or gas at such operations. Additionally, the treatment of the exploration and development of oil and gas under our production sharing contracts and other similar agreements is frequently ambiguous leading to uncertain terms as to cost recovery and entitlements to gas discoveries. Accordingly, there can be no assurance that we will recover our outlay of capital expenditures and operating costs and in such event our business, prospects, financial condition and results of operations could be materially adversely affected.

We carry out business in a highly competitive industry

The oil and gas industry is highly competitive including in the regions in which we have assets. The key areas in respect of which we face competition are:

- acquisition of exploration and production licenses, or interests in such licenses, at auctions or sales run by governmental authorities;
- securing additional offtakers of production;
- acquisition of other companies that may already own licenses or existing hydrocarbon producing assets;
- differentiating technologies;
- engagement of third-party service providers whose capacity to provide key services may be limited;
- purchase, leasing, hiring, chartering or other procuring of equipment that may be scarce; and
- employment of qualified,experienced and skilled management and oil and gas professionals.

Competition in our markets is intense and depends, among other things, on the number of competitors in the market, their financial power, their degree of geological, geophysical, engineering and management expertise, their degree of vertical integration, and pricing policies, their ability to develop properties on time and on budget, their ability to select, acquire and develop reserves and their ability to foster and maintain relationships with host governments of the countries in which they have assets. Our competitors include those entities with greater technical, physical and financial resources than us. A recent trend among investors, which also increases competitive pressures, is for financial institutions and investment funds to financially support viable management teams with proven oil and gas experience to acquire resources in emerging markets to establish investments in the oil and gas sector and lock in supply. When looking at acquisition opportunities, we also frequently compete with major national and state-owned enterprises, which typically possess significant financial resources and are able to offer attractive and favorable prices to sellers. In addition, we have more recently seen increased competition for interests in licenses and contractor services, among other things, as companies have begun to rebalance their portfolios and shift their focus from resource plays (e.g., shale oil, tar sands and hydraulic fracturing) to conventional oil due to the increasing cost of such resource plays and heightened political attention due to their social and environmental impact.

The effects of operating in a competitive industry may include higher than anticipated prices for the acquisition of licenses or assets, licensing terms providing for increased obligations, the hiring by competitors of key management, restrictions on the availability or increase in cost of equipment or services as well as potentially unfair practices including unconscionable pressure on us directly or indirectly or the dissemination of false or misleading information or rumors by competitors or third-parties. Such unconscionable pressure can be expected to arise out of disparities in the relative bargaining power of the affected parties and includes the stronger party exploiting the weaker party's disadvantage or the stronger party relying on its rights in a harsh or oppressive manner, allowing the weaker party to make an incorrect assumption, failing to disclose a material fact, misrepresentation or otherwise unfairly benefiting from a transaction at the expense of the weaker party.

If we are unsuccessful in competing against other companies, our business, prospects, financial condition and results of operations could be materially adversely affected.

We may not be able to keep pace with technological developments in our industry

The oil and gas industry is characterized by rapid and significant technological advancements and introduction of new products and services using new technologies. As others use or develop new technologies, we may be placed at a competitive disadvantage or may be forced by competitive pressures to implement those new technologies at substantial costs. In addition, other oil and gas companies may have greater financial, technical and personnel resources that allow them to enjoy technological advantages, which may in the future allow them to implement new technologies before we can. We may not be able to respond to these competitive pressures or implement new technologies on a timely basis or at an acceptable cost. If one or more of the technologies we use now or in the future were to become obsolete, our business, prospects, financial condition and results of operations could be materially adversely affected. In addition, any new technology that we implement may have unanticipated or unforeseen adverse consequences, either to our business or the industry as a whole.

Climate change abatement legislation or protests against fossil fuel extraction may have a material adverse effect on our industry

Continued political attention to issues concerning climate change, the role of human activity in it and potential mitigation through regulation could have a material impact on our business. International agreements, national and regional legislation, and regulatory measures to limit greenhouse emissions are currently in various stages of discussion or implementation. Given our operations are associated with emissions of "greenhouse gases", these and other greenhouse gas emissions-related laws, policies and regulations may result in substantial capital, compliance, operating and maintenance costs. The level of expenditure required to comply with these laws and regulations is uncertain and is expected to vary depending on the laws enacted by particular countries. For example, the United Nations COP21 Climate Change Conference in Paris in December 2015, called for reductions in greenhouse gas emissions, but did not include proposals specifically targeting the petroleum industry. As such, climate change legislation and regulatory initiatives restricting emissions of greenhouse gases may adversely affect our operations, our cost structure or the demand for oil and gas. Such legislation or regulatory initiatives could have a material adverse effect by diminishing the demand for oil and gas, increasing our cost structure or causing disruption to our operations by regulators. In addition, we may be subject to activism from groups campaigning against fossil fuel extraction, which could affect our reputation, disrupt our campaigns or programs or otherwise negatively impact our business.

Risks relating to our business

Our exploration and production operations are dependent on our compliance with obligations under licenses, contracts and field development plans

Our exploration and development operations must be carried out in accordance with the terms of production sharing contracts, licenses, operating agreements, annual work programs and budgets. Relevant legislation in the jurisdictions in which we do business provide that fines may be imposed and a license may be suspended or terminated if a license holder, or party to a related agreement, fails to comply with its obligations under such license or agreement, or fails to make timely payments of levies and taxes for the licensed activity, provide the required geological information or meet other reporting requirements. It may from time to time be difficult to ascertain whether we have complied with obligations under production sharing contracts and licenses as the extent of such obligations may be unclear or ambiguous and regulatory authorities in jurisdictions in which we do business may not be forthcoming with confirmatory statements that work obligations have been fulfilled, which can lead to further operational uncertainty. In addition, we and our commercial partners, as applicable, have obligations to develop the fields in accordance with specific requirements under certain licenses and related agreements, field development plans, laws and regulations. If we or they were to fail to satisfy such obligations with respect to a specific field, the production sharing contract, the license or related agreements for that field may be suspended, revoked or terminated. See "Certain regulatory regimes."

For example, in Norway, in order to develop a field, license partners must submit a Plan for Development and Operation ("PDO") for the field to the Norwegian Ministry of Petroleum and Energy ("MPE") within a certain timeframe, typically within six years from the award of the license. Any subsequent licenses are also required to accede to the PDO. The PDO sets out, among other things, the license partners, the development solution, estimated development costs, production profile for the deposit as well as information regarding decommissioning. The PDO further comprises information on facilities for utilization and transportation of petroleum. Any failure to submit a PDO on time and/or secure the approval of the MPE may result in the delay of a development or the forfeiture of the relevant license, which could have a material adverse effect on our reserves, expected future production, business, results of operations, cash flow, financial condition and prospects.

The authorities in the jurisdictions in which we do business are typically authorized to, and do from time to time, inspect to verify compliance by us or our commercial partners, as applicable, with relevant laws and the licenses or the agreements pursuant to which we conduct our business. There can be no assurance that the views of the relevant government agencies regarding the development of the fields that we or our commercial partners operate or the compliance with the terms of the licenses pursuant to which we conduct such operations will coincide with our views, which might lead to disagreements that may not be resolved.

A portion of the licenses pursuant to which we conduct operations are solely exploration licenses, and as such the assets which are the subject of such licenses are not currently producing, and may never produce commercial quantities of, oil or gas. Rather, these licenses have a limited life before we are obliged to seek to convert the license to a production license, extend the license or relinquish the license area.

If hydrocarbons are discovered during the exploration license term, we or our commercial partners, as applicable, may be required to apply for a production license before commencing production. If we or our commercial partners, as applicable, comply with the terms of the relevant license, we would normally expect that a production license would be issued; however, no assurance can be given that any necessary production licenses will be granted by the relevant authorities.

Each of the exploration and production licenses or related agreements pursuant to which we conduct operations have incorporated detailed work programs which are required to be fulfilled, normally within a specified timeframe. These may include seismic surveys to be performed, wells to be drilled, production to be attained, limits to production levels and construction matters. Some jurisdictions also impose a minimum financial spend during the exploration period, which can be called for payment if the minimum work obligations are not completed.

The suspension, revocation, withdrawal or termination of any of the licenses or related agreements pursuant to which we conduct business, as well as any delays in the continuous development of or production at our fields caused by the issues detailed above could materially and adversely affect our business, prospects, financial condition and results of operations. In addition, failure to comply with the obligations under the licenses or agreements pursuant to which we conduct business, whether inadvertent or otherwise, may lead to fines, penalties, restrictions, withdrawal of licenses and termination of related agreements, which could materially and adversely affect our business, prospects, financial condition and results of operations.

Our development projects are associated with risks relating to delays and costs

Our on-going development projects involve advanced engineering work, extensive procurement activities and complex construction work to be carried out under various contract packages at different locations onshore. Furthermore, we (together with our license partners), must carry out drilling operations, install, test and commission offshore installations and obtain governmental approval to take them into use, prior to commencement of production. The complexity of our development projects makes them very sensitive to circumstances which may affect the planned progress or sequence of the various activities, as this may result in delays or costs increases. In particular, this applies to our West Nile Delta and Reggane development projects in Egypt and Algeria, respectively, which represent our most extensive capital expenditure projects.

Our current or future projected target dates for production may be delayed and significant cost overruns may incur due to delays, changes in any part of our development projects, technical difficulties, project mismanagement, equipment failure, natural disasters, political, economic, taxation, legal, regulatory or social uncertainties, piracy, terrorism, visa issues or protests, which again may materially adversely affect our future business, operating results, financial condition and cash flow. Ultimately, there are risks that the rights granted under our licenses or agreements with the government may be forfeited and we may be liable to pay large penalty sums, which could jeopardize our ability to continue operations.

Going forward, we, or the operator of licenses in which we have an interest, may be unable to explore, appraise or develop hydrocarbon operations, or the development or production of oil and gas may be delayed as a result of, among other things, activities such as our partners and counterparties failure to obtain equipment, equipment failure, natural

disasters, political, economic, taxation, legal, regulatory or social uncertainties, piracy, terrorism, visa issues or protests. Moreover, our commercial partners and counterparties consist of a diverse base with no single material source of credit risk. A general downturn in financial markets and economic activity may result in a higher volume of late payments and outstanding receivables, which may in turn adversely affect our business, results of operations, cash flows and financial condition.

Furthermore, our estimated exploration costs are subject to a number of assumptions that may not materialize. Any such inability to explore, appraise or develop petroleum operations or non-materialization of assumptions regarding exploration costs, may have a material adverse effect on our growth ambitions, future business and revenue, operating results, financial condition and cash flow.

We conduct some of our operations with commercial partners which may increase the risk of delays, additional costs or the suspension or termination of the licenses or the agreements that govern our assets

We have entered into business ventures with commercial partners in respect of a majority of our assets. To the extent we are not the operator of our oil and gas assets, we will be dependent on such commercial partners acting as operators and will not be able to direct or control operations, the timing and performance of such activity or the costs thereof. The terms of any relevant operating agreement generally impose standards and requirements in relation to an operator's activities. While we have acquired interests in oil and gas properties that are operated by, what is believed to be, reputable operators, there can be no assurance that any such operator will observe such standards or requirements. There is also a risk that a commercial partner with interests in our oil and gas properties may elect not to participate in certain activities relating to those properties and which require that party's consent. In these circumstances, it may not be possible for such activities to be undertaken by us alone or in conjunction with other commercial partners at the desired time or at all or otherwise, to the extent permitted, such activities are undertaken with us bearing a greater proportion of the risks involved in the project. Any mismanagement of an oil or gas property by one of our commercial partners may result in delays or increased costs which could materially and adversely affect our business, financial condition, results of operations and prospects. In addition, we may suffer unexpected costs or other losses if a commercial partner does not meet obligations under agreements governing our relationship. For example, other commercial partners who have invested in our oil and gas properties may default in their obligations to fund capital or other funding obligations in relation to such properties. In such circumstances, we may be required under the terms of the relevant operating agreement to contribute all or part of any such funding shortfall, regardless of the percentage interests that we agreed with such commercial partner under such arrangements. We may also be subject to claims by our commercial partners regarding potential non-compliance with our obligations. It is also possible that our interests, on the one hand, and those of our commercial partners, on the other will not always necessarily be aligned resulting in possible project delays, additional costs or disagreements.

Failure by our commercial partners to comply with obligations under relevant licenses or the agreements pursuant to which we operate may lead to fines, penalties, restrictions and withdrawal of licenses or the agreements under which we operate. If any of our commercial partners becomes insolvent or otherwise unable to pay debts as they come due, licenses or agreements awarded to them may revert back to the relevant government authority who will then reallocate the license. Although we anticipate that the relevant government authority may permit us to continue operations at a field during a reallocation process, there can be no assurances that we will be able to continue operations pursuant to these reclaimed licenses or that any transition related to the reallocation of a license would not materially disrupt our operations or development and production schedule. The occurrence of any of the situations described above could materially and adversely affect our business, financial condition and results of operations.

Our exit strategy in relation to any particular oil and gas interest may also be subject to the prior approval of our commercial partners. The terms of operating agreements often require commercial partners to approve of an incoming participant to the business venture or provide them with pre-emption rights with respect to the transfer of our interest, either of which could affect our ability to sell or transfer an interest.

Failure by us, our contractors, our offtakers or governments to obtain access to necessary equipment, facilities and transportation systems could materially and adversely affect our business, prospects, financial condition and results of operations

We rely on oil and gas field suppliers and contractors to provide materials and services in conducting our exploration and production activities. Any competitive pressures on the oil field suppliers and contractors, or substantial increases in the worldwide prices of commodities, such as steel, could result in a material increase of costs for the materials and services required to conduct our business. For example, due to high global demand and a limited number of suppliers, the cost of oil field services and goods and increased significantly in recent years and, while the cost of oil field services has decreased following the decline in oil prices there can be no assurance this trend will continue. Such equipment, personnel and services can be scarce and may not be readily available at the times and places required. Future increases could have a material adverse effect on our operating income, cash flows and borrowing capacity and may require a reduction in the

carrying value of our properties, our planned level of spending for exploration and development and the level of our reserves. Prices for the materials and services we depend on to conduct our business may not be sustained at levels that enable us to operate profitably. In certain cases, we may extend or provide financing to such parties in connection with the equipment or services they provide, sell or lease to us. See "Management's discussion and analysis of financial condition and results of operations—Qualitative and quantitative disclosures about market risk—Credit risk management."

Oil and gas development and exploration activities are dependent upon, among others, the availability of drilling rigs, vessels and related third-party equipment or services. High demand for such equipment or services or access restrictions may affect the availability and cost of, and our access to, such equipment and services and may delay our development and exploration activities. Failure by us or our contractors to secure necessary equipment or services could materially and adversely affect our business, prospects, financial condition and results of operations.

We and our offtakers rely, and any future offtakers will rely, upon the availability of storage tanks and transportation systems, such as pipelines and oil tankers, including such infrastructure systems that are owned and operated by third-parties, including governments. We may be unable to access such infrastructure and systems that we use currently or alternative infrastructure or systems or otherwise be subject to interruptions or delays in the availability of infrastructure, which could result in disruptions to our projects thereby impacting our ability to deliver oil and gas to commercial markets. Further, our offtakers could become subject to increased tariffs imposed by government regulators or the third-party operators or owners of the transportation systems available for the transport of our oil and gas, which could result in decreased offtaker demand and downward pricing pressure. If we are unable to access the requisite pipeline infrastructure in these countries, our operations will be adversely affected.

We may face unanticipated increased or incremental costs in connection with decommissioning obligations

Licensees are typically obliged under the terms of relevant production sharing contracts or production agreements, licenses or local law to dismantle and remove equipment, to cap or seal wells and generally to remediate production sites. In connection with the sale or transfer of our assets, we may retain or be liable for decommissioning liabilities, even if we have not contractually agreed to accept these liabilities. See "—Risks relating to our business—We may be unable to sell assets on attractive terms and may be required to retain liabilities for certain matters." Our financial statements, including our unaudited condensed consolidated interim financial statements as of June 30, 2016 included elsewhere in this Offering Memorandum make provisions based on our estimate of the aggregate decommissioning costs to be incurred at the end of each of our interests in licenses. These are estimates based on facts and circumstances known as of the date of such financial statements including the then extent of our operations. No guarantee can be given that such provisions shall in due course turn out to be sufficient. An increase in these decommissioning costs could materially and adversely affect our business, prospects, financial condition and results of operations.

We recently sold our portfolio of operated and non-operated exploration, development and production assets in the United Kingdom. See "Presentation of financial and other information—Divestment of UK Assets". Under the UK Petroleum Act 1998 (the "Petroleum Act"), a party incurs liabilities in respect of the decommissioning of installations and pipelines following the service by the UK Department of Energy and Climate Change ("DECC") of a section 29 notice on that party under the Petroleum Act. At any time during the life of the relevant field, DECC can issue a section 29 notice requiring that a costed decommissioning program be provided by, among others, the license holder, a parent company or associated companies of a license holder, or the field operator. In addition to the liable parties set out above, under section 34 of the Petroleum Act, DECC may use a "claw-back" power to impose decommissioning obligations on anyone who, at any time since the issue of the first section 29 notice for the installation, could have been served with such a notice, being former license holders and their affiliates. The parties on whom the notice is served are jointly liable to submit a decommissioning program and, once a decommissioning program has been approved by DECC, it becomes a joint and several obligation upon the persons who submitted the decommissioning program to ensure that it is carried out. Although we no longer hold the UK Assets, if we are issued a notice under section 34 of the Petroleum Act as a result of our activities in the UK during the period we held the UK Assets, we may be subject to significant expenses related to any potential decommissioning. These decommissioning costs could materially and adversely affect our business, prospects, financial condition and results of operations.

There are risks inherent in our acquisition strategy and if we fail to consummate or integrate acquisitions successfully, our financial condition and future performance could be adversely affected

We have previously undertaken a number of acquisitions of oil and gas assets (and of companies holding such assets), including recently, the E.ON Acquisition, and our corporate strategy envisions the ongoing selection and strategic acquisition of oil and gas assets. Although we perform a review of properties prior to any acquisitions that we believe is consistent with or exceeding industry practice, such reviews are inherently incomplete. Ordinarily, we focus our due diligence efforts on higher valued and material properties or assets. However, even an in-depth review of all properties and records may not reveal existing or potential problems, and it will not always permit us to become sufficiently familiar with the properties to assess fully their deficiencies and capabilities. Physical inspections may not be performed on every well, and structural or environmental problems, such as ground water contamination, are not necessarily observable even when an inspection is undertaken.

We may be required to assume pre-closing liabilities with respect to an acquisition, including known and unknown environmental liabilities, and may acquire interests in properties on an "as is" basis without recourse to the seller of such interest. In addition, competition for the acquisition of prospective oil and gas properties is intense, which may increase the cost of any potential acquisition. There can be no assurance that any potential acquisition by us will be successful.

Further, while we believe that we currently maintain adequate procedures, systems and controls, integrating operations, technology, systems, management, personnel and pre or post-completion costs for future acquisitions may prove more difficult and/or expensive than anticipated, thereby rendering the value of any company or assets acquired less than the amount paid. The integration of acquired businesses requires significant time and effort on the part of our management. Integration of new businesses can be difficult and disrupt our own business because our operational and business culture may differ from the cultures of the businesses we acquire, unpopular cost-cutting measures may be required, internal controls may be more difficult to maintain and control over cash flows and expenditures may be difficult to establish. While we have successfully completed the integration of the businesses we have acquired thus far, we could experience difficulties in integrating future acquisitions as successfully, which could materially and adversely affect our business, prospects, financial condition and results of operations.

We depend on our Management Board, key members of management, independent experts, technical or operational service providers and on our ability to retain and hire such persons to effectively manage our growing business

Our future operating results depend in significant part upon the continued contribution of our Management Board, key senior management and technical, financial and operations personnel. Management of our growth will require, among other things, stringent control of financial systems and operations, the continued development of our management control, the ability to attract and retain sufficient numbers of qualified management and other personnel, the continued training of such personnel, sufficient internal succession planning for key roles and the presence of adequate supervision.

Our success is dependent on the ability of our board of directors and management to operate our growing business and to manage the ongoing changes from potential future acquisitions. We have experienced significant growth and development in a relatively short period of time and expect to continue to grow as we pursue our growth strategy, although there can be no guarantee or assurance that such rapid growth will continue or that future targets or projections will be achieved or fulfilled. Failure to manage our growth and development effectively could materially and adversely affect our business, prospects, financial condition and results of operations and increase our vulnerability to a hostile takeover.

In addition, the personal connections and relationships of our board of directors and key management are important to the conduct of our business. If we were to unexpectedly lose a member of our key management or fail to maintain one of the strategic relationships of our key management team, our business and results of operations could be materially adversely affected.

We use independent contractors to provide us with certain technical assistance and services. We rely upon the owners and operators of rigs and drilling equipment, and upon providers of field services, to drill and develop our prospects to production. We also rely upon the services of other third- parties to explore or analyze our prospects to determine a method in which the prospects may be developed in a cost-effective manner. In certain cases, we may exercise limited control over the activities and business practices of these providers and any inability on our part to maintain satisfactory commercial relationships with them or their failure to provide quality services could materially adversely affect our business, prospects, results of operations and financial condition.

Attracting and retaining additional skilled personnel will be fundamental to the continued growth of our business. We require skilled personnel in the areas of exploration and development, operations, engineering, business development, oil and gas marketing, finance and accounting relating to our projects. Personnel costs, including salaries, are increasing as the standard of living rises in the countries in which we have assets and as industry-wide demand for suitably qualified personnel increases. No assurance can be given that we will successfully attract new personnel or retain existing personnel required to continue to expand our business and to successfully execute and implement our business strategy.

Our business reputation is important to our continued viability and any damage to such reputation could materially and adversely affect our business

Our reputation is important to our business for reasons including, but not limited to, finding commercial partners for business ventures, securing licenses with governments, procuring offtake contracts, attracting contractors and employees and negotiating favorable terms with suppliers.

Any damage to our reputation, whether arising from litigation, regulatory, supervisory or enforcement actions, matters affecting our financial reporting or compliance with administrative agencies in the jurisdictions in which we do business, negative publicity, including from environmental activists, or the conduct of our business or otherwise, could materially and adversely affect our business, financial condition or results of operations.

Certain of the countries in which we do business face political, economic, fiscal, legal, regulatory and social uncertainties which could materially and adversely affect our business, prospects, financial condition and results of operations

Our operations are exposed to the political, economic, fiscal, legal, regulatory and social environment of certain of the countries in which we have assets including, but not limited to, Egypt, Algeria and Libya. Our business involves a high degree of risk which, despite a combination of experience, knowledge and careful evaluation, we may not be able to overcome. These risks include, but are not limited to, corruption, civil strife or labor unrest, armed conflict, terrorism, limitations or price controls on oil and gas production, sales or exports and limitations or the imposition of tariffs or duties on imports of certain goods.

In particular, exploration and development activities in developing countries and regions may require protracted negotiations with host governments, national oil companies and third parties and may be subject to economic, social and political considerations such as the risks of war, boundary disputes, activism by non-governmental organizations, actions by terrorist or insurgent groups, organized crime, community disturbances, military repression, expropriation,

nationalization, renegotiation, forced change or nullification of existing contracts or royalty rates, changes in laws regarding repatriation of income, unenforceability of contractual rights, imposition of export or import controls, changing taxation policies or interpretations, adverse changes to laws (whether of general application or otherwise) or the interpretation thereof, currency exchange restrictions, inflation, changing political conditions, allegations of human rights abuses, operating in countries with discriminatory laws, the death or incapacitation of political leaders, local currency devaluation, currency controls and foreign governmental regulations that require providing the government with free carried interest, favor or require the awarding of contracts to local contractors, require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction or require providing subsidies for the development of land infrastructure or other social assistance.

For example, our exploration and development activities in Libya are currently pending following activities suffered from war and terrorism. While the majority of our investments in North Africa are covered by investment guarantees provided by the Federal Republic of Germany, covering contribution value resulting from, among others, war or armed conflicts, under the guarantee amount of up to 95%, capped by the time value of the project, there is a risk that we may be unable to enforce the guarantees provided to the Company. See "Our business—Insurance".

Any of the factors detailed above or similar factors could materially and adversely affect our business, results of operations or financial condition. If disputes arise in connection with our operations in developing countries, we may be subject to the exclusive jurisdiction of foreign courts or foreign arbitration tribunals or may not be successful in subjecting foreign persons, especially foreign oil ministries and national oil companies, to the jurisdiction of courts in New York, Luxembourg or Germany. If the existing body of laws and regulations in the countries in which we do business are interpreted or applied, or relevant discretions exercised, in an inconsistent or arbitrary manner by the courts or applicable regulatory bodies, this could result in ambiguities, inconsistencies and anomalies in the enforcement of such laws and regulations, which in turn could hinder our long-term planning efforts and may create uncertainties in our operating environment, or even result in the loss of assets.

The results of the United Kingdom's referendum on withdrawal from the European Union may have a negative effect on global economic conditions, financial markets and our business, which could reduce the price of the notes.

We are a European company headquartered in Germany and with significant operations in the European Union member states of Germany and Denmark and European Economic Area member state of Norway. In June 2016, a majority of voters in the United Kingdom elected to withdraw from the European Union in a national referendum. The referendum was advisory, and the terms of any withdrawal are subject to a negotiation period that could last at least two years after the government of the United Kingdom formally initiates a withdrawal process. Nevertheless, the referendum has created significant uncertainty about the future relationship between the United Kingdom and the European Union, and has given rise to calls for the governments of other European Union member states to consider withdrawal.

These developments, or the perception that any of them could occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, and could significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Asset valuations, currency exchange rates and credit ratings may be especially subject to increased market volatility. Lack of clarity about future United Kingdom laws and regulations as the United Kingdom determines which European Union laws to replace or replicate in the event of a withdrawal could depress economic activity and restrict our access to capital. If the United Kingdom and the European Union are unable to negotiate acceptable withdrawal terms or if other European Union member states pursue withdrawal, barrier-free access between the United Kingdom and other European Union member states or among the European Economic Area overall could be diminished or eliminated. Any of these factors could have a material adverse effect on our business, financial condition and results of operations and reduce the price of the Notes.

We are exposed to significant risks in relation to compliance with anti-corruption laws and regulations and economic sanction programs

We are exposed to a risk of violating anti-corruption laws and sanctions regulations applicable in those countries where we, our commercial partners or agents do business. Some of the international locations in which we do business lack a developed legal system and have high levels of corruption. Our continued expansion and worldwide operations, including in developing countries, our development of commercial relationships worldwide and the employment by us of local agents in the countries in which we have assets increase the risk of violations of anti-corruption laws, Office of Foreign Assets Control or similar laws. Violations of anti-corruption laws and sanctions regulations may be punishable by civil penalties, including fines, denial of export privileges, injunctions, asset seizures, debarment from government contracts (and termination of existing contracts) and revocations or restrictions of licenses, as well as criminal fines and imprisonment. In addition, any major violations could have a significant impact on our reputation and consequently on our ability to win future business.

In particular, our international operations are subject to anti-corruption laws and regulations such as the U.S. Foreign Corrupt Practices Act of 1977 ("FCPA") and the United Kingdom Bribery Act of 2010 ("United Kingdom Bribery Act") and are also subject to any anti-corruption laws of any jurisdiction applicable to us. The FCPA prohibits providing, offering, promising, or authorizing, directly or indirectly, anything of value to government officials, political parties, or political candidates for the purposes of obtaining or retaining business or securing any improper business advantage. As part of our business, we deal with state-owned business enterprises, the employees of which may be considered government officials for purposes of the FCPA. The provisions of the United Kingdom Bribery Act extend beyond bribery of government officials and are more onerous than the FCPA in a number of other respects, including jurisdiction, non-exemption of facilitation payments and penalties. In particular, the United Kingdom Bribery Act (unlike the FCPA) does not require a corrupt or improper intent to be established in relation to the bribery of a public official and also applies to the active payment of bribes as well as the passive receiving of bribes. Furthermore, unlike the vicarious liability regime under the FCPA, whereby corporate entities can be liable for the acts of its employees, the United Kingdom Bribery Act introduced a new corporate offense directly applicable to corporate entities that fail to prevent bribery and did not establish and adopt adequate procedures to prevent bribery from occurring and, in certain circumstances, can render parties liable for the acts of their joint venture or commercial partners.

We have policies and procedures designed to assist our compliance with applicable laws and regulations and have trained our employees to comply with such laws and regulations and to consider the policies of and the compliance of our commercial partners when choosing entities with whom to enter into business arrangements. While we believe that we have a strong culture of compliance and that we have adequate systems of control, there can be no assurance that our policies and procedures will be followed at all times or effectively detect and prevent all violations of the applicable laws and every instance of fraud, bribery and corruption in every jurisdiction in which one or more of our employees, consultants, agents, commercial partners, contractors, sub-contractors or joint venture partners is located. As a result, we could be subject to penalties and reputational damage and material adverse consequences on our business, prospects, financial condition or results of operations if we or other parties we do business with fail to prevent any such violations or are the subject of investigations into potential violations.

Sanctions against Russia, and Russia's response to those sanctions, could potentially impact us

Since March 2014, political upheaval within Ukraine and heightened tensions between Russia and Ukraine, in particular relating to the accession of Crimea to Russia, have resulted in the imposition of sanctions, asset freezes, travel limitations and certain other measures against specified Russian, Ukrainian and Crimean individuals as well as specified Russian, Crimean and other companies and financial institutions by the United States, the European Union and certain other authorities. In the United States, the implementation and enforcement of these sanctions is administered by the U.S. Department of the Treasury, Office of Foreign Assets Control ("OFAC").

In connection with the crisis in Ukraine, OFAC has designated certain entities and individuals as "Specially Designated Nationals" ("SDNs"), while certain other entities and individuals have been placed on the "Sectoral Sanctions Identifications" ("SSI") List. It is unlawful for any U.S. person (including companies) to do business with a person placed on the SDN List. Moreover, all property and assets of SDNs in the U.S. or under the possession or control of a U.S. person are subject to blocking. Pursuant to guidance from OFAC, if one or more SDNs own in the aggregate, directly or indirectly, 50% or more of an entity, that entity and its property must also be blocked, whether or not the entity itself has been placed on the SDN List.

By contrast, inclusion on the SSI List does not prevent U.S. persons from engaging in business activities with such persons nor does it require that U.S. persons block an SSI's assets. Instead, U.S. persons are prevented from entering into certain transactions and dealings with SSIs, including the provision of debt financing of longer than 30 days' maturity, the provision of certain types of oil and gas technologies and the provision of other specified services and goods. Similar to SDNs, if one or more SSIs owns in the aggregate, directly or indirectly, 50% or more of an entity, that entity and its property is also subject to the same restrictions as its sanctioned beneficial owner or owners.

The Council of the EU has introduced its own list of persons and entities that are subject to EU sanctions, as well as sanctions that target certain sectors of the Russian economy and the Crimea region. The EU's sanctions generally have a similar effect to the SDN and SSI sanctions administered by OFAC.

While we have no active operations in either Russia or Ukraine, we are an indirectly, wholly owned subsidiary of LetterOne Holdings S.A. ("L1 Holdings" and, together with its subsidiaries, the "L1 Holdings Group"), which is beneficially owned by individuals of Ukrainian and Russian descent who in turn continue to own and operate material businesses in Russia and Ukraine that are not affiliated with us. If the United States or the European Union were to impose further sanctions which included either us directly or beneficial owners of, in the aggregate, 50% or more of L1 Holdings' share capital, the result could include, among other things, a significant restriction of the L1 Holdings Group's, and concomitantly our, ability to raise funds from international financial institutions or the international capital markets, our access to certain types of technology in the oil and gas space, our ability to acquire new assets, our ability to operate our

current assets, our ability to make payments in U.S. Dollars, including with respect to the Notes, liability on behalf of the L1 Holdings Group's personnel, imposition of significant fines, negative publicity and reputational damage. None of the proceeds of the issue of the Notes will be used to fund activities or persons that are subject to sanctions introduced by the United States or the EU. However, there can be no assurance that compliance issues under OFAC and applicable EU regulations, measures or similar laws and regulations will not arise with respect to us or our personnel. Any of the foregoing could result in a material adverse effect on our business, financial condition, results of operations and prospects.

Our insurance may not provide sufficient funds to protect us from liabilities that could result from our operations

Oil and gas exploration, development, and production operations are subject to all the risks and hazards typically associated with such operations, including, but not limited to fires, explosions, blowouts, and oil spills, each of which could result in substantial damage to oil and gas wells, production facilities, other property, and the environment, or result in personal injury and business interruption. We maintain a number of separate insurance policies to protect our core businesses against loss and liability to third parties. Risks insured against typically include general liability, workers' compensation and employee liability and physical damage. However, in accordance with industry practice and as a result of our assessment of our needed insurance program profile from time to time, we are not fully insured against all of these risks (we have for example currently not taken out business interruption insurance). Furthermore, not all mentioned risks are insurable, or only insurable at a disproportionately high cost. Although we maintain liability insurance in an amount that we consider adequate and consistent with industry standard, the nature of these risks is such that liabilities could materially exceed policy limits or not be insured at all, in which event we could incur significant costs that could have adverse effect on our financial condition, results of operation and cash flow. Any uninsured loss or liabilities, or any loss and liabilities exceeding the insured limits, may adversely affect our business, results of operations, cash flow and financial condition.

Our operations are subject to the risk of litigation

From time to time, we may be subject to litigation or arbitration arising out of our operations. Damages claimed under such proceedings may be material or may be indeterminate, and the outcome of such litigation or arbitration could materially and adversely affect our business, results of operations or financial condition. While we assess the merits of each lawsuit and defend accordingly, we may be required to incur significant expenses in defending against such litigation or arbitration and there can be no guarantee that a court or tribunal finds in our favor. While we believe we will be successful in defending ourselves in these matters, see "Our business—Legal and arbitration proceedings" for more information. Further, the adverse publicity surrounding such claims could materially and adversely affect our business.

The inability of one or more of our counterparties to meet their obligations to us may adversely affect our financial results

Traditionally, substantially all of our accounts receivable result from oil and gas sales to a limited number of third-parties in the oil and gas industry. This concentration of off takers may impact our overall credit risk in that these entities may be similarly affected by various economic and other conditions, including the recent global and domestic economic and financial downturn. For example, we have had in the past and continue to have outstanding receivables from the EGPC in connection with our operations in Egypt. As of June 30, 2016, we recorded $144.5 million in outstanding and overdue receivables from the EGPC and EGAS on our balance sheet. Outstanding receivables are subject to ongoing monitoring by senior management. The inability or failure of our off takers to meet their obligations to us or their insolvency or liquidation may adversely affect our financial results.

Changes in foreign exchange rates may affect our results of operations and financial position

We are exposed to market fluctuations in foreign exchange rates. Revenues are based on U.S. dollars for oil and in euro and pounds sterling for gas, while operational costs and investment are in several other currencies, including Norwegian kroner. Significant fluctuations in exchange rates between U.S. dollars, pounds sterling and the euro may materially adversely affect the reported results.

We may engage in hedging activities from time to time that would expose us to losses should markets move against our hedging position

The nature of our operations results in exposure to fluctuations in commodity prices. We use financial instruments and physical delivery contracts to hedge our exposure to these risks and may continue to do so in the future. If we engage in hedging we will be exposed to credit related losses in the event of non-performance by counterparties to the associated financial instruments. Additionally, if product prices increase above those levels specified in any future hedging agreements, we could lose the cost of floors or ceilings or a fixed price could limit us from receiving the full benefit of commodity price increases. If we enter into hedging arrangements, we may suffer financial loss if we are unable to commence operations on schedule or are unable to produce sufficient quantities of oil to fulfill our obligations. In addition, we may not be able to find pricing for hedging on suitable terms.

We may experience conflicts of interest

There are potential conflicts of interest to which the Supervisory Board, Management Board, officers and our principal shareholder may be subject to in connection with our operations. Some of the directors, officers and our principal shareholder may become engaged in other oil and gas interests (including interests relating to oil and gas services) on their own behalf and on behalf of other companies resulting in a conflict of interest and situations may arise where the directors and officers will be in direct competition with the Company. Our Supervisory Board, Management Board, directors, officers and our principal shareholder may not devote their time on a full-time basis to the affairs of the Company as a result of such conflicts. Certain members of our supervisory board, own collectively, directly and indirectly, a significant part of the outstanding share capital of the Company, and will therefore have the possibility to influence the decision-making in the Company.

We may be unable to sell assets on attractive terms and may be required to retain liabilities for certain matters

We regularly review our asset base to assess the market value versus holding value of existing assets, with a view to optimizing deployed capital. Our ability to consummate any future assets could be affected by various factors, including the availability of purchasers willing to purchase such assets at prices acceptable to us. Sellers typically retain certain liabilities or agree to indemnify buyers for certain matters and to divest certain assets we may provide an indemnity to a buyer. The magnitude of any such retained liability or indemnification obligation may be difficult to quantify at the time of the transaction and ultimately may be material. Also, as is typical in divestiture transactions, third-parties may be unwilling to release us from guarantees or other credit support provided prior to the sale of the divested assets. As a result, after a sale, we may remain secondarily liable for the obligations guaranteed or supported to the extent that the buyer of the assets fails to perform these obligations. See "—Risks relating to our business—We may face unanticipated increased or incremental costs in connection with decommissioning obligations."

We are obliged to comply with health and safety and environmental regulations and cannot guarantee that we will be able to comply with these regulations

We operate in an industry that is inherently hazardous and consequently subject to comprehensive regulation. Failure to adequately mitigate risks may result in loss of life, injury, or adverse impacts on health of employees, contractors and third-parties or the environment. Such failure, whether inadvertent or otherwise, by us to comply with applicable legal or regulatory requirements may give rise to significant liabilities and/or delays in permitting. A lack of compliance may even lead to denial of permissions we require for operating our sites. Our health, safety and environmental policy is to observe local and national, legal and regulatory requirements and generally to apply best practices where local legislation does not exist.

The terms of licenses or permissions may include more stringent environmental and/or health and safety requirements. Our operations have the potential to impact air and water quality, biodiversity and ecosystems. Obtaining exploration, development or production licenses and permits may become more difficult or may be delayed due to governmental, regional or local environmental consultation, scientific studies, approvals or other considerations or requirements. Furthermore, third parties such as environmental organizations may judicially contest licenses and permits already granted by relevant authorities.

We incur, and expect to continue to incur, substantial capital and operating costs in an effort to comply with increasingly complex health and safety and environmental laws and regulations. New laws and regulations, the imposition of tougher requirements in licenses, increasingly strict enforcement of, or new interpretations of, existing laws, regulations and licenses, or the discovery of previously unknown contamination may require further expenditures to, for example:

- modify operations;
- install pollution control equipment;
- perform site clean ups;
- curtail or cease certain operations; or
- pay fees or fines or make other payments for pollution, discharges or other breaches of environmental requirements.

Although the costs of the measures taken to comply with environmental regulations have not had a material adverse effect on our business, financial condition or results of operations to date, in the future, the costs of such measures and liabilities related to potential environmental damage caused by us may increase, which could materially and adversely affect our business, prospects, financial condition and results of operations. In addition, it is not possible to predict what

future environmental regulations will be enacted or how current or future environmental regulations will be applied or enforced in the future. We may have to incur significant expenditure for the installation and operation of systems and equipment for remedial measures in the event that environmental regulations become more stringent or governmental authorities elect to enforce them more vigorously, or costly environmental reform is implemented by environmental regulators. Any such expenditure may have a material adverse effect on our business, prospects, financial condition and results of operations. No assurance can be given that environmental laws will not result in a curtailment of production or a material increase in the cost of production, development or exploration activities. See "Certain regulatory regimes."

Our website and internal systems may be subject to intentional and unintentional disruption, and our confidential information may be misappropriated, stolen or misused, which could adversely impact our reputation and future sales

We could be a target of cyber-attacks designed to penetrate our network security or the security of our internal systems, misappropriate proprietary information, commit financial fraud and/or cause interruptions to our activities, including a reduction or halt in our production. Such attacks could include hackers obtaining access to our systems, the introduction of malicious computer code or denial of service attacks. If an actual or perceived breach of our network security occurs, it could adversely affect our business or reputation, and may expose us to the loss of information, litigation and possible liability. Such a security breach could also divert the efforts of our technical and management personnel. In addition, such a security breach could impair our ability to operate our business and provide products and services to our customers. If this happens, our reputation could be harmed, our revenues could decline and our business could suffer.

In addition, confidential information that we maintain may be subject to misappropriation, theft and deliberate or unintentional misuse by current or former employees, third-party contractors or other parties who have had access to such information. Any such misappropriation and/or misuse of our information could result in us, among other things, being in breach of certain data protection and related legislation. We expect that we will need to continue closely monitoring the accessibility and use of confidential information in our business, educate our employees and third-party contractors about the risks and consequences of any misuse of confidential information and, to the extent necessary, pursue legal or other remedies to enforce our policies and deter future misuse.

We may be subject to work stoppages or other labor disturbances

We employ local workers in many of the countries in which we do business. Additionally, we hire contractors who, in turn, have their own employees from the regions in which we do business. Although we believe we have good relations with our employees and our contractor's employees, work stoppages or other labor disturbances may occur in the future. In addition, the majority of our employees, and those employed by our contractors, are represented by labor unions. If this occurred, we or our contractors may not be able to negotiate acceptable collective bargaining agreements or future restructuring agreements or may become subject to material cost increases or additional work rules imposed by such agreements. The occurrence of any of the foregoing could materially and adversely affect our business, prospects, financial condition and results of operations. See "Risk factors—Risks relating to the countries in which we do business—The countries in which we do business face political, economic, fiscal, legal, regulatory and social uncertainties which could materially and adversely affect our business, prospects, financial condition and results of operations."

We may be adversely affected by changes to tax legislation or its interpretation or increases in effective tax rates in certain of the jurisdictions in which we do business

We do business in multiple jurisdictions and our profits are taxed according to the tax laws of such jurisdictions. Jurisdiction by jurisdiction fluctuations in tax rates can have an impact on projects and make certain projects less economically viable. Our tax rate, including our effective tax rate, may be affected by changes in tax laws or interpretations of tax laws in any jurisdiction and in any financial year will reflect a variety of factors that may not be present in succeeding financial years. As a result, our tax rate may increase in future periods, which could have a material adverse effect on our financial results and, specifically, our net income, cash flow and earnings may decrease.

Tax regimes in certain jurisdictions can be subject to differing interpretations and tax rules in any jurisdiction are subject to legislative change and changes in administrative and regulatory interpretation. The interpretation by our relevant subsidiaries of applicable tax law as applied to their transactions and activities may not coincide with that of the relevant tax authorities. As a result, transactions may be challenged by tax authorities and any of our profits from activities in those jurisdictions may be subject to additional tax or additional unexpected transactional taxes (e.g. stamp duty or capital gains tax) may arise, which, in each case, could result in significant legal proceedings and additional taxes, penalties and interest, any of which could have a material adverse impact on our business, prospects, financial condition, project economics or results of operations.

Risks relating to the Notes and the Group's structure

The Group's leverage and debt service obligations could adversely affect our business and prevent the Group from fulfilling its obligations under its debt, including the Notes and the Guarantees

As of June 30, 2016, on an as adjusted basis after giving effect to the offering of the Notes and the use of proceeds therefrom, the Group would have had an aggregate principal amount of €1,855.8 million of debt outstanding, of which €1,455.8 million would have been secured indebtedness represented by the RBL Facility and €400.0 million would have been unsecured indebtedness represented by the Notes (in each case excluding amortized fees). As of the Issue Date, the Group expects to have approximately $250.0 million of unutilized commitments under the RBL Facility and $50.0 million undrawn under the UniCredit Revolving Facility. See "Description of certain financing arrangements."

The Group will be permitted to borrow substantial additional indebtedness, including secured debt, in the future under the terms of the Indenture.

The degree to which the Group is leveraged could have important consequences to our business and holders of the Notes offered hereby, including, but not limited to:

- making it difficult for the Group to satisfy its obligations with respect to the Notes or other indebtedness;
- increasing the Group's vulnerability to, and reducing its flexibility to respond to, general adverse economic and industry conditions;
- requiring the dedication of a substantial portion of the Group's cash flow from operations to the repayment of the principal of the Group's indebtedness and interest on such indebtedness, thereby reducing the availability of such cash flow for general business purposes;
- limiting the Group's ability to obtain additional financing to fund working capital, capital investments, acquisitions, debt service requirements, business ventures, or other general corporate purposes;
- limiting the Group's flexibility in planning for, or reacting to, changes in the Group's business and the competitive environment and the industry in which it does business; and
- adversely affecting the Group's competitive position if the Group's debt burden is higher than that of the Group's competitors.

Any of these consequences or events could have a material adverse effect on the Group's business, prospects, financial condition and results of operations and the Group's ability to satisfy its obligations under the Notes.

Despite the Group's current level of debt, it may still be able to incur substantially more debt in the future, including at the level of our Parent's subsidiaries, which may make it difficult for DEA Norge to make payments on the proceeds loan and for the Issuer to service its debt, including the Notes

The Group may be able to incur substantial additional indebtedness in the future, including secured indebtedness. Although the Indenture will contain, and our RBL Facility does contain, restrictions governing the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions and the amount of indebtedness that could be incurred in compliance with these restrictions could be substantial. If our Parent or its subsidiaries incur new debt or other obligations, the related risks that we face, as described in "—The Group's leverage and debt service obligations could adversely affect our business and prevent us the Group from fulfilling its obligations under its debt, including the Notes and the Guarantees" and elsewhere in these "Risk factors," could increase. In addition, the Indenture will not, and the RBL Facility does not, prevent us from incurring obligations that do not constitute indebtedness as defined under those agreements.

The subsidiaries of our Parent that are not Guarantors or the Issuer may also be able to incur substantial additional indebtedness in the future, further increasing the risks associated with leverage. If any subsidiary of the Parent that are not Guarantors or the Issuer incur additional indebtedness, the holders of that debt will be entitled to share ahead of you in any proceeds distributed in connection with any insolvency, liquidation, reorganization, dissolution or other winding-up of such subsidiaries. See "—Your right to receive payments under the Notes will be structurally subordinated to claims of existing and future creditors of subsidiaries of the Parent that are not Guarantors or the Issuer."

For further information regarding our leverage and for more information about our outstanding indebtedness, see "Management's discussion and analysis of financial condition and results of operations" and "Description of certain financing arrangements."

Your right to receive payments under the Notes will be structurally subordinated to claims of existing and future creditors of subsidiaries of the Parent that are not Guarantors or the Issuer

The Notes will be structurally subordinated to future obligations of any future subsidiaries of the Parent that are not Guarantor's or the Issuer. As a holder of the Notes, you will not have any claim as a creditor against existing subsidiaries of the Parent that will not guarantee the Notes or against any future subsidiaries of the Parent that do not become Guarantors. Generally, indebtedness and other liabilities, including trade payables, whether secured or unsecured, and claims of preference shareholders, if any, of those subsidiaries of the Parent that are not Guarantor's or the Issuer will be structurally senior to your claims against those subsidiaries. In the event of an insolvency, liquidation or other reorganization of the Parent's existing subsidiaries that are not Guarantor's or the Issuer or any future non-Guarantor subsidiaries, holders of their debt and their trade creditors will typically be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available to distribution to the shareholders of such subsidiaries. As of June 30, 2016 on an as adjusted basis giving effect to the offering of the Notes hereby, the Company and its subsidiaries had €1,855.8 million of financial debt excluding the Shareholder Loan.

The Group requires a significant amount of cash to service its debt and sustain its operations, and our ability to generate sufficient cash depends on many factors beyond our control

The Group's ability to make payments on, or repay or refinance, its debt, and to fund working capital and capital investments, will depend on our future operating performance and ability to generate sufficient cash. This depends on the success of our business strategy and on general economic, financial, competitive, market, legislative, regulatory, technical and other factors discussed in these "Risk factors," many of which are beyond our control. In addition, the Group's ability to borrow funds in the future to make payments on its debt will depend on the satisfaction of the covenants in our RBL Facility the UniCredit Facilities and our other debt agreements, including the Indenture, and other agreements we may enter into in the future. Specifically, we will only be permitted to draw under our RBL Facility if no default or event of default is continuing or would result from the utilization and certain representations and warranties are true in all material respects. Further, the available commitments under the RBL Facility may vary on the terms set out therein. Under the RBL Facility, the available commitments are calculated based on the expected present value of future production from certain of the Company's assets. The borrowing base is scheduled for redetermination on an annual basis (and may be further redetermined at other dates in certain instances. We cannot assure you that our business will generate sufficient cash flow from operations or that future debt and equity financings will be available to us in an amount sufficient to enable us to pay the Group's debt, including the Notes, or to fund the Group's other liquidity needs.

The Group cannot assure you that it will be able to refinance or repay any of its debt at maturity, upon acceleration or early repayment, including the Notes, on commercially reasonable terms or at all. Any refinancing of the Group's debt could be at higher interest rates than its current debt and may require it to comply with more onerous covenants, which could further restrict the Group's business operations. If the Group is unable to make payments or refinance its debt or obtain new financing under these circumstances, it would have to consider other options, such as:

- selling assets;
- obtaining additional debt or equity capital;
- restructuring or refinancing all or a portion of its debt on or before maturity;
- foregoing opportunities such as acquisitions of other businesses; or
- reducing or delaying our business activities and capital investments.

The Group cannot assure you that it would be able to accomplish any of these alternatives on a timely basis or on commercially reasonable terms, if at all. Any failure to make payments on the Group's debt, including the Notes, on a timely basis would likely result in a reduction of our credit rating, which could also restrict the Group's ability to incur additional indebtedness. In addition, the terms of the Groups's debt, including the Notes and the RBL Facility, limit, and any future debt may also limit, our ability to pursue any of these alternatives. There can be no assurance that any assets that we may elect to sell can be sold or that, if sold, the timing of such sale and the amount of proceeds realized from such sale will be acceptable. If the Group is unsuccessful in any of these efforts, it may not have sufficient cash to meet the Group's obligations, which could cause an event of default under our debt agreements and result in:

- the Group's debt holders declaring all outstanding principal and interest to be due and payable;

- the lenders under the Group's RBL Facility being able to terminate their commitments to lend us money and foreclose against the assets securing our borrowings; and
- the Group being forced into bankruptcy or liquidation, which could result in you losing your investment in the Notes.

The Group is subject to restrictive debt covenants that may limit the Group's ability to finance its future operations and capital needs and to pursue business opportunities and activities

The Indenture will, and the Group's RBL Facility and UniCredit Facilities do, restrict, among other things, the Group's ability to:

- incur additional debt and issue guarantees and preferred stock;
- make certain payments, including dividends and other distributions, with respect to outstanding share capital;
- repay or redeem subordinated debt or share capital;
- create or incur certain liens;
- impose restrictions on the ability of subsidiaries to pay dividends or make other payments to the Group;
- make certain investments or loans;
- sell, lease or transfer certain assets, including shares of any of the Parent's restricted subsidiaries;
- in the case of the Indenture, guarantee certain types of the Group's other indebtedness without also guaranteeing the Notes;
- expand into unrelated businesses;
- merge or consolidate with other entities, or make certain asset sales; and
- enter into certain transactions with affiliates.

All of these limitations are subject to significant exceptions and qualifications. See "Description of Notes—Certain covenants." The Group's compliance with these covenants could reduce its flexibility in conducting its operations, particularly by:

- affecting the Group's ability to react to changes in market conditions, whether by increasing its vulnerability in relation to unfavorable economic conditions or by preventing it from profiting from an improvement in those conditions;
- affecting the Group's ability to pursue business opportunities and activities that may be in its interest;
- limiting the Group's ability to obtain certain additional financing in order to meet its working capital requirements, make investments or acquisitions and carry out refinancings; and
- forcing the Group to dedicate a significant portion of its cash flows to payment of the sums due for such loans, thus reducing its ability to utilize its cash flows for other purposes.

In addition, the Parent and certain of its subsidiaries are subject to affirmative and negative covenants contained in the RBL Facility and the UniCredit Facilites, which include by reference certain covenants contained in the RBL Facility, including a requirement to maintain a specified ratio of consolidated net borrowings to consolidated EBITDAX, as defined in the RBL Facility. See "Description of certain financing arrangements." The Group's ability to meet financial ratios and tests can be affected by events beyond the Group's control, and we cannot assure you that we or our Parent will meet them. A breach of any of those covenants, ratios, tests or restrictions could result in an event of default under the RBL Facility or the UniCredit Facilities. Upon the occurrence of an event of default under the RBL Facility or the UniCredit Facilities, subject to applicable cure periods and other limitations on acceleration or enforcement, the relevant creditors could cancel the availability of the facilities and elect to declare all amounts outstanding, together with accrued interest, immediately due and payable. Furthermore, the Group may be limited or prohibited from withdrawing funds from bank accounts that consist of amounts that it has received in connection with certain assets or any disposal of such assets or of any subsidiary that

holds, whether directly or indirectly, any such asset. In addition, any default under the RBL Facility or the UniCredit Facilities could lead to an event of default and acceleration under other debt instruments that contain cross-default or cross-acceleration provisions, including the Indenture. If the Group's creditors, including the creditors under the RBL Facility, accelerate the payment of those amounts, we cannot assure you that the Group's cash flow or its assets and the assets of its subsidiaries would be sufficient to repay in full those amounts, to satisfy all other liabilities of our subsidiaries which would be due and payable and to make payments to enable the Group to repay the Notes. If the Group is unable to repay the amounts due and payable under the RBL Facility, its creditors thereunder could proceed against the collateral that secures such debt. Accordingly, the Group could be forced into bankruptcy or liquidation, and the Issuer may not be able to fulfill its obligations under the Notes.

Certain of the Group's borrowings bear interest at floating rates that could rise significantly, thereby increasing our interest cost and reducing cash flow

Borrowings under the RBL Facility and the UniCredit Revolving Facility, bear interest at per annum rates equal to LIBOR, adjusted periodically, plus a margin. Interest rates could rise significantly in the future, thereby increasing our interest expenses associated with these obligations, reducing cash flow available for capital investments and limiting our ability to make payments on the Notes. Although the Group has entered into certain hedging arrangements designed to fix a portion of these rates and may continue to do so, there can be no assurance that hedging will be available or continue to be available on commercially reasonable terms. In addition, hedging itself carries certain risks, including that we may need to pay a significant amount (including costs) to terminate any hedging arrangements.

The Notes include a squeeze-out redemption provision

The indenture governing the Notes will include a redemption provision that allows the Issuer, or any third party on behalf of the Issuer, to redeem any outstanding Notes at a purchase price equal to the purchase price offered to each other holder of the Notes in a tender offer whereby not less than 90% in aggregate principal amount of the outstanding Notes are validly tendered and not withdrawn regardless of whether such purchase price is above or below par. Accordingly, if the Issuer, or any third party on behalf of the Issuer, successfully tenders for greater than 90% of the Notes, holders of the Notes that do not accept the tender may have their Notes redeemed at the tender price without their consent.

The Issuer is a finance subsidiary that has no revenue generating operations of its own and will depend on cash from the Group to be able to make payments on the Notes

The Issuer is a finance subsidiary with no business operations or subsidiaries that has limited assets and a limited ability to generate revenues. Following the offering of the Notes and the use of proceeds therefrom, the Issuer's material liabilities will be the Notes. The Issuer will be dependent upon cash flows from the Group's operating subsidiaries in the form of distributions or payments on the proceeds loan to meet its obligations, including its obligations under the Notes. If the Parent's subsidiaries do not distribute cash to the Issuer to make scheduled payments on the Notes, the Issuer may not have any other source of funds that would allow it to make payments to holders of the Notes.

The amounts of dividends and distributions available to the Issuer will depend on the profitability and cash flow of the the Group, which, in turn, will be affected by all of the factors discussed in these "Risk factors" and elsewhere in this Offering Memorandum. Even if the subsidiaries of the Parent have sufficient cash available, they may be restricted or prevented from distributing or advancing upstream loans to the Parent or the Issuer to make payments in respect of the Issuer's indebtedness, including the Notes. Various agreements governing our debt may restrict, and in some cases, may prevent the ability of the subsidiaries of the Parent to move cash within the restricted group. Such restrictions include those created by our Intercreditor Agreement, which upon certain events of default, prohibits payments being made on certain intercompany loans and payments on subordinated guarantees. Applicable laws may also limit the amounts that certain of our subsidiaries will be permitted to pay as dividends or distributions on their equity interests, or even prevent such payments. Such laws include capital maintenance and financial assistance rules, corporate benefit laws, requirements that dividends must be paid out of reserves available for distribution and other legal restrictions which, if violated, might require the recipient to refund unlawful payments. Applicable tax laws may also subject such payments to further taxation.

Although the Indenture will limit the ability of our restricted subsidiaries to enter into future consensual restrictions on their ability to pay dividends and make other payments to the Parent, there are significant qualifications and exceptions to these limitations. We cannot assure you that arrangements with the Parent's subsidiaries and the funding permitted by the agreements governing existing and future indebtedness of the Parent's subsidiaries will provide the Issuer with sufficient dividends, distributions or loans to fund payments on the Notes when due. See "Description of certain financing arrangements" and "Description of Notes."

The inability to transfer cash among entities within the consolidated group would mean that even if the entities, in aggregate, have sufficient resources to meet their obligations, they may not be permitted to make the necessary transfers from the entity or entities with funds to the entity owing the obligations. In addition, the subsidiaries of the Parent that are

not Guarantors or the Issuer have no obligation to pay amounts due under the Notes or to make funds available for that purpose.

Each of the Subordinated Guarantees will be subordinated to the Group's existing and future senior debt

The Subordinated Guarantees will each be the senior subordinated obligations of the Subordinated Guarantors and:

- be subordinated in right of payment to all existing and future senior obligations of the respective Subordinated Guarantor, including, where applicable, such Subordinated Guarantor's obligations under the RBL Facility;

- rank *pari passu* in right of payment with all existing and future senior subordinated obligations of that Subordinated Guarantor, including obligations under the UniCredit Facilities with respect to the DEA Guarantors (excluding DEA);

- be senior in right of payment to all future obligations of that Subordinated Guarantor that are expressly contractually subordinated in right of payment to that Subordinated Guarantor's Subordinated Guarantee; and

- be effectively subordinated to all existing and future secured obligations of that Subordinated Guarantor (including obligations under the RBL Facility), to the extent of the value of the property and assets securing such obligations, unless such assets also secure the Subordinated Guarantees on an equal and ratable or senior basis.

See "Description of certain financing arrangements—Intercreditor Agreement", "Description of certain financing arrangements—Bilateral Agreements" and "Description of Notes."

In addition, no enforcement action with respect to the Subordinated Guarantees (or any future guarantee of the Notes, if any) may be taken unless (subject to certain limited exceptions): (i) any enforcement action has been taken with respect to the Subordinated Guarantors in relation to the Group's senior and junior debt; (ii) certain insolvency, liquidation or other similar enforcement events with respect to a Subordinated Guarantor have occurred and such actions are taken with respect to such Subordinated Guarantor (subject to certain limited exceptions); (iii) there is a default on the Notes outstanding after a period of 179 days (or earlier in limited circumstances) from the date the agents with respect to our senior and junior debt received written notice of such default; (iv) a default under the Notes occurs for failure to pay principal at the original scheduled maturity of the Notes; (v) the representation of the senior creditors consents to the relevant Notes creditors taking enforcement action in respect of the Notes; or (vi) the expiry of another standstill period at the date of such first mentioned standstill period commenced (unless that expiry occurs as a result of a cure, waiver or other permitted remedy. See "Description of certain financing arrangements—Intercreditor Agreement."

Upon any distribution to the creditors of a Subordinated Guarantor in a liquidation, administration, bankruptcy, moratorium of payments, dissolution or other winding-up of such Subordinated Guarantor, the holders of senior debt of such Subordinated Guarantor will be entitled to be paid in full before any payment may be made with respect to the Subordinated Guarantor's Subordinated Guarantee. As a result, holders of the Notes may receive less, ratably, than the holders of senior debt of the Subordinated Guarantors, including the lenders under our RBL Facility.

There are circumstances other than repayment or discharge of the Notes under which the Guarantees will be released automatically, without your consent or the consent of the Trustee

Under various circumstances, the Guarantees will be released automatically:

- in connection with any sale or other disposition of all or substantially all of the properties or assets of the respective Guarantor (including by way of merger, amalgamation or consolidation) to a person that is not (either before or after giving effect to such transaction) the Issuer or a restricted subsidiary of the Parent other than the Issuer, if the sale or other disposition does not violate the "Asset Sale" provisions of the Indenture;

- in connection with any sale or other disposition of the capital stock of the respective Guarantor (whether by direct sale or through a holding company) to a person that is not (either before or after giving effect to such transaction) the Parent or a restricted subsidiary of the Parent, if the sale or other disposition does not violate the "Asset Sale" provisions of the Indenture and as a result of such disposition such Guarantor no longer qualifies as a subsidiary of the Parent;

- if the Parent designates the respective Guarantor (or any parent entity thereof) as an unrestricted subsidiary in accordance with the applicable provisions of the Indenture;

- upon repayment in full of the Notes or upon Legal Defeasance or Covenant Defeasance as described under the "Legal defeasance and covenant defeasance" provisions of the Indenture or upon satisfaction and discharge of the Indenture as described under the "Satisfaction and discharge" provisions of the Indenture;

- upon the liquidation or dissolution of the respective Guarantor; *provided* that no default or event of default has occurred or is continuing;

- as described under the "Amendment, supplement and waiver" provisions of the Indenture; or

- upon the respective Guarantor consolidating or amalgamating with, merging into or transferring all of its properties or assets to the Issuer or another Guarantor, and as a result of, or in connection with, such transaction such Guarantor dissolving or otherwise ceasing to exist.

In addition, the Subordinated Guarantees will be subject to release as contemplated under the Intercreditor Agreement. Unless consented to, the Intercreditor Agreement provides that the security agent or certain creditors named therein shall not, in an enforcement scenario, exercise their rights to release the relevant Subordinated Guarantees unless, with respect to the relevant sale or disposal:

- the proceeds of such sale or disposal are in cash (or substantially in cash);

- all present and future obligations owed to the creditors under certain senior finance documents by a member of our group are unconditionally released and discharged or sold or disposed of concurrently with such sale; and

- such sale or disposal (including any sale or disposal of any claim) is made:

a) pursuant to a public auction;

b) made by, at the direction of or under the control of, a liquidator, receiver, administrative receiver, administrator, compulsory manager, or similar officer (or analogous officer in any jurisdiction) appointed in respect of a member of the Group or the assets of a member of the Group; or

c) where an independent investment bank or an internationally recognized firm of accountants selected by such security trustee has delivered an opinion to the security trustee and the trustee of the Notes in respect of such sale or disposal that the amount to be received in connection therewith is fair from a financial point of view taking into account all relevant circumstances including the method of enforcement and the circumstances giving rise to such sale.

Upon any release of a Subordinated Guarantee by a Subordinated Guarantor in connection with an enforcement sale as described above, the creditors of such Subordinated Guarantor would be entitled to be paid in full before any payment may be made to the holders of the equity of such Subordinated Guarantor, if at all.

The Notes and Guarantees will be structurally subordinated to the liabilities and preference shares (if any) of the non-Guarantor, non-Issuer subsidiaries.

Some, but not all, of our Parent's subsidiaries will guarantee the Notes. Generally, claims of creditors of a non-Guarantor, non-Issuer subsidiary, including trade creditors, and claims of preference shareholders (if any) of the subsidiary, will have priority with respect to the assets and earnings of the subsidiary over the claims of creditors of its parent entity, including claims by holders of the Notes under the Guarantees. In the event of any foreclosure, dissolution, winding-up, liquidation, reorganization, administration or other bankruptcy or insolvency proceeding of any of the non-Guarantor, non-Issuer subsidiaries, holders of such subsidiary's indebtedness and its trade creditors will generally be entitled to payment of their claims from the assets of such subsidiary before any assets are made available for distribution to its parent entity and the creditors of the Issuer and the Guarantors (including holders of the Notes) will have no right to proceed against such subsidiary's assets. As such, the Notes and Guarantees will be structurally subordinated to the creditors (including trade creditors) and preference shareholders (if any) of the non-Guarantor subsidiaries. Although the non-Guarantor, non-Issuer subsidiaries of the Parent currently represent only a small portion of the Company's consolidated sales revenues and consolidated EBITDAX, the covenants in the Notes will permit these non-Guarantor, non-Issuer entities to incur additional indebtedness, which may be secured, and will not contain any limitation on the amount of other liabilities, such as trade payables, that may be incurred by these entities, and in the future the revenues and consolidated EBITDAX of such entities could increase, possibly substantially.

As of and for the twelve months ended December 31, 2015, the subsidiaries that are not Guarantors or the Issuer collectively represented 0.7% of the Company's consolidated *pro forma* sales revenues, 0.9% of the Company's

consolidated *pro forma* EBITDAX and none of the Company's consolidated property, plant and equipment. As of June 30, 2016, such non-Guarantor, non-Issuer entities were not obligors on any of the Parent's consolidated third-party debt. See "Certain relationships and related party transactions—Transactions with Related Parties—Shareholder Loan".

Claims of the secured creditors of the Issuer and the Guarantors will have priority with respect to their collateral over the claims of unsecured creditors, such as the holders of the Notes, to the extent of the value of the assets securing such indebtedness

The Notes will not be secured by any of the Issuer's or Guarantors' assets. As a result, claims of the secured creditors of the Issuer and the Guarantors will have priority with respect to the assets securing their indebtedness over the claims of holders of the Notes. As such, the Notes and Guarantees will be effectively subordinated to any secured indebtedness and other secured obligations of the Issuer or the relevant Guarantor (including obligations with respect to the RBL Facility) to the extent of the value of the assets securing such indebtedness or other obligations (except to the extent such assets in the future also secure the Notes and/or the relevant Guarantees on an equal and ratable basis or priority basis). See "Description of certain financing arrangements." In the event of any foreclosure, dissolution, winding up, liquidation, reorganization, administration or other bankruptcy or insolvency proceeding of the Issuer or any Guarantor that has secured obligations, holders of secured indebtedness will have priority claims to the assets of the Issuer or such Guarantor that constitute their collateral (other than to the extent such assets in the future also secure the Notes and/or the relevant Guarantees on an equal and ratable basis or priority basis). Subject to the limitations referred to under the caption "—Each Guarantee will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit its validity and enforceability", the holders of the Notes will participate ratably with all holders of the unsecured indebtedness of the Issuer and the Senior Guarantor and potentially with all of their other general creditors, based upon the respective amounts owed to each holder or creditor, in the remaining assets of the Issuer or the relevant Senior Guarantor.

In the case of a Subordinated Guarantor, the holders of the Notes will be subject to turnover and other limitations and participate in the remaining assets of the relevant Subordinated Guarantor only after holders of secured indebtedness and senior indebtedness have been satisfied.

As of June 30, 2016, on an as adjusted basis after giving effect to the offering of the Notes and the use of proceeds therefrom, we would have had an aggregate principal amount of €1,855.8 million of senior debt outstanding, of which €1,455.8 million would have been secured indebtedness represented by the RBL Facility and €400.0 million would have been unsecured indebtedness represented by the Notes. The Notes constitute senior debt at the Issuer and Parent and Guarantee claims are subordinated to claims of the Senior Creditors at the Subordinated Guarantors. As of the Issue Date, we expect to have approximately $250.0 million of unutilized commitments under the RBL Facility and $50.0 million under the UniCredit Revolving Facility. We will be permitted to borrow substantial additional indebtedness, including secured debt, in the future under the terms of the Indenture.

The insolvency laws of Luxembourg, Germany and Norway may not be as favorable to you as insolvency laws of jurisdictions with which you may be familiar and may preclude noteholders from recovering payments due on the Notes

The Issuer is organized under the laws of Luxembourg and the Guarantors are organized under the laws of Germany and Norway. Future subsidiaries of the Parent may be incorporated in other jurisdictions and are or may be subject to the insolvency laws of such jurisdictions. Moreover, pursuant to Council Regulation (EC) no. 1346/2000 on insolvency proceedings (the "EU Insolvency Regulation"), if a company conducts business in more than one Member State of the European Union, the insolvency laws of the Member State (other than Denmark) in which such company's center of main interests is found may apply, which could be the laws of a Member State different from the jurisdiction of incorporation.

There are a number of factors that are taken into account to ascertain the center of main interests, which should correspond to the place where the Parent and its subsidiaries conduct the administration of their respective interests on a regular basis and is therefore ascertainable by third-parties. The point at which this issue will be determined is at the time when the relevant insolvency proceedings are opened. The determination of where the Parent and its subsidiaries have their respective center of main interests would be a question of fact on which the courts of the different EU Member States may have differing and even conflicting views. It should also be noted that no final decisions have been taken in cases that have been brought before the European Court of Justice in relation to questions of interpretation or the effects of the EU Insolvency Regulation throughout the European Union. Furthermore, center of main interests is not a static concept and may change from time to time.

In the event of a bankruptcy, insolvency or similar event involving the Parent or one or more of the other Guarantors or the Issuer, proceedings could be initiated in any, all or any combination of the above jurisdictions or other jurisdictions where the respective company's assets are located. Such jurisdictions may not be as favorable to investors as the laws of the United States or other jurisdictions with which investors are familiar, and may be materially different from,

or in conflict with, each other and those of the United States, including in the areas of rights of creditors, priority of governmental and other creditors, ability to obtain post-petition interest and duration of the proceedings. Proceedings in these jurisdictions are likely to be complex and costly for creditors and otherwise may result in greater uncertainty and delay regarding the enforcement of your rights. In addition, any conflict between them could call into question whether, and to what extent, the laws of any particular jurisdiction should apply and there can be no assurance as to how the insolvency laws of these jurisdictions will be applied in relation to one another, which may adversely affect your ability to enforce your rights under the Notes and the Guarantees in those jurisdictions or limit any amounts that you may receive. Further, the grant of the Guarantees by the respective Guarantors may be subject to challenge in the relevant local insolvency proceedings. See "—Each Guarantee will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit its validity and enforceability" and "Service of process and enforceability of civil liabilities" with respect to certain of the jurisdictions mentioned above. For a more detailed description of the insolvency laws of Luxembourg, Germany and Norway, see "Certain insolvency law considerations."

Each Guarantee will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit its validity and enforceability

Each Guarantee shall provide the holders of the Notes with a direct claim against the relevant Guarantor. However, the Indenture will provide that each Guarantee will only cover those liabilities and will be limited to the maximum amount that can be guaranteed by the relevant Guarantor without rendering the relevant Guarantee, as it relates to that Guarantor, voidable or otherwise ineffective, unlawful or limited under applicable law or causing the directors of such Guarantor to be held in breach of applicable corporate or commercial law, and enforcement of each Guarantee would be subject to certain generally available defenses. See "Certain insolvency law considerations and enforcement limitations."

Enforcement of any of the Guarantees against any Guarantor will be subject to certain defenses available to Guarantors in the relevant jurisdiction. Although laws differ among these jurisdictions, these laws and defenses generally include those that relate to corporate purpose or benefit, fraudulent conveyance or transfer, voidable preference, insolvency or bankruptcy challenges, financial assistance, preservation of share capital, thin capitalization, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally. If one or more of these laws and defenses are applicable, a Guarantor may have no liability at all or decreased liability under its Guarantee depending on the amounts of its other obligations and applicable law and, to the extent payment has been made under a Guarantee, may require that the recipient returns the payment to the relevant Guarantor or insolvency administrator. Limitations on the enforceability of judgments obtained in New York courts in such jurisdictions could further limit the enforceability of any Guarantee against any Guarantor. See "Service of process and enforcement of civil liabilities."

The granting of guarantees by a German limited liability company (*GmbH*) or a partnership with a limited liability company as liable partner (*e.g.* a relevant GmbH & Co. KG) is subject to certain capital maintenance rules. Payment under any such guarantees may be regarded as disbursements to a parent company if guaranteeing or securing debt of a parent company or an affiliate of the parent company (such as the Issuer). Such disbursements are only allowed as long as the stated share capital of the guarantor is not affected, i.e. may only be made out of the freely available net assets on the balance sheet. The Indenture will contain language limiting the Subordinated Guarantees accordingly.

In addition, the Company, which is anticipated to provide a Subordinated Guarantee for the benefit of the holders of the Notes on the Issue Date and is the (direct or indirect) parent of the majority of the other Subordinated Guarantors, is incorporated in Germany in the form of a stock corporation (*Aktiengesellschaft*—"AG"). Guarantees granted by an AG or its direct and indirect subsidiaries in order to guarantee or secure liabilities of any direct or indirect parent or affiliate company (such as the Issuer) are, unless a specific exeption applies, considered disbursements violating German capital maintenance law.

Further, the granting of guarantees by an AG and its direct and indirect subsidiaries which serve the purpose of supporting the financing of the acquisition of shares in such AG (financial assistance) is prohibited and, therefore, invalid. It is a common view among German legal scholars and practitioners that—depending on the circumstances—such prohibition and legal consequences may also apply to guarantees that support any refinancing of debt incurred by the AG in the connection with the acquisition of its shares by a third party such as the RBL Facility. According to the wording of the law, both the prohibition of financial assistance as well as the capital maintenance requirements described above are not applicable while a domination and/or profit and loss pooling agreement (*Beherrschungs- und/oder Gewinnabführungsvertrag*—"DPLTA") exists between the AG and its respective shareholder. Accordingly, the Indenture will contain a covenant requiring the Parent and the Issuer not to terminate (in the event such termination would have a materially adverse effect on the holders of the Notes) the DPLTA which is currently in place between L1E Acquisitions GmbH, as dominating entity, and the Company, as dominated entity, to mitigate the risk that German capital maintenance and financial assistance requirements and other German law restrictions will be considered to be violated by the granting of the upstream guarantees and will make the Subordinated Guarantees void, inapplicable or unenforceable. Nonetheless, even in case a DPLTA is in place and provided that certain other requirements are met, the granting of

guarantees by an AG and or its direct and indirect subsidiaries (whether or not to support the acquisition of such AG) may be considered to be a violation of the capital maintenance rules and the financial assistance restrictions, in which case such guarantees can be void, unenforceable, restricted and/or subject to a redemption claim against the beneficiary. In particular, under the prevailing view in German literature, the DPLTA exemption being in place only applies if payments under the Guarantee do not cause the dominated entity (i.e. the AG) to incur a balance sheet loss for which it cannot reasonably expect the dominating entity to make a compensation payment under the DPLTA due to the solvency situation of the dominating entity.

Therefore, the Guarantees granted by the Company, any other AG and any of their direct or indirect subsidiaries (including nearly all of the German Subordinated Guarantors and any non-German subsidiaries of the Company (such as DEA Norge AS)) will be subject to a so called "limitation language", pursuant to which the guarantee shall only secure liabilities of any direct or indirect parent of the Company, any other AG and any of their (direct or indirect) subsidiaries (including the liabilities under the Notes and the Indenture) if at the time of a payment demand under such guarantee a DPLTA is in place between the AG (including the Company) and its respective parent (in case of the Company, L1E Acquisition GmbH) which (at the time of such payment demand) provides the AG (including the Company) with a fully valuable (*werthaltig*) compensation claim in case (and in consideration of any payment under the guarantee) an annual loss of the AG (including the Company) can be expected. Based on such limitation language, the Guarantees do not cover any liabilities under the Notes and the Indenture and cannot be enforced if, at the time of a payment demand under such Guarantees, (i) the DPLTA between the Company and L1E Acquisition GmbH is no longer in place or (ii) any or all of the payments under the Guarantees would or could be expected to lead to an annual loss of the Company and L1E Acquisitions GmbH, a holding company having no material assets of its own other than (x) the shares of the Company and (y) a de minimis amount of cash on the balance sheet would not be expected to be able to compensate the Company for such annual loss. If the compensation claim under the Indenture would not be fully valuable (*werthaltig*), the management of the Company could and, notwithstanding any covenant in the Indenture, may terminate the DPLTA for cause in order to avoid personal liability. See "Description of certain financing arrangements—Domination and/or profit and loss transfer agreements". Accordingly, if the capital maintenance requirements and financial assistance restrictions described above are not mitigated by a DPLTA or the DPLTA between L1E Acquisitions GmbH and the Company is terminated prior to any payment demand under the Guarantee, the Guarantees provided by the Company and each of its (direct or indirect) subsidiaries will not cover any liabilities under the Notes and the Indenture and may be rendered unenforceable. See "Certain insolvency law considerations and enforcement limitations."

Although laws differ among various jurisdictions, in general, under bankruptcy, insolvency, fraudulent conveyance law and other laws, a court could (i) subordinate, avoid or invalidate all or a portion of a Guarantor's obligations under its Guarantee, (ii) direct that the holders of Notes return any amounts paid under a Guarantee to the relevant Guarantor or to a fund for the benefit of the Guarantor's creditors or (iii) take other action that is detrimental to you, typically if the court found that:

- the relevant Guarantee was incurred with actual intent to give preference to one creditor over another, hinder, delay or defraud creditors or shareholders of the Guarantor or, in certain jurisdictions, when the granting of the Guarantee has the effect of giving a creditor a preference or when the recipient was or should have been aware that the Guarantor was insolvent when it granted the relevant Guarantee;

- the Guarantor did not receive fair consideration or reasonably equivalent value or corporate benefit for the relevant Guarantee and the Guarantor was: (i) insolvent or rendered insolvent because of the relevant Guarantee; (ii) undercapitalized or became undercapitalized because of the relevant Guarantee; or (iii) intended to incur, or believed that it would incur, indebtedness beyond its ability to pay at maturity;

- the relevant Guarantee was held to exceed the corporate objects of the Guarantor or not to be in the best interests or for the corporate benefit of the Guarantor; or

- the amount paid or payable under the relevant Guarantee was in excess of the maximum amount permitted under applicable law. These or similar laws may also apply to any future guarantee granted by any of our subsidiaries pursuant to the Indenture.

We cannot assure you which standard a court would apply in determining whether a Guarantor was "insolvent" at the relevant time or that, regardless of the method of the valuation, a court would not determine that a Guarantor was insolvent on that date, or that a court would not determine, regardless of whether or not a Guarantor was insolvent on the date its Guarantee was issued, that payments to holders of the Notes constituted preferences, fraudulent transfers or conveyances on other grounds.

Under German law, a Guarantee provided by a GmbH may be held invalid pursuant to Section 138 of the German Civil Code (*Bürgerliches Gesetzbuch*—"BGB") and would therefore not be enforceable if, at the time of the creation or enforcement of such Guarantee, (i) the creation or enforcement of such Guarantee would cause the GmbH's equity

(*Eigenkapital*) to fall below the amount of its stated capital (*Stammkapital*) or cause the over-indebtedness (*Überschuldung*) or illiquidity (*Zahlungsunfähigkeit*) of such GmbH and (ii) the third-party creditor and the Affiliate have acted in fraudulent conveyance (*kollusives Zusammenwirken*) to the detriment of the GmbH or other third-party creditors of the GmbH. These principles apply mutatis mutandis to a German partnership with a limited liability company as general partner (*GmbH & Co. KG*).

With respect to an AG, a Guarantee may be held invalid pursuant to Section 138 of the BGB and would therefore not be enforceable if, at the time of the creation or enforcement of such Guarantee, (i) the creation or enforcement of such Guarantee would lead to a payment, or to an enforcement into assets, of such AG in excess of any distributable balance sheet profit (*Bilanzgewinn*), unless otherwise permitted under the AktG, or cause the over-indebtedness (*Überschuldung*) or illiquidity (*Zahlungsunfähigkeit*) of such AG and (ii) the third-party creditor and the Affiliate have acted in fraudulent conveyance (*kollusives Zusammenwirken*) to the detriment of the AG or other third-party creditors of the AG.

The liability of each Guarantor under its Guarantee will be limited to the amount that will result in such Guarantee not constituting a preference, fraudulent conveyance or improper corporate distribution or otherwise being set aside. However, there can be no assurance as to what standard a court will apply in making a determination of the maximum liability of each Guarantor. There is a possibility that the entire Guarantee may be set aside, in which case the entire liability may be extinguished.

If a court decided that a Guarantee was a preference, fraudulent transfer or conveyance and voided such Guarantee, or held it unenforceable for any other reason, you may cease to have any claim in respect of the relevant Guarantor and would be a creditor solely of the Issuer and, if applicable, of any other Guarantor under the relevant Guarantee that has not been declared void. In the event that any Guarantee is invalid or unenforceable, in whole or in part, or to the extent the agreed limitation of the Guarantee obligations apply, the Notes would be effectively subordinated to all liabilities (including the subordinated liabilities) of the applicable Guarantor, and if we cannot satisfy our obligations under the Notes or any Guarantee is found to be a preference, fraudulent transfer or conveyance or is otherwise set aside, we cannot assure you that we can ever repay in full any amounts outstanding under the Notes.

The payment of dividends or principal and interest on the intercompany loan to the Issuer will reduce the distributable profits and reserves available to satisfy the obligations under the Guarantees. We are under no obligation to maintain a specific level of distributable profits and reserves, and, if we have distributable profits and reserves, we may make dividend payments or payments of principal and interest on the intercompany loan that reduce our distributable profits and reserves to zero. We intend to make dividends and enter into intercompany loans to service indebtedness and for tax planning purposes. There can be no assurances that we will have distributable profits and reserves available to satisfy the obligations under the Guarantees, whether or not we distribute dividends or enter into intercompany loans. The payment of dividends or principal or interest on the intercompany loan to service our debt obligations (including under the Notes) will deplete the distributable reserves available to satisfy the obligations under the Guarantees. In addition, the payment under the Guarantees may require certain prior corporate formalities to be completed, including, but not limited to, obtaining an audit report, shareholders' resolutions and board resolutions.

Section 8–10 of the Norwegian Private Limited Companies Act of 1997 No. 44 / Norwegian Public Limited Companies Act of 1997 No. 45 (*Aksjeloven* and *Allmennaksjeloven*) (together, the "Acts," and each an "Act"), restricts a Norwegian private or public limited liability company from providing financial assistance (including to put assets at disposal, grant loans or provide security or guarantees) in connection with the acquisition of its shares or the shares in the parent company (and any intermediate parent company). Such financial assistance may only be provided within the limits of the company's distributable reserves and subject to the assistance being provided on ordinary commercial terms and the claim for repayment or restitution being adequately secured. Before such financial assistance is granted certain procedural rules must be complied with. The board of directors shall ensure that the beneficial parties are subject to a credit assessment and the board will have to prepare a statement which, inter alia, describes the background for and terms and consequences of the financial assistance. Such statement will have to be presented to the general meeting of the company, who in turn must approve the financial assistance. The restrictions on financial assistance applies irrespective of whether the company in which shares are acquired is a Norwegian or foreign company, and there are no general exemptions available except for special cases of real estate financing and employee share purchase programs. The restriction applies not only to granting of loans, guarantees and securities, but also to making assets available and other transfers which are not lawful distributions in accordance with the Norwegian Companies Acts. The assistance is restricted if made "in connection with" the acquisition of the shares, which may also cover financial assistance after completion of the acquisition, for instance by way of a refinancing of acquisition debt.

In addition to the restrictions with regard to unlawful financial assistance outlined above, Section 8-7 of the Acts restricts a Norwegian limited liability company from granting credit to, guaranteeing or providing security for the obligations of, its shareholders or a party related to the shareholder beyond its distributable reserves (free equity), and then further provided that satisfactory security for repayment/recovery has been established. This restriction does not, however, apply to credit to or security/guarantee for the obligations of a parent company or another company within the same

"group". This exemption must be read in conjunction with the group definition in Section 1-3 of the Acts which, broadly speaking, includes Norwegian limited liability companies only. Hence, this exemption does not apply if the parent company is a non-Norwegian entity. However, there is a further exemption for credit to or security/guarantee for the obligations of any other legal entity (or the subsidiary of such other legal entity) which has such a decisive influence over the company as mentioned in Section 1-3 of the Acts, provided that the credit, security or guarantee is established in order to serve the economical interests of the group of companies.

Section 1-3 defines decisive influence and states that such influence must follow from agreements or ownership of shares or ownership interests. Further, Section 1-3 states that such decisive influence will always exist if the parent company holds at least such number of shares in the company which represents a majority of the votes in the company or has the right to elect or discharge a majority of the members of the board of directors of such company. It is generally the view that also other situations than a direct majority shareholding or a direct right to elect or discharge a majority of the board members of the Norwegian company may still constitute a decisive influence over the Norwegian company. However, in a situation where a Norwegian limited liability company grants credit to, or guarantees or provides security for the obligations of a non-Norwegian group company which is not a direct parent company, but which only indirectly holds a majority (or all) of the shares in the Norwegian company, the question of whether such a foreign company has a decisive influence over the Norwegian company may be subject to the laws of the foreign company and the laws of any other foreign group companies which in the group structure are companies between the Norwegian company and the foreign company in which favour the credit, guarantees and/or security are granted.

Further, there is limited precedence or other guidance under Norwegian law as to how the condition that the guarantee is established in order to serve the economical interests of the group of companies shall be interpreted. However, it is generally assumed that the condition normally will be fulfilled if the credit, guarantee and/or security contributes to the financing of the ordinary operations of the group as such, and not be to the benefit of the owners of the group.

As a consequence of these restrictions, the value of the Guarantees provided by a Norwegian guarantor may be reduced to zero to the extent it secured obligations relating to the acquisition of shares in itself or its parent company. In addition, the Guarantees or security interest infringing the limitations set forth in Section 8–10 and 8–7 of the Acts will be void, and any funds paid out will have to be repaid. Finally, an illegal arrangement of this kind may give rise to directors' liability issues.

Our Parent may not be able to obtain the funds required to repurchase the Notes upon a change of control

The Indenture will contain provisions relating to certain events constituting a "change of control" of the Issuer or the Parent. Upon the occurrence of certain events constituting a change of control, the Issuer may be required to offer to repurchase all outstanding Notes at a price equal to 101% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to the date of repurchase.

If a change of control were to occur, we cannot assure you that the Issuer or the Parent acting on its behalf would have sufficient funds available at such time to pay the purchase price of the outstanding Notes or that the restrictions in the RBL Facility or the Group's other then existing contractual obligations would allow us to make such required repurchases. A change of control may result in an event of default, or mandatory prepayment under, or acceleration of, our Parent's other indebtedness. For example, lenders under the RBL Facility may require the repayment of their respective loans outstanding thereunder upon the occurrence of a change of control. The repurchase of the Notes pursuant to such a change of control offer could cause a default under such indebtedness, even if the change of control itself does not. The source of funds for any repurchase required will be available cash or cash generated from operating activities or other sources, including borrowings, sales of assets or sales of equity or funds provided by subsidiaries. The ability of the Issuer to receive cash under the proceeds loan from the Parent and the Parent's subsidiaries to allow it to pay cash to the holders of the Notes following the occurrence of a change of control may be limited by our then existing debt instruments. If our Parent we would require third-party financing to make an offer to repurchase the Notes upon a change of control, we cannot assure you that we will be able to obtain such financing. Any failure by the Issuer to offer to purchase the Notes upon a change of control would constitute a default under the Indenture, which would, in turn, constitute a default under the RBL Facility. See "Description of Notes—Repurchase at the option of holders—Change of control."

The change of control provision contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events, including a reorganization, restructuring, merger, recapitalization or other similar transaction involving us that may adversely affect you, because such corporate events may not involve a shift in voting power or beneficial ownership or, even if they do, may not constitute a "change of control" as defined in the Indenture. Except as described under "Description of Notes—Repurchase at the option of holders—Change of control," the Indenture will not contain provisions that would require the Issuer to offer to repurchase or redeem the Notes in the event of a reorganization, restructuring, merger, recapitalization or similar transaction.

The definition of "change of control" in the Indenture will include (with certain exceptions) a disposition of all or substantially all of the assets of the Parent and its restricted subsidiaries, taken as a whole, to any person. Although there is a limited body of case law interpreting the phrase "all or substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances, there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the assets of the Parent and its restricted subsidiaries taken as a whole. As a result, it may be unclear as to whether a change of control has occurred and whether the Issuer is required to make an offer to repurchase the Notes.

You may face currency exchange risks or adverse tax consequences by investing in the Notes denominated in currencies other than your reference currency

The Notes will be denominated and payable in euro. If you are a pounds sterling or other non-euro investor, an investment in the Notes will entail currency exchange-related risks due to, among other factors, possible significant changes in the value of the euro to pounds sterling or other relevant currencies because of economic, political or other factors over which we have no control. Depreciation of the euro against pounds sterling or other relevant currencies could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss to you when the return on the Notes is translated into the currency by reference to which you measure the return on your investments.

There may be tax consequences for you as a result of any foreign currency exchange gains or losses resulting from your investment in the Notes. You should consult your tax advisor concerning the tax consequences to you of acquiring, holding and disposing of the Notes.

The transferability of the Notes may be limited under applicable securities laws, which may adversely affect their liquidity and value

The Notes and the Guarantees have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or any other jurisdiction. Therefore, you may not transfer or sell the Notes in the United States except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws or laws of any other jurisdiction, or pursuant to an effective registration statement, and you may be required to bear the risk of your investment in the Notes for an indefinite period of time. The Notes are not being offered for sale in the United States except to "qualified institutional buyers" in accordance with Rule 144A, and we have not agreed to or otherwise undertaken to register the Notes with the U.S. Securities and Exchange Commission (including by way of an exchange offer). In addition, by acceptance of delivery of any Notes, the holder thereof agrees on its own behalf and on behalf of any investor accounts for which it has purchased the Notes that it shall not transfer the Notes in an aggregate principal amount of less than €100,000. It is the obligation of holders of the Notes to ensure that their offers and sales of the Notes within the United States and other countries comply with applicable securities laws. See "Notice to investors."

You may be unable to enforce judgments obtained in U.S. courts against the Issuer or the Guarantors

The Issuer, the Guarantors and the Guarantors' respective subsidiaries are organized outside of the United States. Most of our directors and executive officers and the directors and executive officers of the Guarantors are non-residents of the United States and all of their respective assets will be located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Issuer, the Guarantors or their respective directors and executive officers, or to enforce any judgments obtained in U.S. courts predicated upon civil liability provisions of the U.S. securities laws. Additionally, there is doubt as to the enforceability in many foreign jurisdictions of civil liabilities based on the civil liability provisions of the federal or state securities laws of the United States against entities and persons who are not residents of the United States. See "Service of process and enforceability of civil liabilities."

The Notes will initially be held in book-entry form, and therefore you must rely on the procedures of the relevant clearing systems to exercise any rights and remedies

The Notes will initially only be issued in global form and held through Euroclear and/or Clearstream. We refer to beneficial interests in such global notes as "Book-Entry Interests."

Interests in the global notes will trade in book-entry form only, and the Notes in definitive registered form, or definitive registered notes, will be issued in exchange for Book-Entry Interests only in very limited circumstances. Owners of Book-Entry Interests will not be considered owners of the Notes. The common depositary, or its nominee, for Euroclear and Clearstream will be the sole registered holder of the global notes representing the Notes. Payments of principal, interest and other amounts owing on or in respect of the global notes representing the Notes will be made to The Bank of New York Mellon, London Branch, as principal paying agent, which will make payments to the common depositary or its nominee for Euroclear and/or Clearstream. Thereafter, such payments will be credited to participants' accounts that hold Book-Entry

Interests in the global notes representing the Notes and credited by such participants to indirect participants in accordance with the respective procedures of each clearing system. After payment to Euroclear and Clearstream, the Issuer and the Guarantors will have no responsibility or liability for any aspect of the records relating to or payments of interest, principal or other amounts by Euroclear and Clearstream or to owners of Book-Entry Interests. Accordingly, if you own a Book-Entry Interest, you must rely on the procedures of Euroclear and Clearstream, and if you are not a participant in Euroclear and/or Clearstream on the procedures of the participant through which you own your interest, to exercise any rights and obligations of a holder of the Notes under the Indenture.

Unlike holders of the Notes themselves, owners of Book-Entry Interests will not have the direct right to act upon our solicitations for consents, requests for waivers or other actions from holders of the Notes. Instead, if you own a Book-Entry Interest, you will be reliant on the common depositary or its nominee (as registered holder of the Notes) to act on your instructions and/or will be permitted to act directly only to the extent you have received appropriate proxies to do so from Euroclear and Clearstream or, if applicable, from a participant. The Issuer cannot assure you that procedures implemented for the granting of such proxies will be sufficient to enable you to vote on any requested actions or to take any other action on a timely basis. See "Book-entry, delivery and form."

There may not be an active trading market for the Notes, in which case your ability to sell the Notes may be limited

The Notes are new securities for which there is currently no market. We cannot assure you as to:

- the liquidity of any market in the Notes;
- your ability to sell your Notes; or
- the prices at which you may be able to sell your Notes.

Future trading prices for the Notes will depend on many factors, including the liquidity of the market for the Notes, prevailing interest rates, the market for similar securities and other factors, including general economic conditions and our own financial condition, performance and prospects, as well as third-party recommendations. Historically, the market for non-investment grade securities has from time to time been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Notes. The liquidity of a trading market for the Notes will depend on the number of holders of the Notes and may be adversely affected by a general decline in the market for similar securities. In addition, the trading market for the Notes may attract different investors and this may affect the extent to which the Notes may trade. The Initial Purchasers have informed us that they intend to make a market in the Notes. However, they are not obligated to do so and may discontinue such market-making at any time without notice. As a result, we cannot assure you that an active trading market for the Notes will develop or, if one does develop, that it will be maintained, and any disruption in the trading market for the Notes may have a negative effect on your investment regardless of our prospects and financial performance. If no active trading market develops, you may not be able to resell your Notes at fair value, if at all.

An application has been made for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and to be admitted to trading on the Euro MTF Market, we cannot assure you that the Notes will be or remain listed. Although no assurance is made as to the liquidity of the Notes as a result of the admission to trading on the Euro MTF Market, failure to be approved for listing or the delisting of the Notes (whether or not for an alternative admission to listing on another stock exchange), as applicable, from the Official List of the Luxembourg Stock Exchange may have a material effect on a holder's ability to resell the Notes in the secondary market.

Certain covenants may be suspended upon the occurrence of a change in our ratings

The Indenture will provide that, if at any time following the Issue Date, the Notes receive a rating as follows from two of the following three agencies (or in certain circumstances alternate organizations): Baa3 or better by Moody's, of BBB− or better from Standard & Poor's and/or BBB− or better by Fitch and no default or event of default has occurred and is continuing, then beginning that day the following provisions of the Indenture will not apply to the Notes:

- "—Repurchase at the option of holders—Asset sales";
- "Certain covenants—Restricted payments";
- "Certain covenants—Incurrence of indebtedness and issuance of preferred stock";
- "Certain covenants—Dividend and other payment restrictions affecting subsidiaries";
- "Certain covenants—Designation of restricted and unrestricted subsidiaries";

- "Certain covenants—Limitation on changes to Profit Pooling Agreement";
- "Certain covenants—Transactions with affiliates";
- "Certain covenants—Limitation on guarantees of indebtedness by restricted subsidiaries";
- clause (4) of the first paragraph of the covenant described under "Certain covenants—Merger, consolidation or sale of assets"; and
- "Certain covenants—Limitation on lines of business."

Notwithstanding the foregoing, if the rating assigned by any such rating agency to such Notes should subsequently decline to below Baa3 or BBB−, as applicable, the foregoing covenants will be reinstituted as of and from the date of such rating decline. If these covenants were to be suspended, we would be able to incur additional debt or make payments, including dividends or investments, which may conflict with the interests of holders of the Notes. There can be no assurance that the Notes will ever achieve an investment grade rating or that any such rating, if achieved, would be maintained.

The Notes may not become, or remain, listed on the Official List of the Luxembourg Stock Exchange

Although an application will be made for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market, the Issuer cannot assure you that the Notes will become or remain listed. If the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market and the Issuer determines that it cannot maintain such listing, the Issuer may cease to maintain such listing on the Official List of the Luxembourg Stock Exchange; *provided, however*, that the Issuer will use its commercially reasonable efforts to obtain and maintain the listing of the Notes on another recognized exchange, although there can be no assurance that the Issuer will be able to do so.

The Luxembourg financial sector supervisory commission (*Commission de Surveillance du Secteur Financier*) has not reviewed or approved this Offering Memorandum or any other document related to the offering of the Notes and has not recommended or endorsed the purchase of the Notes. Neither this Offering Memorandum nor any other document related to the offering of the Notes may be distributed to the public in Luxembourg. The Notes may not be publicly offered for sale in Luxembourg and no steps may be taken which would constitute or result in a public offering in Luxembourg as defined in the Prospectus Law, unless:

(a) a prospectus has been duly approved by the *Commission de Surveillance du Secteur Financier* (in accordance with the Prospectus Law) and implementing Directive 2003/71/EC of the European Parliament and of the Council of November 4, 2003 on the prospectus to be published when securities are offered to the public or admitted to trading (the "Prospectus Directive"), as amended from time to time; or

(b) if Luxembourg is not the home member State, the *Commission de Surveillance du Secteur Financier* has been notified by the competent authority in the home member state that the prospectus has been duly approved in accordance with the Prospectus Directive and the 2010 PD Amending Directive; or

(c) the offer is made to "qualified investors" as described in points (1) to (4) of Section I of Annex II to Directive 2004/39/EC of the European Parliament and of the Council of April 21, 2004 on markets in financial instruments, and persons or entities who are, on request, treated as professional clients in accordance with Annex II to Directive 2004/39/EC, or recognized as eligible counterparties in accordance with Article 24 of Directive 2004/39/EC unless they have requested that they be treated as non-professional clients; or

(d) the offer benefits from any other exemption to, or constitutes a transaction otherwise not subject to, the requirement to publish a prospectus.

This document is intended for the confidential use of the offeree(s) and it is intended for, and may not be reproduced or used for any other purpose. Listing of any of the Notes on the Luxembourg Stock Exchange does not imply that a public offering of any of the Notes in Luxembourg has been authorized.

The Indenture will not be qualified under the U.S. Trust Indenture Act of 1939, as amended

The Indenture with respect to the Notes offered hereby is not required to be, nor will it be, qualified under the U.S. Trust Indenture Act of 1939, as amended (the "TIA") and will not incorporate or include or be subject to any of the provisions of the TIA. Consequently, the holders of Notes will not be entitled to the protections provided under the TIA to

holders of debt securities issued under a qualified indenture, including those respecting preferential collections by the trustee or conflicting interests of the trustee. See “Description of Notes.”

Use of proceeds

We estimate that our net proceeds from the sale of the Notes in this offering will be approximately €391.2 million, after deducting fees and expenses and the Initial Purchasers' discount. We intend to use the proceeds from the issue of the Notes to (i) partially repay (without cancelling) amounts outstanding under the RBL Facility and (ii) pay related fees and expenses in connection with, or otherwise related to, the offering of the Notes. At closing, the Issuer will on-lend the net proceeds therefrom to DEA Norge, which will, in turn, partially repay an existing intercompany loan or loans to DEA International GmbH. DEA International GmbH will then partially repay an existing intercompany loan or loans to the Company, which will, in turn, partially repay (without cancelling) amounts outstanding under the RBL Facility. Actual amounts may vary from estimated amounts depending on several factors, including differences from our estimates of fees and expenses. For descriptions of our current and anticipated indebtedness following the offering of the Notes and the use of proceeds therefrom, see "Description of certain financing arrangements." See also "Capitalization."

Sources	(€ millions)	Uses	(€ millions)
Notes offered hereby..............	400.0	Partial repayment (without cancelling) of RBL Facility	391.2
		Estimated fees and expenses...	8.8
Total Sources........................	**400.0**	**Total Uses**	**400.0**

Capitalization

The following table sets forth the Parent's cash and cash equivalents and capitalization as of June 30, 2016 on a historical basis based on the historical balance sheet data of the Company and the L1E Holding Companies and as adjusted to reflect the offering of the Notes and the use of proceeds therefrom, including the application of the net proceeds of the Notes as described in "Use of proceeds" as if these events had occurred on June 30, 2016. The historical consolidated financial information has been derived from the Company's unaudited consolidated financial statements as of and for the six months ended June 30, 2016 prepared in accordance with IFRS and IAS 34 as issued by the International Accounting Standards Board and adopted by the European Union and which are included elsewhere in this Offering Memorandum.

This table should be read in conjunction with "Use of proceeds," "Management's discussion and analysis of financial condition and results of operations," "Description of certain financing arrangements" and the condensed consolidated financial statements and the accompanying notes appearing elsewhere in this Offering Memorandum. Except as set forth below, there have been no other material changes to the Parent's capitalization since June 30, 2016.

	As of June 30, 2016		
(in millions of €)	**Historical (unaudited)**	**Adjustments (unaudited)**	**As adjusted (unaudited)**
Cash and cash equivalents[1]	194.7		194.7
Debt			
RBL Facility[2]	1,847.0	(391.2)	1,455.8
Notes offered hereby[3]	—	400.0	400.0
UniCredit Revolving Facility[4]	—		—
Total debt[5][6]	**1,847.0**	**8.8**	**1,855.8**
Shareholder Loan[7]	492.3		492.3
Total equity[8]	**1,910.6**		**1,910.6**
Total capitalization[9]	**4,249.9**	**8.8**	**4,258.7**

(1) Represents cash and cash equivalents of the Company. The L1E Holding Companies did not hold material cash amounts as of June 30, 2016, nor will they following the offering of the Notes hereby and the use of proceeds therefrom.

(2) The RBL Facility consists of a senior secured revolving credit facility provided under an agreement dated as of December 30, 2014, as amended and restated from time to time, with Natixis as facility agent. As of June 30, 2016, the outstanding balance was $2,050 million and the commitments under the RBL Facility were $2,300 million. See "Description of certain financing arrangements—RBL facility." Amounts outstanding under the RBL Facility are converted from U.S. dollars to euros using the average European Central Bank exchange rate as of June 30, 2016.

(3) The amount reflects the aggregate principal amount of the Notes hereby of €400 million and does not reflect debt issuance costs. See "Use of proceeds".

(4) As of June 30, 2016, no amounts were drawn under the UniCredit Revolving Facility.

(5) Total debt includes the RBL Facility, the Notes, the UniCredit Revolving Facility and related accrued interest and excludes unamortized fees.

(6) For purposes of calculating total debt, the Company excludes amounts outstanding under the following debt instruments entered into between L1E Acquisitions GmbH, as lender, and the Company, as borrower: (i) the $400 million revolving working capital facility agreement, dated March 2, 2015 as amended and restated from time to time; (ii) the €630.6 million term loan agreement (as assigned to L1E Acquisitions GmbH by RWE Aktiengesellschaft), dated February 25, 2015, as amended and restated from time to time and (iii) the $147.5 million shareholder loan agreement, dated December 15, 2015, as amended and restated from time to time.

As of June 30, 2016, we had an aggregate amount of €717.2 million outstanding under these agreements. Each of these loan agreements will be treated as intercompany loans once the scope of consolidation expands to encompass the Parent and its subsidiaries, which is expected to occur following the offering of the Notes hereby. These loan agreements along with equity contributions underpin L1 Energy's long-term investment strategy with respect to the Company, by providing the liquidity and flexibility required for the Company's operations. As a result, the Company does not count amounts outstanding under these agreements as debt for any purpose other than financial reporting in accordance with generally accepted accounting principles and taxation, and excludes such amounts from the calculation of its financial ratios.

(7) Represents amounts outstanding under the $530 million shareholder loan, dated December 14, 2015, as amended on September 8, 2016, converted from U.S. dollars to euros using the average European Central Bank exchange rate as of June 30, 2016. See "Certain relationships and related party transactions—Transactions with Related Parties—Shareholder Loan."

(8) Represents total equity of the Company.

(9) Total capitalization equals total debt plus the Shareholder Loan plus total equity.

Selected financial data

The financial information as of and for each of the years ended December 31, 2013 and 2014 are derived from the Company's audited consolidated financial statements as of and for the year ended December 31, 2014. The financial information presented as of and for the twelve months ended December 31, 2015 has been derived by adding the Company's audited consolidated financial statements as of and for the short fiscal years ended March 31, 2015 and December 31, 2015. The Company's audited consolidated financial statements as of and for the short fiscal year ended March 31, 2015 were prepared following a resolution adopted at the annual general meeting of the Company on March 12, 2015 to declare the period from January 1, 2015 to March 31, 2015 a short fiscal year. This declaration was made in order for German tax authorities to permit the creation of a tax group consisting of DEA companies incorporated in Germany and the L1E Holding Companies incorporated in Germany. The Company's audited consolidated financial statements as of and for the short fiscal year ended December 31, 2015 were prepared following a resolution adopted at the annual general meeting of the Company on April 17, 2015, to declare the period from April 1, 2015 to December 31, 2015 a short fiscal year. This declaration was made in order to align future fiscal years with the calendar year.

The historical financial information as of and for the six months ended June 30, 2015 and June 30, 2016 are derived from the Company's unaudited condensed consolidated interim financial statements for the six months ended June 30, 2016. See "Additional historical financial information."

The financial statement data set forth in the following tables should be read in conjunction with "Presentation of financial and other information—Non-GAAP financial measures," "Capitalization," "Use of proceeds," "Management's discussion and analysis of financial condition and results of operations," "Additional historical financial information" and our annual financial statements and related notes. Historical results may not necessarily be indicative of results that may be expected for any future period.

Consolidated Income Statement Data

	Year ended December 31,			Six months ended June 30,	
(in millions of €)	**2013 (audited)**	**2014 (audited)**	**2015 (unaudited)[(1)]**	**2015 (unaudited)**	**2016 (unaudited)**
Sales revenues	2,100.2	2,030.9	1,464.6	752.9	777.0
Energy tax expense	(0.9)	(1.1)	(0.9)	(0.3)	(0.4)
	2,099.3	**2,029.8**	**1,463.7**	**752.6**	**776.6**
Other operating income	198.8	232.2	287.0	260.8	124.9
Cost of materials	(861.1)	(747.0)	(516.9)	(259.3)	(272.1)
Personnel cost	(166.9)	(173.7)	(167.6)	(95.7)	(92.9)
Amortization/depreciation and impairment losses	(414.8)	(722.9)	(902.9)	(514.9)	(250.1)
Other operating expenses	(325.5)	(349.0)	(565.2)	(351.0)	(252.5)
Income from operating activities	**529.8**	**269.4**	**(401.9)**	**(207.5)**	**33.9**
Income from investments	(0.9)	0.2	0.2	(0.1)	0.4
Financial income	8.7	6.2	67.0	18.5	42.1
Financial expenses	(25.9)	(27.2)	(71.6)	(26.3)	(53.9)
Results from continuing operations before taxes	**511.7**	**248.6**	**(406.3)**	**(215.4)**	**22.5**
Income taxes	(216.4)	(181.4)	(10.0)	(58.3)	(49.9)
Result from continuing operations	**295.3**	**67.2**	**(416.3)**	**(273.7)**	**(27.4)**
Result from discontinued operations	—	—	(235.5)	(10.8)	—
Net result	**295.3**	**67.2**	**(651.8)**	**(284.5)**	**(27.4)**
Thereof attributable to:					
Shareholders of the parent company	292.5	63.9	(654.3)	(285.6)	(28.7)
Non-controlling interests	2.8	3.3	2.5	1.1	1.3

(1) Derived by adding the Company's audited consolidated financial statements as of and for the short fiscal years ended March 31, 2015 and December 31, 2015.

Consolidated Balance Sheet Data

(in millions of €)	As of December 31, 2013 (audited)	2014 (audited)	2015 (audited)	As of June 30, 2016 (unaudited)
Non-current assets	3,663.6	3,754.4	5,472.9	5,551.7
Current assets	676.3	801.2	1,483.8	919.5
Total assets	**4,339.9**	**4,555.6**	**6,956.7**	**6,471.2**
Equity	2,131.1	2,214.0	1,958.4	1,910.6
Non-current liabilities	1,083.5	1,199.0	4,042.4	3,615.8
Current liabilities	1,125.3	1,142.6	955.9	944.8
Total liabilities and equity	**4,339.9**	**4,555.6**	**6,956.7**	**6,471.2**

Historical Net Debt

(in millions of €)	As of December 31, 2015 (audited)	As of June 30, 2016 (unaudited)
Current debt to banks	5.1	0.5
Non-current debt to banks	2,020.8	1,846.5
Total debt[(1)]	**2,025.9**	**1,847.0**
Cash and cash equivalents	(319.7)	(194.7)
Net debt[(1)]	**1,706.2**	**1,652.3**

(1) For purposes of calculating total debt and net debt, the Company excludes amounts outstanding under the following debt instruments entered into between L1E Acquisitions GmbH, as lender, and the Company, as borrower: (i) the $400 million revolving working capital facility agreement, dated March 2, 2015 as amended and restated from time to time; (ii) the €630.6 million term loan agreement (as assigned to L1E Acquisitions GmbH by RWE Aktiengesellschaft), dated February 25, 2015, as amended and restated from time to time and (iii) the $147.5 million shareholder loan agreement, dated December 15, 2015, as amended and restated from time to time (clauses (i), (ii) and (iii), collectively, the "L1E Acquisitions Agreements"). In March 2015, the $147.5 million shareholder loan was repaid in connection with a cashless settlement in connection with our DPLTAs.

As of December 31, 2015 and June 30, 2016, we had an aggregate amount of €1,061.5 million and €717.2 million, respectively, outstanding under the L1E Acquisitions Agreements. Each of the L1E Acquisitions Agreements will be treated as intercompany loans once the scope of consolidation expands to encompass the Parent and its subsidiaries, which is expected to occur following the offering of the Notes hereby. These loan agreements along with equity contributions underpin L1 Energy's long-term investment strategy with respect to the Company, by providing the liquidity and flexibility required for the Company's operations. As a result, the Company does not count amounts outstanding under these agreements as debt for any purpose other than financial reporting in accordance with generally accepted accounting principles and taxation, and excludes such amounts from the calculation of its financial ratios.

Net Working Capital Data

(in millions of €)	Year ended December 31, 2013 (audited)	2014 (audited)	2015 (audited)	Six months ended June 30, 2016 (unaudited)
Trade receivables[(1)]	452.7	372.0	765.9	389.7
DPLTA payables and receivables[(2)]	92.3	—	(339.9)	—
L1E receivables[(3)]	—	—	(19.9)	(19.1)
Inventories[(4)]	84.2	77.9	81.9	95.0
Trade payables[(5)]	(388.4)	(329.7)	(305.8)	(315.4)
Net working capital	**240.8**	**120.2**	**182.8**	**150.8**

(1) Trade receivables refers mainly to receivables from customers in the ordinary course of business. These customers consist of mainly third parties, but also include related parties and participations. In addition, this line also includes receivables from DPLTA to the shareholder in the year ended December 31, 2015.

(2) DEA had a DPLTA with RWE AG until December, 31, 2013 and has had a DPLTA with L1E Acquisitions GmbH since 2015. Under the DPLTA, at year end, all profit due to the shareholder is shown as a liability (net of any prepayments during the year) and any loss which is

subject to compensation by the shareholder is shown in as a receivable. Actual payment/settlement of the receivable and/or liability takes place after the adoption of the financial statements for the respective year.

(3) L1E receivables are mainly comprised of receivables from tax prepayments or tax refund claims.

(4) Inventories refers mainly to raw materials and supplies in the ordinary course of business, and includes smaller assets held for sale in the ordinary course of the business (finished goods).

(5) Trade payables refers mainly to liabilities to our suppliers in the ordinary course of the business. These suppliers consist of mainly third parties, but also include related parties and participations. In addition, this line also includes payables from DPLTA to the shareholder in the year ended December 31, 2015.

Consolidated Cash Flow Statement Data

	Year ended December 31,			**Six months ended June 30,**	
(in millions of €)	**2013 (audited)**	**2014 (audited)**	**2015 (unaudited)**	**2015 (unaudited)**	**2016 (unaudited)**
Cash flow from operating activities..	744.0	797.5	477.4	163.2	300.7
Cash flow from investing activities ..	(609.9)	(659.9)	(869.4)	(408.3)	(287.5)
Cash flow from financing activities..	(136.8)	(62.3)	640.8	440.8	(138.5)

(1) Derived by adding the Company's audited consolidated financial statements as of and for the short fiscal years ended March 31, 2015 and December 31, 2015.

Unaudited *pro forma* condensed consolidated financial information

On December 16, 2015, DEA Norge acquired E.ON Norge. Pursuant to the terms of the E.ON SPA, DEA Norge paid $273.0 million in cash for the acquisition of all of the shares of E.ON Norge.

The unaudited *pro forma* consolidated income statement for the twelve months ended December 31, 2015, is based on the historical consolidated audited financial statements of the Company for the short fiscal years ended March 31, 2015 and December 31, 2015, prepared in accordance with IFRS and the audited statutory accounts of E.ON Norge for the year ended December 31, 2015, prepared in accordance with the Norwegian accounting act §3-9, giving effect to the E.ON Acquisition as if it had been completed on January 1, 2015.

A *pro forma* consolidated balance sheet reflecting the E.ON Acquisition is not required since the E.ON Acquisition was included in DEA's consolidated balance sheet as of December 31, 2015.

The unaudited *pro forma* consolidated income statement of the Company for the twelve months ended December 31, 2015 has been prepared for illustrative purposes only and does not purport to represent what our actual results of operations would have been if the E.ON Acquisition had occurred on January 1, 2015, nor does it purport to project our income statement at any future date. The historical financial information has been adjusted to give effect to *pro forma* events that are directly attributable to the E.ON Acquisition and factually supportable. The unaudited *pro forma* consolidated income statement does not reflect any operating efficiencies and cost savings that DEA may achieve, any additional expenses that it may incur with respect to the consolidated operations, or certain other non-recurring expenses resulting from the E.ON Acquisition. The unaudited *pro forma* financial information set forth in this Offering Memorandum is based on available information and certain assumptions and estimates that we believe are reasonable and may differ materially from the actual amounts that would have been achieved had the events above occurred on the dates indicated.

The unaudited *pro forma* financial information does not include all information required for financial statements under IFRS, and should be read in conjunction with the Company's audited and unaudited consolidated financial statements and the notes related thereto included elsewhere in this Offering Memorandum. The unaudited *pro forma* financial information does not give effect to the Notes offered hereby. The unaudited *pro forma* financial information has been adjusted to align the accounting policies and principles of E.ON with the accounting policies and principles of the Company. As of the date of this Offering Memorandum there are no new standards or interpretations implemented which had a significant impact on the Company's financial statements.

The unaudited *pro forma* financial information has not been prepared in accordance with Article 11 of Regulation S-X under the U.S. Securities Act, the Prospectus Directive or any GAAP. The unaudited *pro forma* financial information has been prepared in accordance with the basis of preparation described in "Unaudited pro forma consolidated financial information—Notes to the unaudited pro forma consolidated financial information."

Unaudited pro forma consolidated income statement Data for the twelve months ended December 31, 2015

	DEA Group			E.ON Norge		Pro forma Adjustments	Pro forma DEA Group
	Three months ended March 31, 2015	Nine months ended December 31, 2015	12 months ended December 31, 2015	Year ended December 31, 2015	Notes	Twelve months ended December 31, 2015	Twelve months ended December 31, 2015
in millions of €							
Sales revenues	322.4	1,142.2	1,464.6	769.8	1(b)	30.8	2,265.2
Energy tax expense	(0.1)	(0.8)	(0.9)	0.0			(0.9)
	322.3	**1,141.4**	**1,463.7**	**769.8**		**30.8**	**2,264.3**
Other operating income	159.4	127.6	287.0	102.9			389.9
Cost of materials	(116.8)	(400.1)	(516.9)	(179.9)	1(b), 1(c)	(23.6)	(720.4)
Personnel cost	(41.2)	(126.4)	(167.6)	(27.0)			(194.6)
Amortisation/depreciation and impairment losses	(406.5)	(496.4)	(902.9)	(1,090.6)	1(a), 3(a), 3(b)	773.6	(1,219.8)
Other operating expenses	(193.4)	(371.8)	(565.2)	(111.2)			(676.4)
Income from operating activities	**(276.2)**	**(125.7)**	**(401.9)**	**(536.0)**		**780.8**	**(157.1)**
Income from investments	(0.2)	0.4	0.2	0.0			0.2
Financial income	3.1	63.9	67.0	1.1			68.1
Financial expenses	(6.5)	(65.1)	(71.6)	(33.2)	2	(2.1)	(106.9)
Result from continuing operations before taxes	**(279.8)**	**(126.5)**	**(406.3)**	**(568.1)**	1(a), 1(c)	**778.7**	**(195.7)**
Income taxes	16.6	(26.6)	(10.0)	225.1	2, 3(a), 3(b)	(434.3)	(219.2)
Result from continuing operations	**(263.2)**	**(153.1)**	**(416.3)**	**(343.0)**		**344.5**	**(414.9)**
Result from discontinued operations	5.8	(241.3)	(235.5)	0.0			(235.5)
Net result	**(257.4)**	**(394.4)**	**(651.8)**	**(343.0)**		**344.5**	**(650.4)**
Thereof attributable to:							
Shareholders of the parent company	(257.9)	(396.4)	(654.3)	(343.0)		344.5	(652.9)
Non-controlling interests	0.5	2.0	2.5	0.0		0.0	2.5

Notes to unaudited pro forma consolidated financial information

Historical financial information

The preparation of the unaudited *pro forma* consolidated financial information for the year ended December 31, 2015 is based on the Company's audited consolidated financial statements as of for the short fiscal years ended March 31, 2015 and December 31, 2015, both prepared in accordance with IFRS, and the audited statutory accounts of E.ON Norge for the year ended December 31, 2015, prepared in accordance with the Norwegian Companies Act, the Norwegian accounting act § 3–9 and "Forskrift om forenklet IFRS fastsatt av Finansdepartementet 21. januar 2008" and are reported in Norwegian kroner. For presentation purposes, the E.ON Norge results for the year ended December 31, 2015 have been translated from Norwegian kroner at a rate of 8.9417 NOK per EUR, the average rate for the year.

Certain adjustments were made to the audited statutory accounts of E.ON Norge in order to align their accounting policies and principles with the Company's accounting policies and principles. In addition, the consolidated financial statements of the combined entity has been adjusted to reflect the the E.ON Acquisition as if it has occurred on January 1, 2015.

Basis of preparation

The adjustments made for purposes of the *pro forma* financial information are based on information available as well as certain *pro forma* assumptions of the Company as described. The *pro forma* financial information neither contains any potential synergies or cost savings nor any normalization of any restructuring or any additional future expenses that could result from the E.ON Acquisition.

In preparing the unaudited *pro forma* consolidated income statement for the twelve-month period ended December 31, 2015, the historical audited financial information the Company included within the unaudited *pro forma* consolidated income statement are as follows:

- The audited historical consolidated income statement of the Company for the fiscal year ended March 31, 2015 (short fiscal year from January 1, 2015 to March 31, 2015); and

- The audited historical consolidated income statement of the Company for the fiscal year ended December 31, 2015 (short fiscal year from April 1, 2015 to December 31, 2015)

The income statement information of E.ON Norge included within the unaudited *pro forma* consolidated financial information comes from the audited statutory accounts of E.ON Norge for the period of January 1, 2015 to December 31, 2015.

Notes to the pro forma consolidated financial information

(1) The following adjustments were identified as a result of aligning accounting policies and principles present in the E.ON Norge Financial statements to those of the Company:

  (a) Represents the amortization of interest expense that, in accordance with IFRS and accounting policies, the Company has capitalized in the amount of €2.7 million (€0.7 million tax benefit) for the twelve months ended December 31, 2015.

  (b) Represents accounting policy alignment between E.ON Norge and the Company. The Company records adjustments to over / underlift to Cost of materials while E.ON Norge records the adjustment to Sales revenues. Therefore, this adjustment is to reclassify changes in over / underlift in the amount of €30.8 million for the twelve months ended December 31, 2015.

  (c) Represents accounting policy alignment between E.ON Norge and the Company. The Company values over / underlift based on production costs while E.ON Norge values over / underlift based on market prices. Therefore, the resulting difference in the over / under lift value based on the change in accounting principles is a €7.2 million decrease (€5.6 million tax impact) for the twelve months ended December 31, 2015.

(2) Represents interest expense incurred as a result of the shareholder loan provided to finance the EON Acquisition, calculated as if the financing occurred on January 1, 2015 as compared to the actual financing date of October 31, 2015. The effect on interest expenses was an increase of €2.1 million (€0.5 million tax benefit) for the twelve months ended December 31, 2015.

(3) Represents adjustments to account for depreciation and impairments related to production assets, possible future developments and capitalized exploration as follows:

(a) Represents the reversal of asset impairments recorded by E.ON Norge in the last half of the year ended December 31, 2015 that did not impact the Company due to lower fair values assigned to assets at the date of the E.ON Acquisition. E.ON Norge recognized impairments of capitalized exploration of €75.4 million and producing assets of €631.2 million, totalling €706.6 million in impairments to be reversed (€387.4 million tax impact) for the twelve months ended December 31, 2015.

(b) Represents the reversal of depreciation recorded by E.ON Norge for an asset that was assigned a fair value of €0 on the date of the E.ON Acquisition. The reversals amount to €69.7 million (€42.5 million tax impact) for the twelve month period ended December 31, 2015.

New intangible assets related to possible future developments were acquired; however, no additional amortization / depreciation was recorded as production is expected to start in the years 2019–2022.

The tax rates used to calculate the tax impact/benefit resulting from the *pro forma* adjustments are as follows: 27%, 78%, and 61% for adjustments to interest, over-/underlift and impairments/depreciation, respectively. These rates were applied for the twelve months ended December 31, 2015. These rates are estimates and reflect the theoretical tax impact of E.ON Norge for the underlying adjustments. These rates are likely to vary from the effective rate in future periods of the combined Company and E.ON accounts.

Management's discussion and analysis of financial condition and results of operations

We encourage you to read the following discussion in conjunction with the section entitled "Selected financial data" and "Additional historical financial information" as well as with our consolidated financial statements and the related notes thereto included elsewhere in this Offering Memorandum. The 1P and 2P reserves data presented in this section have been certified at our request by RPS Group Plc in accordance with SPE's PRMS guidelines and definitions. Estimated 2P reserves presented herein may differ from estimates made in accordance with guidelines and definitions used by other companies in the industry or by the SEC. See "Presentation of financial and other information." Our production figures are presented on a working interest basis, which unless otherwise indicated, reflects our working interest. Where gross amounts are indicated, they are presented on a total basis—i.e., the actual interest of the relevant license holder in the relevant fields and license areas without deduction for the economic interest of our commercial partners, taxes or royalty interests or otherwise. Our legal interest and effective working interest in the relevant fields and license areas are separately disclosed. See "Our Business" for a more detailed discussion of the terms of the agreements governing our interests. The following discussion includes forward-looking statements which, although based on assumptions that we consider reasonable, are subject to risks and uncertainties which could cause actual events or conditions to differ materially from those expressed or implied by the forward-looking statements. For a discussion of some of those risks and uncertainties please refer to the sections entitled "Forward-looking statements" and "Risk factors."

Overview

We are an international independent crude oil and natural gas company with full lifecycle capabilities across exploration, development and production. Since our founding in 1899, we have become one of the largest independent European-focused exploration and production ("E&P") companies based on production and estimated reserves. Our primary mission is the secure, environmentally-conscious and sustainable production of crude oil, natural gas and natural gas liquids ("NGLs"). Our core production and development assets are located in Germany, Norway, Denmark, Egypt and Algeria. Additionally, we own large-scale underground natural gas storage facilities located in Germany for storage of third-party natural gas. Headquartered in Hamburg, Germany, we had 1,350 employees as of June 30, 2016.

Our *pro forma* working interest production for the twelve months ended June 30, 2016 was 156.0 kboepd (45% oil, 55% gas). As of December 31, 2015, we had 1P and 2P reserves of 398.8 MMboe (26% liquids, 74% gas) and 575.0 MMboe (29% liquids, 71% gas), respectively. For the twelve months ended December 31, 2015, our *pro forma* EBITDAX was €1,394.7 million. For an explanation of EBITDAX, see "Summary historical financial data—Other historical and as adjusted financial information."

Our management and operating teams have an extensive track-record of successfully completing development projects and delivering production growth, with annual production increasing by more than 70% between December 31, 2013 and 2015.

On December 16, 2015, we completed the acquisition of 100% of the shares of E.ON Norge, more than doubling our production in Norway. In December 2015, we also finalized the farm down of our stake in the West Nile Delta development to 17.25% across two concessions, enabling us to partially monetize our investment while de-risking our position in the development.

Significant factors affecting results of operations

Divestment of UK Assets

On November 30, 2015, we completed the sale of our portfolio of operated and non-operated exploration, development and production assets in the United Kingdom. The shares in our former subsidiaries, DEA UK E&P Holdings Limited and DEA UK SNS Limited, were sold by way of the UK SPA, which became effective on November 30, 2015. As a result of existing control until disposal, the operations of DEA UK E&P Holdings Limited and DEA UK SNS Limited were included in DEA's consolidated financial statements for the year ended December 31, 2015 as discontinued operations. With the classification as discontinued operations as of September 30, 2015, the Company undertook a measurement at the agreed purchase price. This measurement resulted in a post-tax impairment requirement of €145.1 million. The divestment of the UK Assets resulted in a remaining loss on deconsolidation of €74.9 million. As such, our results of operations for the year ended December 31, 2015 are not entirely comparable with our results of operations for the years ended December 31, 2014 and 2013.

E.ON Acquisition

On December 16, 2015, we completed the acquisition of the portfolio of operated and non-operated exploration, development and production assets in Norway (the "E.ON Assets") through the acquisition of 100% of the shares in E.ON Norge pursuant to a share purchase agreement dated October 9, 2015. The effective date of the acquisition was January 1,

2015. The revenues and expenses attributable to the E.ON Assets have been included in the Company's consolidated income statement as from January 1, 2016. As such, our results of operations for the six months ended June 30, 2016 are not entirely comparable with our results of operations for the six months ended June 30, 2015 and the years ended December 31, 2015, 2014 and 2013.

Production volumes

Production volumes are a primary revenue driver. Our production levels also affect the level of our reserves and depreciation. The volume of our oil and gas resources and production volumes may be lower than estimated or expected. See "Risk factors—Risks relating to the oil and gas industry—The level of our oil and gas reserves, their quality and production volumes may be lower than estimated or expected."

The following table presents information on our net entitlement oil and gas production per day by country for the years ended December 31, 2013, 2014 and 2015 and for the six months ended June 30, 2015 and 2016.

	Year ended December 31,			Six months ended June 30,	
	2013	**2014**	**2015**	**2015**	**2016**
Germany/Denmark	41.0	39.5	41.5	41.4	39.3
Norway	21.8	28.2	30.5	29.3	68.7
Egypt	10.9	17.2	22.5	21.4	20.7
Total	**84.0**	**85.0**	**94.5**	**92.1**	**128.7**
UK	7.3	17.4	—	—	—
Total incl UK	**91.3**	**102.4**	**94.5**	**92.1**	**128.7**

Crude oil and gas prices

The prevailing price of crude oil and gas significantly affects our operations. Under the cost recovery model in production sharing contracts a change in oil and gas prices also has an impact on the levels of our reserves and therefore depreciation since an increase in oil and gas prices will result in lower reserves being needed to recover costs and a decrease in oil and gas prices will result in higher reserves being needed to recover costs. Furthermore, any reserves that are constrained by an economic threshold will be impacted by changes in oil and gas prices. A decrease in an oil or gas price could lead to reduction in the economic life of a field, which will decrease the reserves. Eventually, lower oil and gas prices may result in impairments. Crude oil and gas prices have historically been volatile, dependent upon the balance between supply and demand and particularly sensitive to OPEC production levels.

Crude oil prices

After approximately four years of averaging around $100 per barrel, crude oil prices have fallen significantly since 2014, reflecting strong production growth in the United States, increases in global supply elsewhere and weaker global demand.

Our oil sales are primarily priced against the Brent crude oil benchmark. The average Brent crude oil quoted spot price decreased by 38.1% from $99.45 per bbl for the year ended December 31, 2014 to $61.59 per bbl for the year ended December 31, 2015. The average Brent crude price decreased further during the six months ended June 30, 2016, with an average Brent crude oil price decreasing by 35.6% from $68.52 per bbl for the six months ended June 30, 2015 to $44.13 per bbl for the six months ended June 30, 2016.

The following table presents information on Brent crude oil spot prices for the years ended December 31, 2013, 2014 and 2015 and for the six months ended June 30, 2015 and 2016.

	Year ended December 31,			Six months ended June 30,	
(in $/bbl)	**2013**	**2014**	**2015**	**2015**	**2016**
Average price for the period	108.70	99.45	53.60	59.35	41.21
Highest price for the period	118.90	115.06	67.77	67.77	52.51
Lowest price for the period	97.69	57.33	36.11	46.59	27.88

Source: Bloomberg

The following table presents our realized crude oil prices for the years ended December 31, 2013, 2014 and 2015 and for the six months ended June 30, 2015 and 2016.

(in $/bbl)	Year ended December 31,			Six months ended June 30,	
	2013	2014	2015	2015	2016
Germany/Denmark					
Average price for the period[1]	99.90	88.86	46.04	52.29	34.58
Highest price for the period[2]	105.47	100.88	56.68	56.68	40.53
Lowest price for the period[2]	93.54	53.05	28.82	39.02	22.87
Norway					
Average price for the period[1]	103.88	93.22	50.82	57.02	37.09
Highest price for the period[2]	120.46	115.78	65.91	65.91	53.85
Lowest price for the period[2]	103.02	53.78	36.93	48.18	31.08
UK					
Average price for the period[1]	101.81	91.05	—	—	—
Highest price for the period[2]	113.90	102.45	—	—	—
Lowest price for the period[2]	89.53	57.01	—	—	—
Egypt					
Average price for the period[1]	101.27	92.02	46.08	50.38	30.51
Highest price for the period[2]	111.08	106.60	60.46	60.46	42.78
Lowest price for the period[2]	92.94	53.16	28.74	38.58	21.83

(1) Average prices for crude oil and other liquids (NGL, condensate)

(2) Prices for crude oil and for major fields

Gas prices

European natural gas prices significantly weakened in 2014 and continued to weaken during 2015 and the first half of 2016, following a partial recovery during the fall of 2014. Spot LNG prices in Europe fell with rising global natural gas supplies and weak demand growth.

Our gas sales are based on UK NBP in the UK and TTF in the Netherlands. Average UK NBP gas prices decreased by 32.9%, to 31.22 pence per therm for the six months ended June 30, 2016, compared to 46.52 pence per therm for the six months ended June 30, 2015. Moderating demand and milder weather reduced the average UK NBP price by 14.6% from 50.22 pence per therm for the year ended December 31, 2014 to 42.88 pence per therm for the year ended December 31, 2015. The following table presents information on UK NBP gas prices for the years ended December 31, 2013, 2014 and 2015 and for the six months ended June 30, 2015 and 2016.

(in pence/therm)	Year ended December 31,			Six months ended June 30,	
	2013	2014	2015	2015	2016
Average price for the period	68.02	50.22	42.88	46.52	31.22
Highest price for the period	100.00	67.25	56.00	56.00	37.00
Lowest price for the period	42.00	35.15	30.75	41.70	22.50

Source: Bloomberg

The Dutch TTF index, which is the basis for the majority of our German gas sales, has fluctuated similarly to the UK NBP. Average Dutch TTF gas prices decreased by 37.8%, to €12.95/Mwh for the six months ended June 30, 2016 compared to €21.51/Mwh for the six months ended June 30, 2015. Additionally, Dutch TTF gas prices decreased by 6.4%, to €19.93/Mwh for the year ended December 31, 2015 compared to €21.29/Mwh for the year ended December 31, 2014. The following table presents information on TTF gas prices for the years ended December 31, 2013, 2014 and 2015 and for the six months ended June 30, 2015 and 2016.

(in €/Mwh)	Year ended December 31,			Six months ended June 30,	
	2013	2014	2015	2015	2016
Average price for the period	27.05	21.29	19.93	21.51	12.95
Highest price for the period	42.00	26.85	23.75	23.75	14.90
Lowest price for the period	24.45	15.60	15.80	20.00	11.18

Source: Bloomberg

Gas sales for the Disouq field in Egypt are contractually fixed at $2.5/mmbtu (for base volumes) and $3.5/mmbtu (for volumes above 100 mmscf/day).

The following table presents our realized gas prices for the years ended December 31, 2013, 2014 and 2015 and for the six months ended June 30, 2015 and 2016.

	Year ended December 31,			Six months ended June 30,	
(in $/mcf)	2013	2014	2015	2015	2016
Germany/Denmark					
Average price for the period(1)	9.37	8.46	6.50	6.60	5.40
Highest price for the period(2)	10.60	10.50	7.61	7.61	6.97
Lowest price for the period(2)	8.62	5.93	5.65	6.10	3.63
Norway					
Average price for the period(1)	10.54	7.70	5.80	7.00	5.80
Highest price for the period(2)	14.88	12.19	8.31	8.37	6.99
Lowest price for the period(2)	2.85	3.10	1.35	6.74	4.42
UK					
Average price for the period(1)	11.42	8.98	—	—	—
Highest price for the period(2)	11.72	11.22	—	—	—
Lowest price for the period(2)	11.12	7.48	—	—	—
Egypt					
Average price for the period(1)	2.68	2.65	2.80	2.70	2.70
Highest price for the period(2)	2.53	2.56	3.00	2.81	2.88
Lowest price for the period(2)	2.00	2.22	2.20	2.20	2.21

(1) Average prices of dry gas, LNG and ethanol, as applicable.

(2) Prices for major fields of dry gas, LNG and ethanol, as applicable.

Exploration and appraisal expenditures

We are an integrated exploration and production company. We deploy comprehensive geo-scientific know-how as well as state-of-the-art exploration, drilling and production techniques and, in the process, we benefit from the vast expertise acquired in over 115 years of our corporate history. Our exploration expenses decreased by €97.1 million, or 79.7%, to €24.8 million for the six months ended June 30, 2016 compared to €121.9 million for the six months ended June 30, 2015. Our exploration expenses increased by €27.4 million, or 15.3%, to €206.2 million for the year ended December 31, 2015 compared to €178.8 million for the year ended December 31, 2014. In 2015, we successfully drilled the Alta exploration well in Norway, whereas in 2014 we drilled various exploration wells in Norway and the UK. The reduction of exploration expenses in the six months ended June 30, 2016 compared to the six months ended June 30, 2015 is due to fewer exploration wells drilled.

The following table represents exploration expenses by country, without taking into account capitalized abandonment assets and depreciation, depletion and amortization costs.

	Year ended December 31,			Six months ended June 30,	
(in millions of €)	2013 (unaudited)	2014 (unaudited)	2015 (unaudited)	2015 (unaudited)	2016 (unaudited)
Germany/Denmark	9.3	7.3	7.7	3.8	4.5
UK	40.2	22.4	—	—	—
Norway	86.8	67.0	114.8	62.7	14.8
North Africa	73.9	59.3	51.2	49.4	3.3
Other	19.7	22.8	32.5	6.0	2.2
Total	**229.9**	**178.8**	**206.2**	**121.9**	**24.8**

Oil and gas reserves and depreciation

We estimate our reserves using standard recognized evaluation techniques. This estimate is reviewed internally at least annually and is regularly reviewed by independent consultants. We estimate future development costs taking into account the level of development required to produce the reserves we have elected to develop by reference to other similar operators, where applicable, reviews by external engineers and our experience. See "—Price of oil and gas."

Separately, the depreciation of oil and gas assets charged to our income statement is dependent on the estimate of our oil and gas reserves. An increase in estimated reserves will cause a reduction to our income statement charge because a larger base exists on which to depreciate the asset. Correspondingly, a decrease in estimated reserves will cause an increase

to our income statement charge. The estimate of oil and gas reserves also underpins the net present value of a field used for impairment calculations, and in significant cases a reduction to the reserves estimate can lead to an impairment charge.

Production costs

Our production costs include routine and non-routine maintenance costs, certain labor costs, costs associated with the use of infrastructure, production consumables and power costs. However, tariffs for third-party infrastructure such as pipelines and terminals that reflect mainly cost of capital are not part of production cost. Certain significant maintenance programs also result in the temporary shut-in of production. Our production costs per boe of working interest production over the past three years have remained relatively stable at $12.60/boe, $12.70/boe and $10.30/boe for the years ended December 31, 2013, 2014 and 2015, respectively. For the six months ended June 30, 2016, we had average production expenditures of $7.90/boe. The decrease in production costs is driven by our expenditure savings program, weaker euro and Norwegian kroner as well as the commencement of production at our comparatively low-cost fields in Norway and Egypt, in addition to the sale of higher-cost UK Assets and the acquisition of relatively lower-cost E.ON Norge. The table below shows our production costs for the years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2015 and 2016.

	Year ended December 31,			Six months ended June 30,	
(in $/boe)	**2013**	**2014**	**2015**	**2015**	**2016**
Germany	5.6	6.5	4.6	4.0	3.8
UK	20.8	19.5	17.3	15.4	—
Norway	14.6	12.4	10.4	10.4	7.4
Denmark	71.3	82.0	50.6	47.9	53.6
Egypt	15.5	12.6	10.1	9.7	9.4
Total	**12.6**	**12.7**	**10.3**	**9.8**	**7.9**

Development capital expenditures and abandonment costs

Development capital expenditures and abandonment costs impact our operations. We carefully assess all development projects and sanction only those projects that contribute value to us, taking into account necessary abandonment costs, based on reasonable estimates and assumptions. Abandonment costs are reviewed periodically and adjusted as necessary.

The following table represents development capital expenditures (intangible assets/property, plant and equipment) by country, without taking into account capitalized abandonment assets.

	Year ended December 31,			Six months ended June 30,	
(in millions of €)	**2013 (unaudited)**	**2014 (unaudited)**	**2015 (unaudited)**	**2015 (unaudited)**	**2016 (unaudited)**
Germany/Denmark	57.2	72.8	67.5	31.2	29.6
UK	154.4	64.8	—	—	—
Norway	83.6	78.4	22.9	10.7	6.8
North Africa[(1)]	124.7	177.1	277.5	211.9	203.7
Total	**419.9**	**393.1**	**367.9**	**253.8**	**240.1**

(1) North Africa consists of only Egypt and Algeria.

The following table represents capitalized abandonment assets by country.

	Year ended December 31,			Six months ended June 30,	
(in millions of €)	**2013 (unaudited)**	**2014 (unaudited)**	**2015 (unaudited)**	**2015 (unaudited)**	**2016 (unaudited)**
Germany/Denmark	25.0	23.7	43.0	24.6	—
UK	8.1	110.9	—	—	—
Norway	35.6	18.8	4.7	—	—
North Africa[(1)]	0.4	—	0.6	0.4	0.6
Total	**69.1**	**153.4**	**48.3**	**25.0**	**0.6**

(1) North Africa consists of only Egypt and Algeria.

Acquisitions and Divestments

We may enter into additional acquisitions in the future. As part of our corporate strategy, we intend to seek out and pursue selective acquisition opportunities where we believe that we have strategic and competitive advantages. In connection with any such acquisitions, we may direct significant resources to identifying and evaluating potential acquisition opportunities, without any assurance that an acquisition will be completed successfully. To the extent that such an acquisition is paid in cash, such acquisition would affect our liquidity and cash position in the relevant period. If the cash consideration is funded by debt, the associated financing costs will also affect our future liquidity and cash position in the relevant period. Acquisitions may also have a significant impact on our results of operations, including impacting our future revenue, operating costs, capital expenditure and tax. While the accounting treatment of an acquisition can result in recognition of goodwill and other intangible assets, the excess value of any allocated consideration over net assets acquired has been directly included as a fair value uplift to the cost of upstream oil and gas assets acquired. This fair value uplift is then used in our calculation of depletion under the unit of production method of accounting. As a result of such acquisitions, our results may not be comparable.

If we elect to divest an asset, it could impact several line items in our income statement depending, in part, on the stage of the asset's life in which disposal occurs. For example, a farm-out during the development phase is likely to result in a gain or loss. When we enter the development phase of a project with a high equity stake and farm-out a portion of the equity in that license in return for cash consideration and a carry of all, or a portion of, our share of development costs, the cash consideration and/or the fair value of the carry will be assessed against the carrying value of the percentage disposal to calculate the gain or loss on disposal. Further, any acquisition of or sale of interests in producing assets will affect our production volumes and revenues.

Interest rates

Our exposure to the risk of changes in market interest rates relates primarily to our bank borrowings, all of which currently have floating interest rates. We expect to partially repay (without cancelling) our RBL Facility with the proceeds of this offering and therefore expect to have reduced interest rate exposure in future periods. We may be affected by changes in market interest rates at the time we need to refinance any of our indebtedness. See "Risk factors—Risks relating to the Notes and the Group's structure—Certain of the Group's borrowings bear interest at floating rates that could rise significantly, increasing our interest cost and reducing cash flow."

Currency exchange rates

Our presentational currency is the euro. The majority of our current sales are denominated in U.S. dollars (oil and Egyptian natural gas), euro (German natural gas) and pound sterling (Norwegian natural gas). Additionally, our costs are incurred in U.S. dollar, euro, Norwegian kroner, pound sterling and other local currencies. As a result, our results are affected by changes in the U.S. dollar/euro, U.S. dollar/Norwegian kroner and U.S. dollar/pound sterling exchange rate. In addition, we are affected by movements in exchange rates between the euro and the local currencies in which we have operations, notably Norway and Egypt.

Derivative financial instruments

Our results are affected by commodity hedging. As an E&P company, we are exposed to risks arising from movements in exchange rates and commodity prices. Our risk management committee meets regularly to discuss policies to be applied to address such risks, which consist primarily of exchange rate and commodity price fluctuations arising from operations as well as from our financing arrangements. We enter into commodity price swaps and fixed price marketing agreements to hedge a portion of our commodity price risks. The terms of such transactions are based on the term of the underlying transaction and are therefore, predominantly short to medium-term. For the second half of 2016, the oil production exposed to market price risks is not hedged by commodity price swaps, while approximately 40% of our gas production is hedged by fixed price agreements.

We entered into oil commodity swaps with a volume of 0.3 MMbbl for 2017 and 2018 at an average price of $51.50/bbl and $53.45/bbl, respectively. Under gas fixed price agreements, we hedged 17% of our gas production for 2017 at an average price of $7.24/mcf and 5% of our gas production for 2018 at an average price of $6.79/mcf. In July 2016 and August 2016, we continued with our hedging program and entered into oil commodity swaps with a volume of 0.6 MMbbl for 2017 at an average price of $51.30/bbl; 0.6 MMbbl for 2018 at an average price of $54.20/bbl; and 0.3 MMbbl for 2019 at an average price of $57.50/bbl. We further entered into gas fixed price agreements with a volume of 2.0bcf at an average price of $4.50/mcf for 2016; 2.6bcf at an average price of $5.30/mcf for 2017; 3.0bcf at an average price of $5.50/mcf for 2018; and 3.0bcf at an average price of $5.40/mcf for 2019.

Following our acquisition by L1 Energy, we adopted a new hedging strategy in July 2015. Under our new policy we seek to reduce volatility of the RBL Facility borrowing base value while retaining substantial economic exposure to oil

and gas prices. If the commodity forwards increase above the price deck used in the RBL Facility valuations, we will continue hedging up to approximately 20% of our oil and gas production

Explanation of income statement items

Sales revenues

Sales revenues comprise revenues from oil and gas sales, realized gains and losses on commodity derivatives and revenues from gas storage as well as other revenues.

Energy tax expense

Energy tax expense is the declared energy tax expense portion of our sales revenues, which is charged to our counterparties but paid to the German government under the Energy Tax Act.

Other operating income

Other operating income includes revenues gained from outside of our producing assets and relate primarily to income from currency gains, cost transfers/refunds, financial derivatives, other own work capitalized, as well as income from the disposals of fixed assets and reversals of impairment losses.

Cost of materials

Cost of materials includes the cost of raw materials, supplies and merchandise and the cost of purchased services. Cost of purchased services mainly consists of production costs, tariffs, drilling costs and acquisition of seismic data.

Personnel cost

Personnel cost consists of wages and salaries and social security, pensions and other related benefits.

Amortization/depreciation and impairment losses

Amortization/depreciation and impairment losses include the depreciation and impairments of tangible assets, such as production facilities, production and development wells and related removal and decommissioning costs and amortization and impairments of intangible assets, such as exploration wells, concession acquisition costs, other license rights arising from our oil and gas business and cost recovery rights from investments.

Other operating expenses

Other operating expenses primarily consist of currency losses, expenses from financial derivatives, lease expenses, addition to other provisions, charges on account of administrative expenses of commercial partners, legal, consultancy and IT expenses, insurance and other administrative costs as well as losses from disposals of fixed assets and impairments on financial assets.

Income from investments

Income from investments includes all income and expenses arising in connection with operational participations including Erdgas Münster and our non-consolidated subsidiaries DEA Ukraine LLC, DEA Petróleo e Gás do Brasil Ltda. and DEA Deutsche Erdoel México S. de R.L. de C.V., Santa Fe, Mexico.

Financial income

Financial income includes interest earned on bank deposits, interest income from affiliated companies, finance income under finance lease, unwinding of financial assets and other financial income.

Financial expenses

Financial expenses include interest due on debt facilities, unwinding of discounts on long-term provisions such as decommissioning costs, and other financial expenses, less any amounts that we capitalize in relation to any qualifying asset in the development phase.

Income taxes

Income taxes include both actual taxes payable to the German and foreign tax authorities (other than the German energy tax) and changes in deferred taxes.

Results of operations

The following table sets out certain of our historical revenue and expense items for the years ended December 31, 2013 and 2014 and the twelve months ended 2015 and the six months ended June 30, 2015 and 2016. The historical revenue and expense items presented as for the year ended December 31, 2015 have been derived by adding the Company's audited consolidated financial statements as of and for the short fiscal years ended March 31, 2015 and December 31, 2015 in order to improve the comparability of the periods presented.

	Year ended December 31,			**Six months ended June 30,**	
(in millions of €)	**2013 (audited)**	**2014 (audited)**	**2015 (unaudited)**	**2015 (unaudited)**	**2016 (unaudited)**
Sales revenues	2,100.2	2,030.9	1,464.6	752.9	777.0
Energy tax expense	(0.9)	(1.1)	(0.9)	(0.3)	(0.4)
	2,099.3	**2,029.8**	**1,463.7**	**752.6**	**776.6**
Other operating income	198.8	232.2	287.0	260.8	124.9
Cost of materials	(861.1)	(747.0)	(516.9)	(259.3)	(272.1)
Personnel cost	(166.9)	(173.7)	(167.6)	(95.7)	(92.9)

Amortization/depreciation and impairment losses	(414.8)	(722.9)	(902.9)	(514.9)	(250.1)
Other operating expenses	(325.5)	(349.0)	(565.2)	(351.0)	(252.5)
Income from operating activities	**529.8**	**269.4**	**(401.9)**	**(207.5)**	**33.9**
Income from investments	(0.9)	0.2	0.2	(0.1)	0.4
Financial income	8.7	6.2	67.0	18.5	42.1
Financial expenses	(25.9)	(27.2)	(71.6)	(26.3)	(53.9)
Result from continuing operations before taxes	**511.7**	**248.6**	**(406.3)**	**(215.4)**	**22.5**
Income taxes	(216.4)	(181.4)	(10.0)	(58.3)	(49.9)
Result from continuing operations	**295.3**	**67.2**	**(416.3)**	**(273.7)**	**(27.4)**
Result from discontinued operations	—	—	(235.5)	(10.8)	—
Net result	**295.3**	**67.2**	**(651.8)**	**(284.5)**	**(27.4)**
Thereof attributable to:					
Shareholders of the parent company	292.5	63.9	(654.3)	(285.6)	(28.7)
Non-controlling interests	2.8	3.3	2.5	1.1	1.3

The following tables set out the average oil and gas prices realized in the years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2015 and 2016.

	Year ended December 31,			**Six months ended June 30,**	
(in $/bbl)	**2013**	**2014**	**2015**	**2015**	**2016**
Average realized oil price including oil hedge result	101.08	92.15	60.27	65.26	38.54
Average realized oil price excluding oil hedge result	101.80	91.55	48.44	54.02	35.77

	Year ended December 31,			**Six months ended June 30,**	
(in $/mcf)	**2013**	**2014**	**2015**	**2015**	**2016**
Average realized gas price	9.47	7.64	5.80	5.60	5.00

Comparison of results of operations for the six months ended June 30, 2015 and 2016

Sales revenues

Sales revenues increased by €24.1 million, or 3.2%, to €777.0 million for the six months ended June 30, 2016 compared to €752.9 million for the six months ended June 30, 2015, primarily driven by higher sales volumes due to the consolidation of assets from the E.ON Acqusition in the six months ended June 30, 2016. Without the effect of the E.ON Acquisition, revenues would have decreased by 33.2% from the six months ended June 30, 2015 to the six months ended June 30, 2016, due to significantly lower commodity prices both for oil and gas and lower production in legacy assets. The following table presents information on our sales revenues by commodity type and region for the six months ended June 30, 2015 and 2016.

	Six months ended June 30,	
(million €)	**2015 (unaudited)**	**2016 (unaudited)**
Oil	445.9	427.6
Gas	282.5	326.3
Other[(1)]	24.5	23.1
	752.9	**777.0**
(million €)		
Germany/Denmark	392.3	277.2
Norway	257.6	429.0
North Africa	103.0	70.8
	752.9	**777.0**

(1) Other represents sales revenues from our gas storage facilities, tariff income and Egyptian tax equivalent.

Our oil sales decreased by €18.3 million, or 4.1%, to €427.6 million for the six months ended June 30, 2016 compared to €445.9 million for the six months ended June 30, 2015. This decrease was primarily due to significantly lower oil prices and lower results from oil commodity hedges in Germany and Norway (the latter resulting in a negative effect of €29.3 million). This decrease was partially offset by the effect of the E.ON Acquisition. As a result of the acquisition, we

realized a positive effect of €141.2 million. In addition, we saw higher sales volumes in Germany (an increase of 7.6%), which was partially offset by lower oil sales volumes in Denmark (a decrease of 18.2%, driven mainly by the lifting schedule) and in Egypt (a decrease of 9.6% due to natural decline of the fields).

Our gas sales increased by €43.8 million, or 15.5%, to €326.3 million for the six months ended June 30, 2016 compared to €282.5 million for the six months ended June 30, 2015. The increase was primarily driven by additional volumes from the newly acquired E.ON Norge, which added €131.8 million of gas sales. This increase was partially offset by lower sales volumes in Germany and Egypt, down by 12.5% and 4.0%, respectively, due to the natural decline of our legacy assets and lower gas prices in Europe.

Our oil sales are primarily based on the Brent crude oil price, with adjustments for quality, transportation fees and a regional price differential, as a proxy for market prices. The average realized price per barrel from oil sales (excluding oil hedge) was $35.77 for the six months ended June 30, 2016, compared to $54.02 for the six months ended June 30, 2015. These lower prices were caused by lower average Brent crude oil prices during the six months ended June 30, 2016 compared to the prior period.

Average realized gas prices decreased by 10.7% for the six months ended June 30, 2016, compared to average realized gas prices for the six months ended June 30, 2015. The average price achieved from gas sales was $5.0/mcf for the six months ended June 30, 2016 compared to $5.6/mcf for the six months ended June 30, 2015. These lower prices were primarily caused by lower market prices during the six months ended June 30, 2016, compared to the six months ended June 30, 2015.

Other operating income

Other operating income decreased by €135.9 million, or 52.1%, to €124.9 million for the six months ended June 30, 2016 compared to €260.8 million for the six months ended June 30, 2015. The decrease was primarily due to a €65.7 million decrease in realized and unrealized currency gains and one-off effects in the six months ended, June 30 2015 such as a €21.6 million decrease in income from write-ups, a €13.3 million payment in connection with the unitization of the Raven field and a €15.2 million recharge to RWE AG regarding the retention bonuses connected to the sale of DEA. The primary effect of the decrease in foreign currency gains were unrealized gains resulting from the valuation of foreign currency loans, such as the U.S. dollar-denominated amounts outstanding under the RBL Facility. This was partially offset by additional operating income from the newly acquired E.ON Norge, which accounted for €9.8 million in the six months ended June 30, 2016.

Cost of materials

Cost of materials increased by €12.8 million, or 4.9%, to €272.1 million for the six months ended June 30, 2016 compared to €259.3 million for the six months ended June 30, 2015. The newly acquired E.ON Norge contributed €115.5 million for the six months ended June 30, 2016. This was partially offset by lower exploration expenses totaling €41.1 million (mainly in Norway), price- and volume-induced lower royalties of €29.1 million. In addition, the six months ended June 30, 2015 included one-off costs regarding abandonment requirements in North Africa.

Cost of materials amounted to 35.0% and 34.4% as a percentage of sales revenues during the six months ended June 30, 2016 and 2015, respectively.

Cost of materials related to exploration activities amounted to €12.3 million for the six months ended June 30, 2016 compared to €53.3 million for the six months ended June 30, 2015.

Personnel cost

Personnel costs decreased by €2.8 million, or 2.9%, to €92.9 million for the six months ended June 30, 2016 compared to €95.7 million for the six months ended June 30, 2015, primarily due to payment of retention bonuses of €15.2 million in 2015. This was partly offset by the additional personnel cost from the newly acquired E.ON Norge, which accounted for €11.3 million in the six months ended June 30, 2016.

Personnel cost related to exploration activities amounted to €4.9 million for the six months ended June 30, 2016, compared to €5.9 million for the six months ended June 30, 2015.

Amortization/depreciation and impairment losses

Amortization/depreciation and impairment losses decreased by €264.8 million, or 51.4%, to €250.1 million for the six months ended June 30, 2016 compared to €514.9 million for the six months ended June 30, 2015. Scheduled amortization increased from €162.4 million in the six months ended June 30, 2015 to €248.4 million in the six months

ended June 30, 2016, due to additional depreciation for the newly acquired E.ON Norge. In contrast, we saw significantly lower impairments (€1.7 million in the six months ended June 30, 2016 compared to €352.5 million in the six months ended June 30, 2015). The impairment charges during the six months ended June 30, 2015 were primarily due to the impact of the political and security environment on our assets in Libya and as a result of the *force majeur* declared with respect to our operations therein. The farm-down of our working interest to 17.25% in the West Nile Delta project in Egypt also contributed to our impairment charges during the six months ended June 30, 2015. This farm-down agreement was signed in the six months ended June 30, 2015. The closing of this agreement was subject to approval of the Egyptian General Petroleum Corporation, which we received at the end of 2015.

Other operating expenses

Other operating expenses decreased by €98.5 million, or 28.0%, to €252.5 million for the six months ended June 30, 2016, compared to €351.0 million for the six months ended June 30, 2015. This is mainly driven by lower unrealized and realized currency losses (resulting in a decrease of €11.6 million), lower expenses from derivatives (resulting in a decrease of €34.5 million) and lower additions to provisions for exploration activities in Libya (resulting in a decrease of €29.9 million).

Income from operating activities

Income from operating activities increased by €241.4 million, or 116.2%, to a gain of €33.9 million for the six months ended June 30, 2016 compared to a loss of €207.5 million for the six months ended June 30, 2015, primarily due to impairment charges for assets in Libya and Egypt during the six months ended June 30, 2015.

Financial income

Financial income increased by €23.6 million, or 127.6%, to €42.1 million for the six months ended June 30, 2016, compared to €18.5 million for the six months ended June 30, 2015, primarily due to increased interest income from the upstream loan to L1E Funding GmbH entered into in connection with the debt push-down of the RBL Facility which was assumed by DEA on April 2, 2015.

Financial expenses

Financial expenses increased by €27.6 million, or 105.1%, to €53.9 million for the six months ended June 30, 2016 compared to €26.3 million for the six months ended June 30, 2015, primarily due to increased interest expenses from the RBL Facility against the consortium of banks in connection with the debt push-down of the RBL Facility, which was assumed by DEA as of April 2, 2015.

Financial expenses related to exploration activities amounted to €2.8 million for the six months ended June 30, 2016 compared to €0.4 million for the six months ended June 30, 2015.

Income taxes

Income taxes decreased by €8.4 million, or 14.4%, to €49.9 million for the six months ended June 30, 2016 compared to €58.3 million for the six months ended June 30, 2015, primarily due to lower taxable results in Germany and Egypt and partly offset by slightly higher taxes in Norway.

Comparison of results of operations for the years ended December 31, 2014 and 2015

Sales revenues

Sales revenues decreased by €566.3 million, or 27.9%, to €1,464.6 million for the year ended December 31, 2015, compared to €2,030.9 million for the year ended December 31, 2014. This was partially due to the contribution of the UK Assets of €289.9 million to our sales revenues during the year ended December 31, 2014, whereas the UK Assets were classified as discontinued operations as of September 30, 2015 and prior periods were restated to reflect this treatment as if the reclassification had occurred as of January 1, 2015. In addition, the substantially lower commodity prices led to a further reduction in sales revenues of €623.1 million. These were partially offset by increased sales volumes, which led to a positive effect of €66.9 million, a positive effect from hedging of €161.7 million and a positive foreign exchange effect of €154.7 million. The following table presents information on our sales revenues by commodity type and region for the years ended December 31, 2014 and 2015.

	Year ended December 31,	
(million €)	**2014 (audited)**	**2015 (unaudited)**

Oil	1,205.3	893.3
Gas	746.0	529.7
Other[(1)]	79.6	41.6
	2,030.9	**1,464.6**
(million €)	**(unaudited)**	**(unaudited)**
Germany/Denmark	830.0	754.2
Norway	649.2	524.8
UK	289.9	—
North Africa	261.8	185.6
	2,030.9	**1,464.6**

(1) Other represents revenues from our gas storage facilities, tariff income and Egyptian tax equivalent.

Our oil sales decreased by €312.0 million, or 25.9%, to €893.3 million for the year ended December 31, 2015 compared to €1,205.3 million for the year ended December 31, 2014. The decrease was primarily due to lower prices. Sales volumes decreased in Germany (a decrease of 129 mbbl, or 2.2%), Norway (a decrease of 159 mbbl, or 2.0%) and Egypt (a decrease of 454 mbbl, or 16.2%), but were partially offset by higher volumes in Denmark (an increase of 256 mbbl, or 42.0%). The negative price and volume effect was partially offset by significantly higher hedge results, which accounted for €169.9 million in the year ended December 31, 2015, after €8.2 million in the year ended December 31, 2014. The impact of the UK Assets on oil revenues for the year ended December 31, 2014 was €19.2 million.

Our gas sales decreased by €216.3 million, or 29.0%, to €529.7 million for the year ended December 31, 2015 compared to €746.0 million for the year ended December 31, 2014. The decrease was primarily driven by the divestment of the UK Assets, which contributed €270.0 million in gas sales in the year ended December 31, 2014. This was partially offset by significantly higher gas sales, mainly in Egypt from the production in Disouq for the entire year (an increase of 15,066 mmscf, or 75.7%), but also in Germany (an increase of 2,856 mmscf, or 5.2%) and Norway (an increase of 5,203 mmscf, or 36.2%).

Our oil sales are primarily based on the Brent crude oil price, with adjustments for quality, transportation fees and a regional price differential, as a proxy for market prices. The average realized price per barrel from oil sales (excluding oil hedge) was $48.44 for the year ended December 31, 2015 compared to $91.55 for the year ended December 31, 2014. These lower prices were caused in part by lower average Brent crude oil prices during the year ended December 31, 2015 compared to the previous period.

Average realized gas prices decreased by 24.1% for the year ended December 31, 2015 compared to average realized gas prices for the year ended December 31, 2014. The average price per mcf achieved from gas sales was $5.80 for the year ended December 31, 2015 compared to $7.64 for the year ended December 31, 2014. These lower prices were primarily caused by lower market prices during the year ended December 31, 2015 compared to the year ended December 31, 2014.

Other operating income

Other operating income increased by €54.8 million, or 23.6%, to €287.0 million for the year ended December 31, 2015 compared to €232.2 million for the year ended December 31, 2014. The increase was primarily due to an increase of €29.7 million in realized and unrealized currency gains the year ended December 31, 2015 compared to the year ended December 31, 2014 and a €13.3 million payment in connection with the unitization of the Raven field in the year ended December 31, 2015. In addition, income from the release of provisions was €23.7 million higher in the year ended December 31, 2015 compared with the prior year, mainly resulting from the release of a provision for allegedly outstanding expenditure commitments in the West Nile Delta project. This was partially offset by lower income from costs transfers and refunds in the amount of €21.1 million in the year ended December 31, 2015 compared with the prior year. The impact of the UK Assets on other operating income in the year ended December 31, 2014 was €14.5 million.

Cost of materials

Cost of materials decreased by €230.1 million, or 30.8%, to €516.9 million for the year ended December 31, 2015 compared to €747.0 million for the year ended December 31, 2014. The primary reason for the decrease was the divestment of the UK Assets, which contributed €99.8 million to the cost of materials for the year ended December 31, 2014. In addition, the royalties for oil and gas in Germany decreased by €64.9 million in the year ended December 31, 2015 compared with the prior year due to lower commodity prices as discussed in "—Crude oil and gas prices". Expenses for oil purchases declined by €35.1 million compared to the prior year in line with lower oil prices.

Cost of materials amounted to 35.3% and 36.8% as a percentage of sales revenues during the years ended December 31, 2015 and 2014, respectively.

Costs of materials related to exploration activities amounted to €84.9 million for the year ended December 31, 2015 compared to €76.2 million for the year ended December 31, 2014 (including €9.3 million relating to the UK Assets).

Personnel cost

Personnel costs decreased by €6.1 million, or 3.5%, to €167.6 million for the year ended December 31, 2015 compared to €173.7 million for the year ended December 31, 2014, primarily due to the divestment of the UK Assets, which contributed €8.0 million to personnel costs in the year ended December 31, 2014.

Personnel costs related to exploration activities amounted to €10.6 million for the year ended December 31, 2015 compared to €12.8 million for the year ended December 31, 2014.

Amortization/depreciation and impairment losses

Amortization/depreciation and impairment losses increased by €180.0 million, or 24.9%, to €902.9 million for the year ended December 31, 2015 compared to €722.9 million for the year ended December 31, 2014. Scheduled depreciation decreased by €108.4 million, due to the divestment of the UK Assets (€147.5 million, compared year-on-year). In contrast, scheduled depreciation in Norway and Egypt increased by €14.7 million and €35.5 million, respectively, in line with higher production.

Impairments increased by €288.4 million, or 105.7%, to €561.2 million for the year ended December 31, 2015 compared to €272.8 million for the year ended December 31, 2014. The impairments were primarily due to the impact of the political and security environment on our assets in Libya and the result of the *force majeur* declared with respect to our operations therein. The farm-down of our working interest to 17.25% in the West Nile Delta project in Egypt also contributed to our impairment charges during the year ended December 31, 2015. In addition, we faced price-related impairments. Overall impairment losses for the twelve months ended December 31, 2015 have been recorded in Europe (mainly for the Norwegian Knarr field and our Danish licenses) in the amount of € 63.7 million, for producing fields in North Africa (mainly for our Egyptian Gulf of Suez licenses and the Reggane project in Algeria) in the amount of €253.7 million and for other producing and exploration fields in the amount of €233.0 million.

Other operating expenses

Other operating expenses increased by €216.2 million, or 61.9%, to €565.2 million for the year ended December 31, 2015 compared to €349.0 million for the year ended December 31, 2014, primarily due to increased expenses from derivatives of €71.3 million, an increase in currency losses of €51.4 million, higher impairments on financial assets (receivables) of €37.4 million, additions to provisions for outstanding work commitments in Libya and Trinidad & Tobago of €28.5 million and €21.3 million, respectively. The UK Assets contributed €32.4 million to our other operating expenses in the year ended December 31, 2014.

Income from operating activities

Income from operating activities decreased by €671.3 million, or 249.3%, to a loss of €401.9 million for the year ended December 31, 2015 compared to a gain of €269.4 million for the year ended December 31, 2014, primarily due to impairment charges resulting from the decrease in commodity prices during the year ended December 31, 2015, the security situation in Libya and the farm-down of our interest in the West Nile Delta project in Egypt.

Financial income

Financial income increased by €60.8 million to €67.0 million for the year ended December 31, 2015 compared to €6.2 million for the year ended December 31, 2014. This increase was primarily due to increased interest income from the upstream loan to L1E Funding GmbH entered into in connection with the debt push-down of the RBL Facility.

Financial expenses

Financial expenses increased by €44.4 million, or 163.2%, to €71.6 million for the year ended December 31, 2015 compared to €27.2 million for the year ended December 31, 2014, primarily due to increased interest expenses from the RBL Facility against the consortium of banks in connection with the debt push-down of the RBL Facility.

Financial expenses related to exploration activities amounted to €0.5 million for the year ended December 31, 2015 compared to €0.7 million for the year ended December 31, 2014.

Income taxes

Income taxes decreased by €171.4 million to €10.0 million for the year ended December 31, 2015 compared to €181.4 million for the year ended December 31, 2014, equating to a −2.5% effective tax rate in 2015 compared to 73.0% in 2014. The significantly lower tax amount in the year ended December 31, 2015 resulted from the negative pre-tax results, compared to our higher tax rate for the year ended December 31, 2014 which was an effect of primarily the higher contribution to total earnings by our producing assets in Norway during the associated period. Since not all expenses are tax deductible, notably our impairments in Libya and Egypt, we face tax expenses despite the negative pre-tax result.

Result from discontinued operations

Due to the divestment of the UK Assets and the consequential treatment of the UK Assets as discontinued operations for the year ended December 31, 2015, we saw a negative impact from discontinued operations of €235.5 million. This includes all effects from the UK Divestment as well as transactions costs and necessary impairments due to the purchase price being lower than the carrying amount of the historical cost of these assets.

Comparison of results of operations for the years ended December 31, 2013 and 2014

Sales revenues

Sales revenues decreased by €69.3 million, or 3.3%, to € 2,030.9 million for the year ended December 31, 2014 compared to €2,100.2 million for the year ended December 31, 2013, driven primarily by substantially lower commodity prices, partially offset by increased gas production in Egypt and the United Kingdom and increased oil production in Denmark and Norway. The following table presents information on our sales revenues by commodity type and region for the years ended December 31, 2013 and 2014.

	Year ended December 31,	
(million €)	**2013 (audited)**	**2014 (audited)**
Oil	1,256.8	1,205.3
Gas	753.9	746.0
Other[(1)]	89.5	79.6
	2,100.2	**2,030.9**
(million €)	**(unaudited)**	**(unaudited)**
Germany/Denmark	979.5	830.0
Norway	661.3	649.2
UK	171.1	289.9
North Africa	288.3	261.8
	2,100.2	**2,030.9**

(1) Other represents revenues from our gas storage facilities, tariff income and Egyptian tax equivalent.

Our oil sales decreased by €51.5 million, or 4.1%, to €1,205.3 million for the year ended December 31, 2014 compared to €1,256.8 million for the year ended December 31, 2013. The decrease was primarily due to lower prices and declining volumes in Germany and Egypt and lower oil prices in Denmark. The decrease was partially offset by higher sales in Norway, particularly from the Snorre field and the related positive redetermination of the distribution of resources in 2012.

Our gas sales decreased by €7.9 million, or 1.0%, to €746.0 million for the year ended December 31, 2014 compared to €753.9 million for the year ended December 31, 2013. The decrease was primarily due to lower sales volumes in Norway, resulting from the sale of one natural gas cargo in 2014 from the Snøvhit field compared to four cargos in 2013, due to the difference between the reporting period and the contractual lifting period agreed to by the shippers, and Germany, due to lower gas prices and lower sales volumes. This decrease was partially offset by higher sales volumes in the United Kingdom and Egypt due to our first full year production from the Breagh and Disouq fields, respectively.

Our oil sales are primarily based on the Brent crude oil price, with adjustments for quality, transportation fees and a regional price differential, as a proxy for market prices. The average realized price per barrel from oil sales (excluding oil hedge) was $91.55 for the year ended December 31, 2014 compared to $101.80 for the year ended December 31, 2013. These lower prices were caused in part by lower average Brent crude oil prices during the year ended December 31, 2014 compared to the previous period.

Average realized gas prices decreased by 19.3% for the year ended December 31, 2014 compared to average realized gas prices for the year ended December 31, 2013. The average price per mcf achieved from gas sales was $7.64 for the year ended December 31, 2014 compared to $9.47 for the year ended December 31, 2013. These lower prices were

primarily caused by lower market prices during the year ended December 31, 2014 compared to the year ended December 31, 2013.

Other operating income

Other operating income increased by €33.5 million, or 16.8%, to €232.2 million for the year ended December 31, 2014 compared to €198.8 million for the year ended December 31, 2013. The increase was primarily due to a €56.1 million increase in realized and unrealized currency gains in 2014 compared to 2013, partially offset by decreases in income from foreign currency hedging contracts and income from write-ups. The major effect of the increase in currency gains results from the repayment of the GBP-denominated loan by DEA UK Holdings Ltd and from the valuation of U.S. dollar-denominated receivables (particularly in Egypt) due to the stronger U.S. dollar as of December 31, 2014 compared to December 31, 2013.

Cost of materials

Cost of materials decreased by €114.1 million, or 13.3%, to €747.0 million for the year ended December 31, 2014 compared to €861.1 million for the year ended December 31, 2013. The decrease was primarily due to a €43.6 million reduction in expenses related to exploration activities to €76.2 million for the year ended December 31, 2014 compared to €119.8 million for the year ended December 31, 2013, mainly due to less dry exploration wells in Norway, the UK and Egypt in the year ended December 31, 2014 compared to the year ended December 31, 2013. In 2014, we encountered dry wells in Norway (Atlas), the UK (Handcross) and Mauretania (Ouguiya), whereas in 2013 we faced three dry wells in the UK, one in Norway and one in Egypt. The remaining €70.5 million decrease mainly resulted from price- and volume-induced lower royalties paid in Germany and a decrease in excess costs due to oil prices decreases in Egypt. This decrease was partially offset by a €1.9 million increase in costs associated with lease expenses relating to our production facilities of €5.4 million for the year ended December 31, 2014 compared to €3.6 million for the year ended December 31, 2013.

Cost of materials amounted to 36.8% and 41.0% as a percentage of sales revenues during the years ended December 31, 2014 and 2013, respectively.

Costs of materials related to exploration activities amounted to €76.2 million for the year ended December 31, 2014 compared to €119.8 million for the year ended December 31, 2013.

Personnel cost

Personnel costs increased by €6.8 million, or 4.1%, to €173.7 million for the year ended December 31, 2014 compared to €166.9 million for the year ended December 31, 2013, primarily due to increases pursuant to our collective wage agreement in Germany.

Personnel costs related to exploration activities amounted to €12.8 million for the year ended December 31, 2014 compared to €11.1 million for the year ended December 31, 2013.

Amortization/depreciation and impairment losses

Amortization/depreciation and impairment losses increased by €308.1 million, or 74.3%, to €722.9 million for the year ended December 31, 2014 compared to €414.8 million for the year ended December 31, 2013, primarily due to impairments resulting from the lower profitability for intangible assets and for property, plant and equipment due to lower oil prices in the amount of €272.8 million for the year ended December 31, 2014 compared to €43.9 million for the comparison period. For the year ended December 31, 2014, impairment losses have been recorded for producing fields in Europe (mainly for Orca, Topaz and Cavendish in the UK) at the amount of €118.7 million, for producing fields in North Africa (mainly for Ras Budran) at the amount of €39.2 million and for other producing and exploration fields at the amount of €114.7 million.

Other operating expenses

Other operating expenses increased by €23.5 million, or 7.2%, to €349.0 million for the year ended December 31, 2014 compared to €325.5 million for the year ended December 31, 2013, primarily due to an increase of foreign currency hedging contracts expenses of €28.1 million and increase in license costs of €15.6 million. This increase was partially offset by a decrease in currency losses of €33.5 million.

Income from operating activities

Income from operating activities decreased by €260.4 million, or 49.2%, to €269.4 million for the year ended December 31, 2014 compared to €529.8 million for the year ended December 31, 2013, primarily due to impairment charges resulting from the decrease in oil and gas prices in the 2014.

Financial income

Financial income decreased by €2.5 million, or 28.7%, to €6.2 million for the year ended December 31, 2014 compared to €8.7 million for the year ended December 31, 2013. This decrease was primarily due to lower interest income on cash management balances due to RWE AG for the year ended December 31, 2014.

Financial expenses

Financial expenses increased by €1.3 million, or 5.0%, to €27.2 million for the year ended December 31, 2014 compared to €25.9 million for the year ended December 31, 2013, primarily due to interest expenses on tax payments in Norway in 2014.

Financial expenses related to exploration activities amounted to €0.7 million for the year ended December 31, 2014 compared to €0.5 million for the year ended December 31, 2013.

Income taxes

Income taxes decreased by €35.0 million to €181.4 million for the year ended December 31, 2014 compared to €216.4 million for the year ended December 31, 2013, equating to a 73.0% effective tax rate in 2014 compared to 42.3% in 2013. The higher tax rate is primarily due to the high contribution to total earnings by our producing assets in Norway and associated tax rates. In addition, the tax rate of 42.3% in 2013 was a result of the reversal of a tax provision of €80.0 million in 2013 (relating to tax audit for prior years) that had been set to cover certain tax audit risks. The reversal was reported as a reduction in income taxes, resulting in a lower tax rate in 2013.

Liquidity

As of June 30, 2016, our cash and cash equivalents amounted to €194.7 million. Our principal sources of liquidity are operating cash flows from our producing assets, debt financing through drawings on the RBL Facility, other external borrowings and shareholder loans. See "Description of certain financing arrangements" and "Certain relationships and related party transactions—Transactions with Related Parties—Shareholder Loan".

Our liquidity is used to cover working capital, capital expenditures, debt service requirements and other liquidity requirements that may arise from time to time, including, without limitation, (i) repayments of outstanding debt, (ii) acquisitions and other investment opportunities, (iii) funding exploration and development projects and (iv) other payments in the ordinary course of business.

The RBL Facility

On December 30, 2014, L1E Funding GmbH entered into a $2,300 million senior secured revolving and letter of credit facility. Following the DEA Acquisition, DEA Deutsche Erdoel AG and certain of its subsidiaries became parties to the RBL Facility. Amounts available under the RBL Facility are subject to a borrowing base limitation, which is subject to occasional price-driven redeterminations and periodic recalculations. As of June 30, 2016, and not adjusted for the offering of the Notes hereby, we had $2,050 million outstanding under the RBL Facility with a $2,300 million borrowing base limit. We target a 70% to 80% utilization rate of the RBL Facility over the medium term.

A portion of the RBL Facility is available to finance or refinance working capital requirements and for general corporate purposes, including capital expenditures. Interest payable is currently set at LIBOR plus a margin of 2.25% per annum. Certain fees are payable as further described under "Description of certain financing arrangements—RBL Facility."

The RBL Facility is further described under "Description of certain financing arrangements—RBL Facility."

Historical cash flows

The following table sets forth consolidated cash flow information for the years ended December 31, 2013, 2014 and 2015 and for the six months ended June 30, 2015 and 2016.

	Year ended December 31,			Six months ended June 30,	
(in millions of €)	2013 (audited)	2014 (audited)	2015 (unaudited)	2015 (unaudited)	2016 (unaudited)
Result from continuing operations....	295.3	67.2	(416.3)	(273.7)	(27.4)
Depreciation/impairment losses/reversal of impairment losses..........	412.5	722.8	880.0	493.5	250.1
Changes in provisions......................	32.9	50.8	15.5	66.8	(15.4)
Changes in deferred taxes................	(19.8)	(75.6)	(34.4)	33.8	3.7
Income from disposal of assets.........	33.2	31.2	23.4	2.1	(0.8)
Other non-cash income/expenses......	(2.7)	14.6	45.5	25.9	13.9
Changes in working capital..............	(12.0)	29.3	(149.1)	(194.6)	103.5
Changes in other balance sheet items	4.6	(42.9)	55.1	(62.8)	(26.9)
Cash flow operating activities—discontinued operations....................................	—	—	57.7	72.2	—
Cash flow from operating activities	**744.0**	**797.4**	**477.4**	**163.2**	**300.7**
Intangible assets/property, plant & equipment/investment property					
Capital expenditures (net of financial assets)........................	(633.4)	(669.3)	(610.5)	(395.7)	(295.8)
Proceeds from disposal of fixed assets.......................................	25.5	9.6	117.2	5.1	3.8
Acquisitions, investments and loans to investments					
Capital expenditures	(0.5)	(0.3)	(874.9)	(0.1)	(0.1)
Divestment......................................	—	—	532.9	—	—
Change in cash investments.............	(1.5)	0.1	1.1	0.4	4.6
Cash flow investment activities—discontinued operations..................................	—	—	(35.2)	(18.0)	—
Cash flow from investment activities......................................	**(609.9)**	**(659.9)**	**(869.4)**	**(408.3)**	**(287.5)**
Transfer to parent company and distribution to non-controlling interests.......................................	(423.5)	(3.7)	(2.6)	(1.4)	(1.1)
Increase (decrease) in financial debt.	286.8	(58.6)	643.4	442.2	(137.4)
Cash flow financing activities—discontinued operations....................................	—	—	—	—	—
Cash flow from financing activities	**(136.7)**	**(62.3)**	**640.8**	**440.8**	**(138.5)**
Net change in cash and cash equivalents.................................	**(2.7)**	**75.3**	**248.8**	**195.7**	**(125.3)**
Effects of changes in foreign exchange rates and acquired/sold cash and cash equivalents	(0.3)	(1.4)	(15.0)	1.6	0.2
Net cash change in cash and cash equivalents..................................	**(3.0)**	**73.9**	**233.8**	**197.3**	**(125.1)**
Cash and cash equivalents at beginning of reporting period	15.0	12.0	85.9	85.9	319.7
Cash and cash equivalents at end of reporting period.........................	**12.0**	**85.9**	**319.7**	**283.2**	**194.7**

Cash flow from operating activities

Cash inflow from operating activities increased by €137.5 million to €300.7 million for the six months ended June 30, 2016 from €163.2 million for the six months ended June 30, 2015. The increase is mainly driven by the additional operating cash flow from the newly acquired E.ON Norge. In addition, the six months ended June 30, 2016 were positively

affected by changes in working capital of €103.5 million, whereas the six months ended June 30, 2015 contained a negative change in working capital of €194.6 million, mainly driven by higher tax payments in Norway. Besides that, the first six months of 2015 were negatively affected by cash settlements of foreign currency hedges with our previous parent in the course of the sale of DEA of €132.8 million.

Cash inflow from operating activities amounted to €477.4 million for the year ended December 31, 2015 compared to €797.4 million for the year ended December 31, 2014. The decrease of €320.0 million in cash inflow from operating activities for the year ended December 31, 2015 compared to the year ended December 31, 2014 was primarily driven by significantly lower oil and gas prices. In addition, 2015 was negatively affected by cash settlements of foreign currency exchange hedges in the course of the sale of DEA of €132.8 million. Adjusted by the sales related effects the cash flow from operating activities would have been €627.0 million.

Cash inflow from operating activities amounted to €797.4 million for the year ended December 31, 2014 compared to €744.0 million for the year ended December 31, 2013. The increase of €53.4 million in cash inflow from operating activities for the year ended December 31, 2014 compared to the year ended December 31, 2013 was primarily driven by the higher oil and gas volumes in 2014, improved currency and hedging results, lower excess costs and lower exploration expenditures. This was partially offset in working capital by higher tax payments in Norway.

Cash flow from investment activities

Cash outflow from investment activities amounted to €287.5 million for the six months ended June 30, 2016 compared to €408.3 million for the six months ended June 30, 2015, including €18.0 million for investments in the discontinued UK Assets in the six months ended June 30, 2015. The decrease in cash outflow from investment activities was mainly driven by lower capital expenditures in the West Nile Delta field development after the farm-down of our interest (a decrease of €28.8 million) and lower exploration capital expenditures in Norway, where capital expenditures for the Imsa and Alta exploration wells of €59.0 million was incurred during the six months ended June 30, 2015.

Cash outflow from investment activities was €869.4 million for the year ended December 31, 2015, compared to a cash outflow of €659.9 million for the year ended December 31, 2014. The year ended December 31, 2014 included cash outflows for capital expenditures of the discontinued UK Assets of €222.1 million, whereas the year ended December 31, 2015 only includes €35.2 million of outflows for capital expenditures of the discontinued UK Assets. In addition, we saw lower capital expenditure outflows for Norway due to lower capital expenditures for the Knarr development. In contrast, capital expenditures for the West Nile Delta project in Egypt increased to €170.7 million for the year ended December 31, 2015 from €46.9 million in the year ended December 31, 2014. In addition to the reduction in capital expenditures, proceeds from the disposal of fixed assets positively impacted the cash outflow from investments. For the year ended December 31, 2015, proceeds from UK Divestment and, in Egypt, from the farm-down of our interest in the West Nile Delta development and the Raven unitization (with BP as counterparty), are included in the cash flow from investment activities. In addition to capital expenditures for tangibles and intangibles, we invested €874.9 million for the acquisition of shares and shareholder loans of E.ON Norge. In parallel, we divested all shares and shareholder loans of our UK Assets, which led to a cash inflow of €532.9 million in the year ending December 31, 2015.

Cash outflow from investment activities was €659.9 million for the year ended December 31, 2014, compared to the cash outflow of €609.9 million for the year ended December 31, 2013. Higher cash outflow from investment activities was driven by slightly higher investments mainly in Germany, Norway and Egypt. In addition the proceeds from disposals of fixed assets decreased by €15.9 million for the year ended December 31, 2014 compared to year ended December 31, 2013.

For a more detailed description of our recent capital expenditure, see "—Capital expenditure."

Cash flow from financing activities

Cash outflow from financing activities was an outflow of €138.5 million for the six months ended June 30, 2016, compared to a cash inflow of €440.8 million for the six months ended June 30, 2015. Cash flow from financing activities during the six months ended June 30, 2016 mostly reflects outflow from the repayment of $150.0 million of the RBL. The cash inflow from financing activities during the six months ended June 30, 2015 were mainly attributable to shareholder loans in the amount of €442.2 million.

Cash inflow from financing activities amounted to €640.8 million in the year ended December 31, 2015, compared to a cash outflow of €62.3 million for the year ended December 31, 2014. Cash inflow for the year ended December 31, 2015 result from additional shareholder loans in the amount of €643.4 million. Cash outflow from financing activities for the year ended December 31, 2014 represented the payment of liabilities from the net profit transfer to RWE and minorities in the amount of €92.3 million and €3.7 million, respectively, which was partially offset by the cash inflow due to the increase of cash pool liabilities to RWE in the amount of €33.7 million.

Cash outflow from financing activities amounted to €62.3 million in the year ended December 31, 2014, compared to €136.7 million for the year ended December 31, 2013. Cash outflow from financing activities for the year ended December 31, 2014 mainly represented the payment of liabilities from the net profit transfer to RWE and minorities shareholders in the amount of €92.3 million and €3.7 million, respectively, which was partially offset by the cash inflow due to the increase of cash pool liabilities to RWE in the amount of €33.7 million. In 2013, the cash flow from financing activities was mostly affected by the cash outflow resulting from the profit transfer to RWE and minorities in the amount of €420.2 million and €3.4 million, respectively, which was partially compensated by the increase of liabilities from the net profit transfer to RWE of €100.9 million and the increase of cash pool liabilities towards RWE of €185.9 million.

For a more detailed description of our recent financing activities, see "—Financing."

The following table sets forth our cash movements for the twelve months ended June 30, 2016.

(in millions of €)	For the twelve months ended June 30, 2016 (unaudited)
Cash and cash equivalents as of July 1, 2015	**283.2**
Capital expenditure (net of financial assets)	(510.6)
Capital expenditures from discontinued operations[(1)]	(17.2)
Shareholder financing (net)[(2)]	229.8
Repayment of the RBL Facility[(3)]	(135.1)
Sale of UK Assets[(4)]	532.9
West Nile Delta Farm-down[(5)]	91.9
E.ON Acquisition[(6)]	(874.7)
All other cash movements	594.6
Cash and cash equivalents as of June 30, 2016	**194.7**

(1) Capital expenditures from discontinued operations includes capital expenditures from developments that are no longer operational.

(2) Shareholder financing (net) includes loans provided by the shareholder under two loan agreements and partial repayment of one loan to the shareholder.

(3) Repayment of the RBL Facility includes payments towards our RBL Facility for the period.

(4) Sale of UK Assets includes cash received from the sale of our UK assets. See "Presentation of financial and other information—Divestment of UK Assets."

(5) West Nile Delta Farm-down includes cash received from the farm-down of our working interest in the West Nile Delta project.

(6) E.ON Norge Acquisition includes cash payments associated with the E.ON Acquisition.

Capital expenditure

Capital expenditure has historically primarily comprised the costs of developing our oil and gas projects and the acquisition of shares in new licenses. The capital expenditure figures below represent our cash outflow on investments in fixed assets, except for capitalized abandonment assets.

The following table sets forth our capital expenditures and proceeds from divestments for the years ended December 31, 2013, 2014 and 2015 and for the six months ended June 30, 2015 and 2016.

	Year ended December 31,			Six months ended June 30,	
(in millions of €)	2013 (unaudited)	2014 (unaudited)	2015 (unaudited)	2015 (unaudited)	2016 (unaudited)
Intangible assets/property, plant & equipment/investment property:					
Capital expenditure (net of financial assets)	(633.4)	(669.3)	(610.5)	(395.7)	(295.8)
Proceeds from disposal of fixed assets	25.5	9.6	117.2	5.1	3.8
Acquisitions, investments and loans to investments:					

Capital expenditure	(0.5)	(0.3)	(874.9)	(0.1)	(0.1)
Divestments	—	—	532.9	—	—
Capex from discontinued operations	—	—	(35.2)	(18.0)	—
Total	**(608.4)**	**(660.0)**	**(870.6)**	**(408.7)**	**(292.1)**

The following table sets forth our capital expenditures for the years ended December 31, 2013, 2014 and 2015 and for the six months ended June 30, 2015 and 2016 by country.

	Year ended December 31,			Six months ended June 30,				
(in millions of €)	2013	2014	2015	2015	2016	Pro forma six months ended June 30, 2015	Pro forma year ended December 31, 2015	Pro forma twelve months ended June 30, 2016
				(unaudited)				
Germany/Denmark	83.2	103.8	85.2	40.0	32.2	40.0	85.2	77.4
Norway	187.8	250.8	204.0	120.4	43.6	142.1	239.0	140.5
UK	168.4	111.2	—	—	—	—	—	—
North Africa[(1)]	150.2	198.5	302.4	219.3	205.8	219.3	302.4	288.9
Other	43.8	5.0	18.9	16.0	14.2	16.0	18.9	17.1
Capital expenditures (net of financial assets)	**633.4**	**669.3**	**610.5**	**395.7**	**295.8**	**417.4**	**645.5**	**523.9**
Financial assets	0.5	0.3	874.9	0.1	0.1	0.2	874.9	874.8
Total capital expenditures	**633.9**	**669.6**	**1,485.4**	**395.8**	**295.9**	**417.6**	**1,520.4**	**1,398.7**

(1) North Africa consists of only Egypt and Algeria.

Future capital expenditures

We continually evaluate our capital needs and compare them to our estimated funds available and our actual future capital expenditures may be higher or lower than our budgeted amounts. In particular, our capital expenditures may increase as additional exploration opportunities are presented to us or to fund appraisal and development costs associated with additional successful wells. The final determination with respect to the drilling of any well, including those currently budgeted, will depend on multiple factors, including the results of our development and exploration efforts, the availability of sufficient capital resources for drilling prospects, economic and industry conditions at the time of drilling, including prevailing and anticipated prices that we can receive for our oil and gas, the availability of drilling rigs and crews, and our financial condition.

Contractual obligations

Financial commitments

The following table details the payment structure for our financial commitments as of June 30, 2016. The tables reflect the undiscounted cash flows of financial liabilities based on the earliest date on which we can be required to pay.

Contractual Obligations (in millions of €)	Book value	Less than 1 year	1–2 years	3–5 years	Over 5 years
			(unaudited)		
Non-derivative financial liabilities					
RBL Facility	1,847.0	0.5	—	987.0	859.5
Financial liabilities to affiliated companies	717.2	274.7	—	—	442.5
Trade account payables	315.4	315.4	—	—	—
Other financial liabilities	122.2	96.2	—	26.0	—
Derivative financial liabilities					
Commodity derivatives	1.2	0.2	0.6	0.4	—
Total	**3,003.0**	**713.0**	**0.6**	**987.4**	**1,302.0**

Our liquidity requirements arise principally from our capital expenditure and working capital requirements. For the periods presented, we met our capital expenditure and working capital requirements primarily from oil and gas sales revenues and the proceeds of debt financing.

We believe that, following the offering of the Notes, our operating cash flows, borrowing capacity under the RBL Facility and the proceeds of the Notes offered hereby will be sufficient to meet our foreseeable liquidity requirements and commitments over the next 12 months. Our actual financing requirements will depend on a number of factors, many of which are beyond our control. See "Risk factors—Risks Relating to the Notes and the Group's Structure—The Group's leverage and debt service obligations could adversely affect our business and prevent us our Parent from fulfilling the Group's obligations under its debt, including the Notes and the Guarantees" and "Description of certain financing arrangements."

Contingent Liabilities

Operating lease liabilities

We have entered into certain operating leases mainly relating to transport and production vessels and our office premises. The liabilities associated with these operating leases as of June 30, 2016 are assumed to come due as follows:

(in millions of €)	Less than 1 year (unaudited)	1–5 years (unaudited)	Over 5 years (unaudited)	Total (unaudited)
Operating lease liabilities	25.6	83.5	50.1	159.2

In addition, we have commitments from firm contracts for property, plant and equipment which primarily relate to production and development projects, totaling €34.3 million as well as other long-term commitments resulting from concession and similar agreements in the amount of €108.0 million as of June 30, 2016.

Debt financing

Total debt as of June 30, 2016 amounted to €1,847.0 million. As of June 30, 2016, our drawings under the RBL Facility aggregated $2,050 million (with $2,300 million in commitments). We expect that our commitments under the RBL Facility will be $2,050 million prior to the Issue Date. See "Description of certain financing arrangements."

The following table presents information on our borrowings, as of June 30, 2016, as adjusted to give effect to the offering of the Notes and the use of proceeds therefrom.

	As adjusted as of June 30, 2016	
(in millions of €)	Current	Non-current
RBL facility	0.5	1,455.3
UniCredit Revolving Facility	—	—
Notes offered hereby	—	400.0
External financing	0.5	1,855.3
Financial liabilities to affiliated companies[(1)]	274.7	442.5
Total	**275.2**	**2,297.8**

(1) Represents liabilities to other entities within the restricted group.

The following table details our remaining contractual maturity for debt as of June 30, 2016, on an as adjusted basis after giving effect to the offering of the Notes and the use of proceeds therefrom. The table has been compiled based on the undiscounted cash flows of financial liabilities on the earliest date on which we can be required to pay.

(in millions of €)	As adjusted as of June 30, 2016
Due within one year	275.2
Due within two to five years	987.0
Due after five years	1,310.8
Total	**2,573.0**

We expect to partially repay (without reducing commitments under) our RBL Facility using the proceeds from this offering. See "Use of proceeds."

For a more detailed description of our financing arrangements, see "Description of certain financing arrangements."

Qualitative and quantitative disclosures about market risk

Credit risk management

Credit risk refers to the risk that a counterparty will fail to perform or fail to pay amounts due, resulting in financial loss to us. There is no substantial risk of counterparties being financially incapable of fulfilling their obligations as the Company's customers and license partners are generally large and credit worthy oil and gas companies, with the exception of certain counterparties in North Africa. See "Risk Factors—Risks relating to our business—The inability of one or more of our counterparties to meet their obligations may adversely affect our financial results." Existing past due payments are subject to permanent monitoring by management. Impairment charges are recognized for certain overdue receivables. Based on an intensive analysis, management perceives no further need for impairment charges. With respect to our decommissioning obligations, we are exposed to the risk of our commercial venturers defaulting on their proportionate share of such costs once they became payable.

Liquidity risk management

Liquidity and refinancing risks refer to the risk that we will not be able to obtain sufficient financing from lenders and the capital markets to meet our working capital and project financing and refinancing requirements. We monitor our liquidity risk by reviewing our cash flow requirements on a regular basis relative to our funding sources, cash flow generation from our producing asset base and our existing bank facilities. Specifically, we ensure that we have sufficient liquidity or committed facilities to meet our operational funding requirements and service our debt and adhere to our financial covenants. We closely monitor and manage our liquidity requirements through the use of both short-term and long-term cash flow projections, supplemented by maintaining debt financing plans and active portfolio management. Cash forecasts are regularly produced and sensitivities run for different scenarios including, but not limited to, changes in commodity prices, different production rates from our portfolio of producing fields and potential delays in development projects. In addition to our operating cash flows, portfolio management opportunities are reviewed to potentially enhance our financial capacity and flexibility. Ultimate responsibility for liquidity risk management rests with our board of directors, which has built a liquidity risk management framework which we believe to be appropriate for the management of all our funding and liquidity management requirements.

We also have liability for decommissioning with respect to our assets. We calculate such liability in accordance with empirical data and cost benchmarks determined by the Association of German Crude Oil and Natural Gas Producers, with comparable assumptions available for our foreign subsidiaries. See "Certain regulatory regimes." The provisions we make represent the present value of decommissioning costs that are expected to be incurred assuming no further development of our assets. These provisions have been created based on internal and third-party estimates. We estimate our future liability based on what we believe is a reasonable assumption regarding the current economic environment. These estimates are reviewed regularly to take into account any material changes to the assumptions. We cannot assure you, however, that decommissioning costs will not be materially greater than our estimates and affect our liquidity requirements.

Foreign currency risk management

We generally conduct and manage our business in euro, pound sterling, Norwegian kroner and U.S. dollars, which are the primary operating currencies of the industry in the geographic areas where we operate. We currently do not maintain foreign currency hedges, as we believe the mix of currencies that drive our revenues and expenses serves as a natural hedge. As of June 30, 2016, we had no significant open currency hedges.

Commodity price risk management

We are exposed to the impact of changes in Brent crude oil and gas prices on our revenue and profits. Our hedging policy was approved in July 2015 and subsequently implemented. Hedging is expected to give the management time to adapt to the lower price situation.

Oil production will be hedged using Brent dated swaps. Hedges will be concluded up to five years ahead. Gas production will be hedged using physical forward sales as well as swaps. Hedges will be concluded up to three years ahead. The target hedge volume for each year is approximately 20% of the expected oil and gas production.

As of June 30, 2016, we had open crude swaps with a nominal value of $31.5 million and an aggregated fair value of $(1.1) million. As of June 30, 2016, the effect on commodity swaps of a 10% increase in oil price would have resulted in a decrease in equity of $3.4 million, compared to a decrease of $22.6 million as of June 30, 2015, while a 10% decrease as

of June 30, 2016 would have resulted in an increase in equity of $3.1 million, compared to an increase of $20.5 million as of June 30, 2015.

As of June 30, 2016, we had open NBP forward contracts with a nominal value of $174.8 million and an aggregated fair value of $63.4 million. As of June 30, 2016, the effect on NBP forward contracts of a 10% increase in gas price would have resulted in a decrease in equity of $11.6 million, while a 10% decrease as of June 30, 2016 would have resulted in an increase in equity of $10.5 million.

Important accounting judgments, estimates, assumptions and policies

Management estimates and assumptions

Preparation of the consolidated financial statements on the basis of IFRS requires management to make estimates and assumptions that affect the amounts reported for assets, liabilities, income and expenses as well as disclosed contingent liabilities and fair values. The assumptions and estimates are mainly concerning oil and natural gas reserves, the recognition and measurement of provisions (particularly decommissioning provisions), the recoverability of intangible assets and property, plant and equipment as well as recognition of derivatives including application of hedge accounting.

Estimates of oil and natural gas reserves are applied to determine the value in use within in the framework of the impairment test as well as for the production-related depreciation and amortization using the unit-of-production method. Reserves are estimated by the Company's own qualified engineers and geoscientists applying standardized valuation methods and classified correspondent to international industry standards. This process is subject to defined principles and takes place on a regular basis. Furthermore the estimates are verified by independent consultants (generally on an annual basis).

Key assumptions within impairment tests for intangible assets and property, plant and equipment relate to estimated reserves, forecasts for market prices of crude oil and natural gas, production forecasts as well as discount rates.

Decommissioning provisions mainly require estimates and assumptions with regard to terms, exchange rates, costs to be considered and discount rates. Due to changes in relation to these items, the future actual cash outflows can be different.

With regard to pension provisions and similar obligations, the discount rate is one of the very important estimates. The discount factor for pension obligations is determined on the basis of yields on high quality, fixed-rate corporate bonds on the financial markets as of the balance sheet date.

In accounting for derivative financial instruments, assumptions have to be made as to whether the principles of hedge accounting apply. In addition, for certain contracts a decision is required as to whether they are to be recognized as derivatives or treated as pending transactions like own-use contracts.

All assumptions and estimates are based on conditions and evaluations made as at the balance sheet date. In addition, with regard to expected future business trends, the future development (considered realistic at the present time) of the economic environment in the industries and regions in which the Company operates was taken into account. Depending on changes of the fundamentals the actual amounts may deviate from those estimated. If the actual trend deviates from the assumed developments, then the assumptions and, if necessary, the carrying amounts of the assets and liabilities concerned will be adjusted accordingly at the next applicable balance sheet date.

We have summarized below our accounting policies that require the more subjective judgment of our management in making assumptions or estimates regarding the effects of matters that are inherently uncertain and for which changes in conditions may significantly affect our results of operations and financial condition.

For more information, see the notes to the Company's consolidated financial statements included elsewhere in this Offering Memorandum.

Income Statement

Sales revenues are valued at the fair value of counter-performance received or to be received, with revenue reductions taken into consideration. Income from the delivery of goods is realized at the time of transfer of control to the customer. No material sales revenues are derived from services.

Income taxes

In the Company's consolidated financial statements, despite the existence of a fiscal unit, actual and deferred taxes are recognized on the basis of a tax allocation contract.

Balance Sheet

Intangible assets are reported at amortized acquisition or production cost. Amongst other things, they comprise goodwill, successful exploration wells (since group financial statements as of December 31, 2015; this item was previously shown as assets under construction under property, plant and equipment), concession acquisition costs and other license rights arising from the oil and gas business as well as commercial and technical software.

Cost recovery rights from investments are also reported under intangible assets. These rights arise in connection with production sharing agreements, in which there is no legal ownership of property, plant and equipment. The right is valued at cost according the production sharing agreement, reduced to take account of the portion settled. Settlement of such a right is reported under depreciation. Other immediately recoverable expenses not yet accounted for are reported as rights under other current assets.

With the exception of goodwill, all intangible assets have a finite useful life and are therefore subject to systematic linear or production-related depreciation. The useful life of concessions and other license rights corresponds to the contractual term or comprises the period until the end of economic production. Software for commercial or technical applications is amortized under the straight-line method over three to five years. The useful economic life and amortization methods are subject to annual review.

Goodwill is not subject to systematic amortization. It is subjected to an impairment test on an annual basis or whenever there are indications of a diminution in value (impairment test). Goodwill is part of cash-generating units.

Exploration expenditures comprise concession acquisition costs, licenses and rights to exploration and exploration wells. Exploration wells are accounted for at their historic cost of acquisition or production according to the successful efforts method, *i.e.*, expenses incurred on exploration wells are only capitalized in principle if they were successful, in the sense that they led in particular to the discovery of crude oil and gas deposits. Once reserves are proved and commercial viability is established, the exploration wells are reclassified into property, plant and equipment. During the exploration phase, the exploration assets capitalised are not subject to scheduled amortisation/depreciation. With the start of production they are amortised/depreciated according to the unit-of-production method described below.

Property, plant and equipment are valued at amortized acquisition or production cost. Oil and gas assets are generally depreciated using the unit-of-production method. For capitalized wells the depreciation is based on the current production of the period in relation to proved developed producing reserves. In case of acquisition costs and production facilities/support equipment, the current production of the period is set in relation to total proved reserves. Borrowing costs that can be directly allocated to the acquisition or production of an asset are capitalized as part of acquisition or production costs if a considerable period is necessary to convert the asset into its intended state for use or sale ("qualified asset"). The cost of property, plant and equipment includes the estimated cost of de-installation or demolition and removal and of the reconditioning of the asset under public or private law obligations, to the extent related provisions exist. Maintenance and repair costs are stated as expenses.

Other property, plant and equipment, with the exception of land and similar rights is depreciated using the straight-line method. The typical useful lives of the Company's non-production-related property, plant and equipment are as follows:

	Years
Buildings	24–50
Gas storage	33
Technical plant and machinery	5–15
Factory and office equipment	3–20

Operating leases are in place which need not be reported in the balance sheet.

Investment properties (land or buildings held as financial investments) include any property held to earn rentals or for long-term capital appreciation and not utilized for production or administrative purposes. Valuation is made at amortized cost of acquisition or production. Depletable investment properties are amortized under the straight-line method over a period of up to 50 years. Vacant properties are valued by means of comparable land appraisals and taking account of special features and burdens. Built-up real estate is valued with the aid of the automated discounted cash flow method, drawing on actual rentals and comparative rentals customary in the market, respectively.

Impairment test and impairment losses

An impairment loss is recognized for intangible assets (including goodwill) as well as for property, plant and equipment and investment properties if the recoverable amount of the asset is less than its carrying amount. Exploration assets are required to be tested for impairment as soon as the technical feasibility and profitability of a resource can be proven. The presence of facts and circumstances indicating an impairment also gives rise to an impairment test. If the asset is part of a cash-generating unit (the smallest identifiable group of assets generating cash flows, which are largely independent of the cash inflows of other assets or other groups of assets), then an impairment is derived on the basis of the recoverable amount of the cash-generating unit. In the event that the carrying amount of a cash-generating unit to which a goodwill was allocated exceeds the recoverable amount, a resulting impairment loss is initially applied to the allocated goodwill. Any further impairment loss required will be taken into account through a prorate reduction in the remaining carrying amounts of the cash-generating unit. A reversal of an impairment loss up to the value of amortized cost is made if the reasons for an earlier impairment are no longer in existence. In this case, the increased book value resulting from a reversal must not exceed the amortized cost of acquisition or production. Impairment losses on goodwill are not reversed.

Within the scope of the impairment test, the recoverable amount of the cash-generating unit is determined. The recoverable amount is defined as the higher of fair value less cost to dispose of or value in use. The fair value represents the best possible estimate for the amount for which an independent third party would acquire the cash-generating unit on the balance sheet date, minus the cost of sale. Value in use reflects the present value of the future cash flows which are expected to be generated with the cash-generating unit.

For all impairment tests the recoverable amount was determined on the basis of the value in use. This was measured based on cash flow forecasts, which in turn, are generally based on the current corporate planning approved by the Management Board taking into account new knowledge for material concessions.

The cash flow forecasts pertain to the life-of-field-period for the individual concession/license. The calculations are based on historical experiences as well as the expectations for future market trends. The principal assumptions underlying the determination by management of recoverable amount are the forecasts for market prices of crude oil and natural gas, the estimated reserves, the production forecast as well as the discount rate.

Since 2014, the interest rates used for discounting future cash flows after tax were determined for each country in which cash-generating units were tested for impairment. This involves weighted average cost of capital rates (WACCs) derived from current capital market data. Specific country risks were also taken into account. The calculation of the country risks was not related to the actual capital structure of the company but was generated as a derivation from Peer Group. In the previous years in consideration of specific country risks a weighted company-wide discount rate was used.

Financial assets and liabilities are allocated to the following valuation categories:

- “available-for-sale financial assets”
- “loans and receivables”
- “financial assets at fair value through profit or loss”
- “financial liabilities at fair value through profit or loss”
- “liabilities valued at amortized cost of acquisition”.

The category “available-for-sale” includes financial instruments which are neither loans nor receivables, nor financial investments held to maturity, and which are not measured at fair value through profit or loss.

Financial assets are recognized in the balance sheet if a company is a party to a contract for the asset in question. Purchases or sales of financial assets common on the market are recognized or derecognized, respectively, on the day of trading. Financial assets are derecognized when the contractual rights to cash flows from the asset expire or the entity transfers the financial asset. The latter applies when substantially all the risks and rewards of ownership of the asset are transferred, or the entity no longer has control of the asset.

The shares in non-consolidated subsidiaries and other investments of the Company reported under **other financial assets** have been assigned to the category “available-for-sale”.

Receivables comprise **financial receivables** and **accounts receivable trade** assigned to the category of “loans and receivables” as well as **other receivables** allocated to the categories of “loans and receivables”, “available for sale” and “financial assets at fair value through profit or loss” and here as “held for trading” or “held in hedging relationship”.

Financial assets, with the exception of financial derivatives and available-for-sale financial assets, are valued at amortized cost of acquisition. Any impairments necessary are determined by the actual risk of default. In the presence of appropriate indications, such as the insolvency of a customer or disputed invoices, specific impairments are made. Receivables are generally corrected via an allowance account. Impairments are reversed if payments are received or the default risk is reduced accordingly.

The available-for-sale financial assets are recognized initially and in the following periods at fair value as long as such a determination can be made reliably. Unrealized gains and losses are stated as other comprehensive income (OCI). If there are objective, material indications of a reduction in the value of an asset, an impairment loss is recognized in profit or loss.

The loans granted by the company reported under financial receivables are valued at amortized cost. Loans subject to interest at rates not common on the market are generally accounted for at their discounted amounts, using an interest rate that is adequate to cover the risk involved.

Other receivables include finance lease receivables on account of the application of IFRIC 4 in conjunction with IAS 17.

Prepayments to joint venture partners and deferred income are reported under other assets.

Deferred taxes result from temporary differences between the IFRS and tax balance sheets of individual companies and from consolidation processes. Deferred tax assets as a rule comprise tax credit claims resulting from the expected utilization of tax loss carry forwards in subsequent years, provided their realization is reasonably certain. They are capitalized to the extent that it is probable that future taxable profit will be available. Deferred taxes are determined on the basis of expected tax rates applicable or expected in different countries at the time of realization. The calculation is subject to the tax rules in place or enacted at the time of the balance sheet date. Deferred taxes in Germany are generally subject to a corporate tax rate of 15.0%, applicable as of January 1, 2008, and the solidarity surcharge of 5.5% as well as the applicable average trade income tax rate. By way of derogation from this for German companies that have activities in countries with which no double taxation agreement exists, a tax rate of 15.8% (corporation tax rate of 15.0% plus solidarity charge of 5.5%) is applied. Deferred tax assets and liabilities are netted per company provided the preconditions for netting in accordance with IAS 12.74 ff. have been met.

Assets held for sale in the ordinary course of business (finished products) are reported under inventories along with assets consumed in the process of manufacturing products or rendering services (supplies and purchased merchandise).

Inventories are carried at cost of acquisition or production or at the lower net realizable value. Production costs reflect the full costs directly related to production and are determined based on the normal capacity. Specifically, in addition to directly allocable costs, production costs include adequate portions of required materials and production overheads, including production-related depreciation. The borrowing cost is not capitalized as part of the cost of acquisition or production. Inventory valuation is generally based on average values. To the extent that the net realizable value of previously written down inventories has risen, the resulting write-up is recorded as a reduction in the cost of materials.

Provisions are established for all legal or factual obligations to third parties as at the balance sheet date which are based on past events, will probably lead to an outflow of resources in the future and the extent of which can be reliably estimated. Provisions are carried at their foreseeable settlement amount and not netted against any recovery claims.

Provisions based on a large number of similar events are reported at their expected value. All long-term provisions are stated at the expected future settlement amount discounted to the balance sheet date. Therefore the market interest rate applicable as of the respective balance sheet date is applied. The settlement amount also comprises cost increases to be taken into account as of the balance sheet date. Releases of provisions are generally written back against the expense item in respect of which the provision was originally set up.

Provisions for pensions and similar obligations are recognized for defined benefit plans. This relates to commitments by the company to cover vested entitlements of employees in active service and current benefits to active and former employees or their dependents. These commitments relate in particular to old-age pension payments. The specific commitments are based on benefits that vary throughout the industry; however, as a rule they are measured according to the term of service and remuneration of the employees.

The companies' pension plan consists both of defined benefit and contribution-oriented benefit plans. Provisions for defined benefit plans are based on the actuarial present value of the respective obligation, measured using the projected unit credit method. This benefit/years of service method not only takes into account the pension benefits and benefit

entitlements known as of the balance sheet date, but also anticipated future increases in salaries and pension benefits. The calculation is based on actuarial reports, taking into account appropriate biometric parameters (for Germany, in particular the “Richttafeln 2005G” by Klaus Heubeck; for Norway, since 2013, the mortality table “K2013”). The provision is reduced by the fair value of the plan assets set up to cover the pension commitments. The service cost (the increase in the obligation resulting from the work performed by employees in the period under review) no longer applies and is disclosed in staff cost, and the interest cost/income are reported in the financial result.

Results of the remeasurement of defined benefit plans are fully recognized in the fiscal year in which they occur. They are reported outside of profit or loss in a consolidated statement of recognized income and expenses and immediately assigned to retained earnings. Therefore, they remain outside profit or loss in subsequent periods as well.

In the case of contribution-oriented benefit plans, the Company does not incur any further obligations beyond making contribution payments to special-purpose funds. The contribution payments are recorded as expenses and reported under personnel expenditure.

Decommissioning provisions and provisions for reconditioning of sites and plugging of wells cover the updated commitments for the plugging of wells, the de-installation of onshore and offshore production facilities and the reconditioning of operations and drilling sites. Their extent is based on the anticipated full costs, taking into account the empirical data and the cost benchmarks determined by the Association of German Crude Oil and Natural Gas Producers, with comparable assumptions being available for foreign subsidiaries. Should any changes in interest rates or estimates in terms of the time or the level of payouts lead to changes to this provision, the carrying amount of the respective asset is adjusted accordingly. If a reduction exceeds the carrying amount of the associated asset, the excess amount must be recorded with direct impact on income. Major uncertainties result from changes in terms, interest rates and exchange rates as well as changes regarding the costs to be taken into account.

Liabilities comprise financial liabilities, accounts payable trade and other liabilities. Financial liabilities are classified in the category “valued at amortized cost of acquisition” or, in the case of financial derivatives, in the category “financial liabilities at fair value through profit or loss” and here under “held for trading” or “designated as hedging instruments”.

Liabilities recognized for the first time are stated at fair value. For subsequent periods, liabilities, with the exception of financial derivatives, are valued at amortized cost of acquisition.

Prepayments received from customers and deferred tax liabilities are reported under other liabilities.

Derivative financial instruments are reported as assets or liabilities. All derivative financial instruments are measured at fair value regardless of their purpose. Derivative hedge transactions are reported in the balance sheet as at the relevant transaction dates. Changes in the fair value are recognized with an effect on income unless the instruments are used for hedge accounting purposes. Transaction costs did not arise in the year under review nor in the previous year.

Cash flow hedges are used to hedge the risk of variability in cash flows related to an asset or liability carried on the balance sheet or related to a highly probable forecast transaction. If a cash flow hedge exists, unrealized gains and losses from the hedging instrument are initially stated as other comprehensive income. Generally, such gains or losses are disclosed in the income statement when the hedged underlying transaction has an effect on income. If forecast transactions are hedged and such transactions lead to the recognition of a financial asset or financial liability in subsequent periods, the amounts that were recognized in equity until this point in time are recognized in the income statement in the period during which the asset or liability affects the income statement.

IAS 39 establishes certain requirements when accounting for hedging transactions. In particular, hedging relationships need to be documented in detail and be effective, i.e. the changes in fair value of the hedge must lie within a bandwidth of 80 to 125% to the diametrically opposed changes in fair value of the underlying transaction, both prospectively and retrospectively. Only the effective portion of a hedging relationship may be accounted for according to the rules described for cash flow hedges. The ineffective part of the hedge is immediately taken to the income statement.

Agreements concluded for the purpose of receiving of supplying non-financial items in accordance with the company’s expected buying, selling or utilization demand and held for this purpose (own consumption agreements) are not accounted for as financial derivatives but as pending transactions. If the agreements contain embedded derivatives, then the derivatives will be accounted for separately from the underlying agreement if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the underlying agreement.

Contingent liabilities are possible obligations to third parties or existing obligations where an outflow of resources is improbable or the extent thereof cannot be reliably determined. Contingent liabilities are not reported in the balance sheet. They have to be disclosed in the notes unless the possibility of an outflow of resources embodying benefits is remote.

Industry and market data

Certain information in this section relating to market environment, market developments, growth rates, market trends, industry trends, competition and similar information are estimates based on data compiled by professional organizations, consultants and analysts. Certain projections and other information set forth in this section have been derived from external sources including the BP Statistical Review 2016, EIA World Energy Outlook, Landesamt für Bergbau, Energie und Geologie (LBEG), Norwegian Oil and Gas Association, Norwegian Petroleum Directorate, Wood Mackenzie and the U.S. Department of Energy. Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. We believe that these industry publications, surveys and forecasts are reliable, but we have not independently verified them and cannot guarantee their accuracy or completeness.

The Global Oil and Gas Industry

World markets for petroleum and other liquid fuels have entered a period of dynamic change. Demand is rebalancing away from developed countries such as the United States towards emerging economies such as China and India. At the same time, supply dynamics are also changing. New extraction techniques in tight oil and shale have revolutionized the industry, making heretofore challenging or uneconomic fields viable (e.g., North American shale). This supply growth, coupled with an unwillingness from OPEC to play its traditional role of swing producer by withholding supply, has led to oversupply and, with it, depressed commodity prices. *(Source: World Energy Outlook 2016, May 2016).*

Demand growth for energy is closely correlated with GDP growth. Global GDP is expected to rise at an average annual rate of 3.3% from 2012 to 2040, with the fastest economic growth expected from the non-OECD region (growing at an average of 4.2% per year from 2012 to 2040). By comparison, GDP in the OECD region is expected to grow by only 2.0% per year over the same period. Similarly, non-OECD regions are also expected to account for an outsized share of demand for petroleum and other liquid fuels, with strong growth in per capita income driving demand for personal transportation and freight transport, as well as demand for energy in the industrial sector. *(Source: World Energy Outlook 2016, May 2016).*

Total world proved oil reserves reached nearly 1,700,000 MMbbl at year end 2015, enough reserves to meet approximately 51 years of production. OPEC countries continue to hold the majority of the world's reserves, accounting for 71.4% of the global total. South and Central America continues to hold the highest reserves-to-production ("R/P") ratio, more than 100 years. Over the past decade, global proved reserves have increased by 24%, or more than 320 billion barrels. *(Source: BP Statistical Review of World Energy, June 2016).*

Total world proved natural gas reserves reached 186.9 tcm at year end 2015, sufficient to meet roughly 53 years of global production. Proved reserves were roughly flat year on year from year end 2014. Iran (34.0 tcm) and Russia (32.3 tcm) hold the largest proved reserves. *(Source: BP Statistical Review of World Energy, June 2016).*

The correlation between oil and gas prices is mediated by a number of supply and demand factors. On the supply side, natural gas has historically been primarily a co-product of oil production. Therefore increased oil production (e.g., in a high price environment) increased the supply of natural gas, exerting negative price pressure. In more recent years natural gas has been exploited outright, both in conventional/deepwater wells and with the proliferation of hydraulic fracturing (fracking). On the demand side, oil and natural gas are to an extent substitutable goods over the long term. Therefore an increase in the price of one (e.g., crude oil) motivates a substitution with the other (e.g., natural gas). *(Source: International Energy Outlook 2016, May 2016).*

However, these markets are not perfectly correlated and have become less so in recent years. Much of this comes down to different market structures; oil is traditionally a deep, global market where supply can be shuttled from port to port via tanker, while gas is traditionally more regional, with long, fixed supply contracts delivered primarily via pipeline. This regionality, along with high transport costs between regions, allows local factors to drive a divergence in regional gas prices and a decoupling with oil prices. This is most notably seen in the US, where crude oil prices have fallen approximately 60% from summer 2014 highs while gas has fallen by approximately 40% in the same period. Different pricing mechanisms, such as the custom in Europe to index natural gas contracts to the price of oil, different regulatory regimes and different weather patterns have also contributed to decoupling. In Europe for example, despite a significant amount of gas produced still being indexed to oil, there has been a notable emergence of a spot market for gas driven by the fall in transportation costs and liberalization of the European energy market. Seasonal swings due to changing temperatures also influence gas prices in Europe in particular. This has resulted in gas prices decoupling from their historic link to oil prices. (*Sources: Bloomberg, Wall Street research)*

The weakness in oil prices has had a mixed effect on regional gas markets. In the United States, the breadth of gas resources opened up during the shale revolution has continued to incentivize production, depressing prices. Gas spot prices are under strain in Europe as well on the back of challenging market fundamentals and new regulatory developments

(e.g.,March 2015 £18/t uplift on the EU ETS carbon price), with the ongoing Russia-Ukraine crisis adding further uncertainty. *(Source: International Energy Outlook 2016, May 2016; The World's Carbon Markets: A Case Study Guide to Emissions Trading, May 2105).*

Germany

Introduction

With a population of 82 million, Germany is Europe's largest economy and a key member of the EU's economic, political and defense organizations. The German oil and gas industry has been in existence since 1860, with oil first discovered in Wietze in Lower Saxony. Pre-North Sea development, Germany's oil and gas reserves were the largest in Western Europe. Although approximately 2 billion bbl and 33 tcf of gas have been discovered in total, there is limited potential for further oil and gas exploration discoveries. *(Sources: CIA World Fact Book—Germany, September 2016; Wood Mackenzie Country Report—Germany, October 2015).*

Germany primarily produces gas, with a significant proportion of its production based onshore. Gas production has been in a rapid decline over the last ten years due to maturing fields and limited exploration success. This trend is forecast to continue in light of the Bundestag's decision in June 2016 to ban unconventional hydraulic fracturing for the production of shale gas and shale oil. The sole exemption is a maximum of four test wells, drilled to assess the environmental impact of unconventional hydraulic fracturing. In 2021 the ban will be reassessed in light of the data gathered from these test wells. Conventional hydraulic fracturing of tight gas resources in sandstone formations may continue as it has for decades in Germany, albeit under significantly enhanced environmental oversight. *(Sources: Wood Mackenzie Country Report—Germany, October 2015; Bloomberg: "Merkel Set to Pass Legislation Banning Gas Fracking in Germany"—June 24, 2016).*

The fiscal regime for oil and gas in Germany operates under a concession-based system consisting of royalties ("*Förderabgaben*") and the standard corporate income tax (average of approximately 29.8%), solidarity surcharge and trade tax. These royalties can range from nil to 40%, depending on the state. There is also no state participation in Germany. *(Global Oil and Gas Tax Guide, 2015, Ernst & Young).*

Reserves and Production

Onshore oil has been in production in Germany since the end of the 19th century with output remaining at less than 2 kboepd until the 1930s. German production reached its peak in the 1960s (160 kboepd) and has been in consistent decline since then. Mittelplate currently accounts for approximately 60% of total oil production simultaneously making Schleswig-Holstein the largest oil production region in the country (this is expected to decline to around a fifth of output by 2017 with the Römerberg fields coming online). *(Source: Wood Mackenzie Country Report—Germany, October 2015).*

Onshore gas production has taken place since the 1930s, with the states of Lower Saxony and Schleswig-Holstein representing almost 99% of German gas production. Production is further centralized on two main gas developments: Elbe-Weser and Weser-Ems, which themselves represent a near similar percentage of total German gas production. Germany's gas production will be declining over the next ten years given limited potential from its existing gas producing hubs and the political opposition ruling out unconventional methods of extraction in the near- to medium- term. *(Source: Wood Mackenzie Country Report—Germany, October 2015).*

The following table sets out Germany's oil and gas proved reserves as of January 1, 2016:

	As of January 1, 2016
Reserves in Germany	
Proved Oil (MMbbl)	145
Proved Gas (bcm)	46

(Source: LBEG—Erdöl- und Erdgasreserven in der Bundesrepublik Deutschland am 1. Januar 2016)

Germany has a weak oil production outlook given its limited (and declining) resource base and mature production profile. In addition, given the current low pricing environment, potential for field redevelopment and enhanced oil recovery programs is significantly hampered. *(Source: LBEG—Erdöl- und Erdgasreserven in der Bundesrepublik Deutschland am 1. Januar 2016).*

Germany has limited competition with five key companies: Shell, ExxonMobil, Wintershall, Engie and DEA. Given the licensing terms and limited relinquishment requirements, it is difficult for smaller scale companies to enter the market.

Natural Gas Storage

Germany is reliant on storage to manage its supply and demand. The residential and commercial sectors represent over half of Germany's gas needs, which have a high seasonal load factor. Conversely, Germany's supply contracts tend to be for flat gas. Currently, peak demand is met roughly equally between swing production from domestic production and imports (Dutch gas), and storage withdrawal. *(Source: Wood Mackenzie Country Report—Germany, October 2015).*

There are 10 aquifers and 14 depleted fields providing seasonal storage along with two LNG storage facilities, approximately 30 salt caverns and one granite mine providing peak storage. Germany's combined storage working volume is 22.7 bcm, the largest in Europe. Due to the fact that there is no national operator in Germany, a range of operators manage these storage facilities. The largest gas storage facilities in Germany are Rehden, Dödlingen, Epe and Bierwang. With the exception of Bierwang, which is located in the southeast of the country, the other major sites are located in the northwest near the Dutch and Norwegian import points. *(Source: Wood Mackenzie Country Report—Germany, October 2015).*

Norway

Introduction

A vibrant private sector and an abundance of natural resources are the backbone of Norway's economy. The Norwegian government uses extensive regulation and large-scale state majority-owned enterprises to control key areas of the economy. The Norwegian economy is heavily dependent on oil and gas, an industry that has been in existence since the discovery of Ekofisk in 1969 and the commencement of production in 1971. As of December 31, 2015, there were 82 fields in operation. *(Source: Norwegian Petroleum Directorate: "The shelf in 2015," January 2105).*

Since production started, the industry has contributed more than NOK 12 trillion to the Norwegian economy ($1,430 billion at 2015 average exchange rates). The industry has therefore been a cornerstone for building the Norwegian welfare state and the Norwegian economy in general, employing approximately 205,000 people. In anticipation of eventual declines in oil and gas production, the Norwegian state extracts significant revenues from the oil and gas sector through a combination of taxation and direct ownership in fields through the Norwegian state's Direct Financial Interest scheme (SDFI). These revenues are currently being invested in the Government Pension Fund Global, which at the end of 2015 was valued at NOK 7,745 billion ($923 billion at 2015 average exchange rates). *(Source: Norwegian Petroleum Directorate).*

The fiscal regime in Norway operates under a corporate tax rate of 25% and a special petroleum tax rate of 53%. Development costs can start to be offset straight away according to straight-line depreciation over six years from the year they are incurred. Deductions are allowed for all relevant costs, including costs associated with exploration, research and development, financing, operations and removal. According to the Petroleum Taxation Act, costs may also be deductible against taxable income if the costs are actually incurred onshore in Norway or elsewhere, provided that the costs relate to taxable oil and gas activities in accordance with the Act. To shield normal returns from special petroleum tax, an extra deduction is allowed on the basis for special petroleum tax, called uplift. This amounts to 22% of the investments (5.5% per year for four years, from and including the investment year). Companies that are not in a tax position can carry forward deficits and uplift with interest. Losses are allowed to be carried forward indefinitely. The tax value of exploration costs (78%) may be refunded from the Norwegian State every year if the company does not owe taxes. All exploration costs are deductible and may be offset against profits from production. Next, the tax value of unused losses when finally ceasing activities related to exploration and/or production on the NCS may be refunded by the Norwegian State. See "Certain regulatory regimes—Norway—The Petroleum Tax Act." (*Source: Norwegian Petroleum Directorate).*

Organization

The NPD exercises administrative authority in connection with upstream activities on the NCS and thereby has a key role in the petroleum management system. It is authorized to enforce regulations and make decisions pursuant to the petroleum activities regulation. NPD is an important advisory body as well as a subordinate to the Ministry of Petroleum and Energy, which is responsible for the management of resources and the sector as a whole. (*Source: Norwegian Petroleum Directorate).*

The Norwegian Oil and Gas Association is an employers' association for oil and supplier companies engaged in the exploration and production of hydrocarbons in Norway. A key function of this association is to negotiate with labor unions on behalf of member companies on various agreements regarding wages and conditions for employees in the sector. Labor unions are powerful in Norway and unresolved disputes have led to strikes on some occasions in the past. The Norwegian Oil and Gas Association negotiates with three unions: Norwegian Union of Energy Workers (Safe), Industry Energy and the Norwegian Organization for Supervisors, with principal settlements being negotiated every other year. *(Source: The Norwegian Oil and Gas Association website).*

Reserves and Production

Norway has the largest oil and gas reserves in Europe. The following table sets out Norway's proved oil and gas reserves:

	December 31, 2015
Proved Reserves in Norway	
Proved Oil (MMbbl)	8,000
Proved Gas (bcm)	1,900

(Source: BP Statistical Review of World Energy, June 2016)

All of Norway's reserves are located offshore in three regions on the Norwegian Continental Shelf: the North Sea, the Norwegian Sea and the Barents Sea. The North Sea is a mature hydrocarbon producing sector, containing the majority of Norway's remaining reserves. It also has well developed infrastructure, and is the site of Troll, one of the country's largest fields, and Johan Sverdrup, one of its most prolific development projects. The Norwegian Sea, to the north, is a developing region, with large developments including Ormen Lange, Åsgard and Skarv. The Barents Sea to the far north is very much an emerging area for exploration and development, mainly known as the site of Snøhvit, Goliat and Johan Castberg. (*Source: Norwegian Petroleum Directorate).*

The following table sets out Norway's oil and gas production:

	December 31, 2015
Production in Norway	
Oil (kbopd)	1,948
Gas (bcm)	117

(Source: BP Statistical Review of World Energy, June 2016)

Liquids production in Norway peaked in 2001 and has since been in decline. It increased again for a short period in 2015–2016 due to the completion of new field developments such as Edvard Grieg and Goliat and the impact of redevelopment brownfield projects at Ekofisk for example. *(Source: BP Statistical Review of World Energy, June 2016).*

Gas production in Norway has risen steadily. Troll is the largest field in Norway and accounts for the bulk of Norway's gas production, but Åsgard, Ormen Lange and Snøhvit also make significant contributions. Gas production in 2015 was 117 bcm, representing around 50% of Norwegian production. *(Source: Norwegian Petroleum Directorate, BP Statistical Review of World Energy, June 2016).*

Prospectivity and exploration

The Norwegian Petroleum Directorate has estimated the undiscovered resources on the Norwegian shelf at approximately 2.9 billion standard cubic metres (Sm^3) of recoverable oil equivalents. This corresponds to around 38% of all the remaining resources on the shelf. Undiscovered resources are split as follows between the different sea areas: 25% in the North Sea, 27% in the Norwegian Sea and 48% in the Barents Sea. (*Source: Norwegian Petroleum Directorate).*

Both large and small exploration companies have contributed to the strong resource growth in the last few years. Resource growth was particularly strong in 2010 due to the Johan Sverdrup discovery. This is the largest discovery in recent times and the fifth largest ever made on the Norwegian continental shelf. It was made in an area that has been regularly explored since the mid-1960s, and shows that there is still considerable potential in exploration of mature areas. (*Source: Norwegian Petroleum Directorate).*

In 2015, 56 exploration wells were spudded on the Norwegian continental shelf. This is down from 57 in 2014 and 59 in 2013, but the fourth highest number so far in a single year. After a period of low activity up to 2006, a record was

reached in 2009, when 65 exploration wells were spudded. In the short term, some decline in exploration activity is expected as a result of the current low oil prices. (*Source: Norwegian Petroleum Directorate).*

Industry Participants

More than 50 companies are involved in exploration, production and infrastructure on the NCS, the largest of which are Statoil, ExxonMobil, Total, Shell, ConocoPhillips and ENI. (*Source: Norwegian Petroleum Directorate).*

Egypt

Introduction

Egypt is a mature oil province, with active exploration since 1860. Egypt is the largest oil producer in Africa that is not a member of OPEC, and the second largest natural gas producer in Africa, following Algeria. Oil and gas production stems from three primary hydrocarbon-producing regions: Gulf of Suez, Western Desert and Nile Delta/Mediterranean. Egypt also plays a vital role in international energy markets through the operation of the Suez Canal and Suez-Mediterranean Pipeline, important transit points for oil and LNG shipments from African and Persian Gulf states to Europe and the Mediterranean Basin. Fees collected from operation of these two transit points are significant sources of revenue for the Egyptian government. (*Source: U.S. Department of Energy, Energy Information Administration, Analysis Brief—Egypt June 2015*).

Following the 2011 revolution, Egypt's economy and, in particular, the energy sector, has suffered. In an effort to reduce its current account deficit, the Egyptian government has steadily reduced spending on energy subsidies. In the 2016/17 budget, spending on fuel subsidies is set to decline by over 40%, falling from E£61 billion to E£35 billion. In recent years, the high cost of energy subsidies has resulted in the EGPC's (as defined below) inability to pay off its debts to foreign operators. As a result, foreign operators have delayed investments in existing and new oil and gas development projects. (*Source: Reuters, "Egypt to cut fuel subsidies as government seeks to reduce deficit"—April 9, 2016*).

Organization

The Egyptian General Petroleum Corporation ("EPGC") is the state entity charged with managing upstream activities, including infrastructure, licensing and production. Egyptian Natural Gas Holding Company ("EGAS") is responsible for promoting the gas sector, establishing a development strategy and distributing tenders. In 2003, the Ganoub El Wadi Petroleum Holding Company ("GANOPE") was established to promote exploration and development activities in the frontier Upper Egypt area.

Reserves and Production

Egypt has some of the largest oil and gas reserves in North Africa, after Algeria and Libya. Historically an oil producing province, the proportion of gas to total reserves is expected to increase resulting from further exploration in the Mediterranean and Western Desert. This is in contrast to oil, where recent exploration discoveries have been fairly modest. *(Source: BP Statistical Review of World Energy, June 2016; Wood Mackenzie Country Report—Egypt, August 2016).*

The following table sets out Egypt's proved oil and gas reserves:

	As of December 31, 2015
Proved Reserves in Egypt	
Proved Oil (MMbbl)	3,500
Proved Gas (bcm)	1,800

(Source: BP Statistical Review of World Energy, June 2016)

Liquids production has been declining in Egypt since its peak in 1993 at 941kbbl/d, standing at 723kbbl/d in 2015. *(Source: BP Statistical Review of World Energy, June 2016)* The Western Desert accounts for approximately half of the country's oil production, with the remainder from the Gulf of Suez, Eastern Desert, Sinai, Mediterranean Sea, Nile Delta and Upper Egypt. (*U.S. Department of Energy, Energy Information Administration, Analysis Brief—Egypt June 2015*).

Between 2000 and 2009, Egyptian gas production increased nearly trebled, from approximately 21 bcm to 63 bcm. Since 2009, however, natural gas production has declined steadily, resulting primarily from a reduction in development activities following the Arab Spring in 2011. *(Source: BP Statistical Review of World Energy, June 2016).*

The following table sets out Egypt's oil and gas production:

	As of December 31, 2015
Production in Egypt	
Oil (kboepd)	723
Gas (bcm)	45.6

(Source: BP Statistical Review of World Energy, June 2016)

Gas production is also facing decline, although this will be mitigated by two megaprojects coming onstream in the next few years: BP's West Nile Delta project, which is expected to come onstream in 2017, and ENI's fast-tracked Zohr discovery, which is expected to come onstream as early as 2019. These two major projects will underpin Egypt's gas supply well into the next decade and will be backed up by smaller developments, like BP's Atoll field. Other potential discoveries, such as BP's Salamat and Shell's Notus could maintain production in the longer term, and potentially negate the need for LNG imports. *(Source: BP: "BP to Acquire Additional Interest in the West Nile Delta project"—September 21, 2016; Bloomberg: "Egypt to Keep ENI's find for Itself, Stiffening Mideast Gas Race"—September 1, 2015).*

Industry Participants

The largest companies involved in exploration, production and infrastructure in Egypt are BP, ENI, Apache and Shell.

Our business

In this Offering Memorandum, the words "DEA," "we," "us," "our," and the "Company" refer to DEA Deutsche Erdoel AG together with its subsidiaries on a consolidated basis, except where otherwise specified or clear from the context. The reserves data presented in this section have been estimated at our request by RPS in accordance with PRMS guidelines and definitions. Estimated reserves presented herein may differ from estimates made in accordance with guidelines and definitions used by other companies in the industry or by the SEC. See "Presentation of financial and other information—certain reserves and production information." Unless otherwise indicated, our production figures are presented on a working interest basis, which unless otherwise indicated, reflects our working interest Where gross amounts are indicated, they are presented on a total basis—i.e., the actual interest of the relevant license holder in the relevant fields and license areas without deduction for the economic interest of our commercial partners, taxes or royalty interests or otherwise. Our legal interest and effective working interest in the relevant fields and license areas are separately disclosed. See "—Material agreements relating to our assets" for a more detailed discussion of the terms of the agreements governing our interests. Any projections and other forward-looking statements in this section are not guarantees of future performance and actual results could differ materially from current expectations. Numerous factors could cause or contribute to such differences. See "Risk factors" and "Forward-looking statements."

Unless otherwise indicated, all references to our interests in licenses, our acreage under license, reserves, production and sales revenues include the assets we acquired as a result of the E.ON Acquisition. See "Presentation of financial and other information—Acquisition of E.ON Assets."

Overview

We are an international independent crude oil and natural gas company with full lifecycle capabilities across exploration, development and production. Since our founding in 1899, we have become one of the largest independent European-focused exploration and production ("E&P") companies based on production and estimated reserves. Our primary mission is the secure, environmentally-conscious and sustainable production of crude oil, natural gas and natural gas liquids ("NGLs"). Our core production and development assets are located in Germany, Norway, Denmark, Egypt and Algeria. Additionally, we own large-scale underground natural gas storage facilities located in Germany for storage of third-party natural gas. Headquartered in Hamburg, Germany, we had 1,350 employees as of June 30, 2016.

Our *pro forma* working interest production for the twelve months ended June 30, 2016 was 156.0 kboepd (45% oil, 55% gas). As of December 31, 2015, we had 1P and 2P reserves of 398.8 MMboe (26% liquids, 74% gas) and 575.0 MMboe (29% liquids, 71% gas), respectively. For the twelve months ended December 31, 2015, our *pro forma* EBITDAX was €1,394.7 million. For an explanation of EBITDAX, see "Summary historical financial data—Other historical and as adjusted financial information."

Our management and operating teams have an extensive track-record of successfully completing development projects and delivering production growth, with annual production increasing by more than 70% between December 31, 2013 and 2015.

On December 16, 2015, we completed the acquisition of 100% of the shares of E.ON Norge, more than doubling our production in Norway. In December 2015, we also finalized the farm down of our stake in the West Nile Delta development to 17.25% across two concessions, enabling us to partially monetize our investment while de-risking our position in the development.

The table below shows our working interests in our production and development licenses, our total average working interest daily production for the years ended December 31, 2014 and 2015 and the twelve months ended June 30, 2016 and our 2P reserves as of December 31, 2015. Our 2P reserves are presented on a working interest basis.

			Working interest production (kboepd)			2P Reserves (MMboe)
			Year ended December 31,		Twelve months ended June 30,	
Asset	**Working Interest**	**Operator**	**2014**	**2015[(1)]**	**2016[(1)]**	**As of December 31, 2015**
Mittelplate	50.00%	DEA	12.7	12.5	12.8	**55.5**
Völkersen	100.00%	DEA	17.3	18.2	16.7	**49.1**
Pool Hemsbünde[(2)]	26.99%	DEA/EMPG	2.2	2.0	1.8	**8.2**
Pool Söhlingen	20.61%	EMPG	1.7	2.5	2.9	**9.2**
Pool Bötersen[(2)]	11.83%	DEA/EMPG	1.3	1.3	1.3	**5.7**
Weissenmoor	30.00%	DEA	0.4	0.5	0.5	**2.0**
Nini	42.86%	DONG	0.2	0.4	0.4	**0.4**

Nini East	42.86%	DONG	1.5	1.7	1.7	**1.4**
Cecilie	43.59%	DONG	0.1	0.2	0.2	**0.4**
Other	—	—	2.2	2.1	2.0	**10.1**[3]
Germany/Denmark			39.5	41.5	40.4	**142.0**
Gjøa	8.00%	Engie[4]	7.7	8.1	8.3	**12.0**
Knarr	10.00%	BG	—	2.5	6.1	**6.5**
Snøhvit Unit	2.81%	Statoil	2.9	3.3	3.3	**22.6**
Snorre Unit	8.57%	Statoil	14.3	12.8	10.6	**32.3**
Zidane	40.00%	DEA	—	—	—	**41.8**
Njord[5][6]	30.00%	Statoil	—	9.2	5.1	**20.6**
Skarv[6]	28.08%	BP	—	40.5	36.0	**70.7**
Other	—	—	3.3	3.9	4.6	**7.7**
Norway			28.2	80.2	73.9	**214.2**
Ras Budran[7]	100.00%	SUCO	6.5	4.8	4.5	**—**[8]
Ras Fanar[7]	100.00%	SUCO	3.9	2.8	2.8	**—**[8]
Zeit Bay[7]	100.00%	SUCO	7.4	10.0	9.8	**—**[8]
Disouq[7]	100.00%	SUCO	15.0	23.4	23.0	**78.1**
West Nile Delta[9]	17.25%	BP	—	1.4	1.6	**97.7**
Other	—	—	0.3	0.1	0.1	**0.0**
Egypt			33.0	42.5	41.7	**175.8**
Other[10]			—	—	—	**42.9**
Total			100.8	164.2	156.0	**575.0**

(1) Giving effect to the E.ON Acquisition as if it had occurred on January 1, 2015.

(2) We and our commercial partners have entered into pooling agreements with respect to the Hemsbünde and Bötersen fields. See "Business—Material agreements relating to our assets—Agreements governing petroleum activities—Germany".

(3) Contains 2.3 MMboe of unaudited DEA estimates associated mainly with our storage business.

(4) Formerly GDF Suez.

(5) Production and 2P Reserves figures include the Hyme Field.

(6) The Njord and Skarv fields were acquired as part of the E.ON Acquisition

(7) We hold a 100% working interest in each of these fields. We operate each field through our joint venture, the Suez Oil Company ("SUCO"), with the Egyptian General Petroleum Company ("EGPC"). We and the EGPC each own 50% of SUCO. Our net entitlements to production these licenses differ fom our corresponding working interest. The table below shows our net entitlement to our production from our SUCO-operated Egyptian licenses for the years ended December 31, 2014 and 2015 and the twelve months ended June 30, 2016:

	Net entitlement production (kboepd)		
	Year ended December 31,		**Twelve months ended June 30,**
Asset	**2014**	**2015**	**2016**
Ras Budran	3.3	2.4	2.3
Ras Fanar	2.0	1.5	1.4
Zeit Bay	3.8	5.2	5.1
Disouq	8.0	11.9	11.7
Total	**15.1**	**20.0**	**20.5**

(8) Volumes classified for these fields by RPS as reserves in 2014 were subsequently reclassified as contingent resources in 2015 following a cashflow analysis under the terms of the production sharing contracts. In July 2016, DEA initiated an update of the 2015 audit report by RPS based on the five years plan of the operating joint venture SUCO as well as an updated price deck, resulting in economic reserves for each of the fields.

(9) The 2P reserves associated with West Nile Delta give effect to the farm-down of our working interest to 17.25%. See "Business—Material agreements relating to our assets—Agreements governing petroleum activities—Egypt".

(10) Represents reserves associated with other North African assets.

By focusing on proactive portfolio optimization and utilizing our strengths and strategies set forth below, we plan to continue to strengthen and expand our presence in our core operating geographies, in particular Northwestern Europe, as recently demonstrated with the completion of the E.ON Acquisition. Our vision is to increase our daily production volume

by safely and efficiently optimizing production from our current assets, successfully completing development projects, engaging in near-field exploration programs and undertaking strategic acquisitions in our core operating regions. We may also consider strategic acquisitions in non-core and other regions, such as Mexico and Brazil.

Our strengths

Producing assets concentrated in low-risk countries with developed infrastructures

We have a diverse portfolio of producing Northwestern European assets located in OECD member countries with AAA credit ratings that are supported by established fiscal and regulatory regimes. During the year ended December 31, 2015, 87% and 100% of our revenues and EBITDAX, respectively, were derived from these OECD countries.

We believe our position in Northwestern Europe is well established as a result of our long-standing operational history in Germany and Norway. We are the largest oil producer in Germany, which accounts for approximately 30% of our oil production. Our key producing fields in Germany are the DEA-operated offshore Mittelplate, Germany's largest oil field encompassing over half of all remaining identified German recoverable oil reserves as of December 31, 2015, and DEA-operated onshore Völkersen, the second largest producing gas field in Germany. In Norway, we have an operational track record of over 40 years, having participated in six of the largest thirty discoveries as of December 31, 2015. Since the acquisition of the E.ON Assets, Norway has become our largest hub of production and reserves, with the Skarv and Snorre fields representing the largest assets in our Norwegian portfolio accounting for approximately 23% and 7%, respectively, of our total working interest production on a *pro forma* basis as of June 30, 2016. We believe our Norwegian portfolio has significant upside potential in terms of further growth as well as synergies.

We are committed to maintaining and strengthening our position in Northwestern Europe. We believe that our focus on Northwestern Europe reduces our exposure to certain operational and geopolitical risks. Additionally, we believe that by focusing on this region, we can benefit from significant synergies. We aim to further expand our activities in this region through optimization of production, future developments and near-field exploration activities supplemented by strategic asset acquisitions as we concurrently grow our production in North Africa through the completion of our West Nile Delta and Reggane Nord development projects in Egypt and Algeria, respectively.

In addition, our investments in our North African assets also benefit from guarantees provided by the Federal Republic of Germany for direct investments made by German companies in developing and emerging countries. These investment guarantees provide protection against a number of political risks, including expropriation, nationalization, civil wars, wars or other armed conflicts and payment embargoes or moratoria, under certain conditions. We have approximately $3,100 million aggregate nominal coverage in connection with our investments in Egypt, Algeria and Libya.

Diversified portfolio of assets and with competitive production costs

Our production is diversified within Germany, Norway, Denmark and Egypt. Following the E.ON Acquisition, our largest producing field, Skarv in Norway, represents 23% of our total average daily working interest production, with the next largest producing field, Völkersen in Germany, representing 11%. Our assets produce oil and gas at various stages of their life-cycle and are located in regions with well-developed infrastructure. Our oil and gas production is balanced between oil and gas, with crude oil and natural gas representing approximately 45% and 55%, respectively, of our actual 2015 total average production.

Our cash flows benefit from the diversification of pricing mechanisms associated with our products and markets. In 2015, approximately 50% of our oil and gas production was subject to pricing mechanisms based on benchmarks other than the Brent oil price such as TTF, NBP, fixed price or other mechanisms. In recent years, Brent oil prices have only modestly influenced TTF or NBP gas prices, thus serving to diversify our exposure to pricing benchmarks.

Our cash flows are further diversified by our natural gas storage business. We own three natural gas storage facilities in Germany with a total storage volume of approximately 63 bcf. For the six months ended June 30, 2016, our storage business contributed €8.2 million to our consolidated EBITDAX (representing 2.1% of our EBITDAX for the same period). We have entered into long-term lease contracts with third-party operators for two of our storage facilities. These contracts contain price floors at cost-plus, a margin that serves to provide full cost coverage and a stable rate of return. We are currently reviewing long-term options for our storage business, including potential future disposals.

We consistently seek production efficiencies by leveraging our technical capabilities and the effective deployment of production technology and reservoir management to achieve increased regularity and recovery and to realize cost savings across our operations. The aim of such efforts is to steadily increase operational efficiencies and to reduce our exploration, development and production costs.

Our production costs per boe of working interest production over the past three years have remained relatively stable at $12.60/boe and $12.70/boe for the years ended December 31, 2013 and 2014, respectively and $10.30/boe for the year ended December 31, 2015. For the six months ended June 30, 2016, we had average production expenditures of $7.90/boe. This decrease in production costs is driven by our expenditure savings program (as discussed below), weaker euro and Norwegian kroner as well as the commencement of production at our comparatively low-cost fields in Norway and Egypt and the disposal of the comparatively high-cost UK assets. We believe that our production costs for the six months ended June 30, 2016 compares favorably to our peers in our core operating regions.

As a result of the decline in oil prices in 2014, we established an expenditure savings program in December 2014 to adjust our capital and operating expenditures. The focus of the expenditure savings program is to reduce capital and operating expenditures through the identification of project-based savings potential across our entire value chain, excluding expenditures related to quality, health, safety and environmental ("QHSE"). Pending investment decisions have been reviewed and future project investments must meet our investment thresholds on the basis of the current oil pricing environment. We expect to continue to review our operations and implement strategic cost-savings initiatives to mitigate the impact of any further potential commodity price declines and the current price levels. As a result of our expenditure savings program and our competitive production costs, we achieved positive free cash flow before financing, dividends, and corporate M&A during the six months ended June 30, 2016.

Significant reserve base supporting production

Our production is complemented by a significant 2P reserve base. As of December 31, 2015, we had 2P reserves of 575.0 MMboe, representing an approximately 21% increase in 2P reserves from 2014, resulting from the E.ON Acquisition and West Nile Delta and Zidane additions, as well as organic increases.

Approximately half of our 2P reserves of 575.0 MMboe are already developed. Additionally, our 2P reserves are diversified across over 50 individual projects, with our largest fields, West Nile Delta and Skarv representing only approximately 17% and 12% of our 2P reserves, respectively.

Proven ability to successfully execute complex development projects

For over 115 years we have been active across the entire E&P value chain, optimizing production and delivering successful new ventures, exploration and development projects in our core operating regions utilizing the technical, operational and industry experience of our management and employees. We have long-standing operational experience and commercial relationships in each of our core markets, including over 30 years of production activities in Germany, Norway and Egypt.

We are the operator of assets that accounted for approximately 50% of our production during the twelve months ended June 30, 2016, and have further critical in-house capabilities in exploration and development projects. The operatorship of our producing assets and development projects provides us with greater ability to effectively manage production performance, production costs and the nature, timing and amount of capital expenditures in those assets, which is particularly advantageous in light of the current oil price environment. Our operatorship promotes the efficient implementation of our preferred engineering and operating techniques as well as allows us to achieve more favorable assessments in connection with M&A transactions. We believe our extensive operating experience also bolsters our reputation as an influential partner in fields which are operated by other parties.

Our knowledge of our core markets also enables us to successfully develop projects under our operatorship. In Germany, we continue to work with our commercial partners to optimize oil production from Mittelplate, which commenced production in 1987. For example, through the drilling of high-tech, extended-reach production wells, we have successfully extended production of Mittelplate. Prior to the UK Divestment, we successfully brought on-stream natural gas production from the offshore Clipper South and Breagh fields in the UK in 2012 and 2013, respectively. We developed phase one of Breagh in 27 months and Clipper South in 18 months following approval of the respective field development plan. In Egypt, we brought Disouq onstream in 2013, despite the increased political and security risks during a period of public unrest, achieving a working interest production rate of 23.4 kboepd in 2015.

Excellent quality, health, safety and environmental track record

Quality, health, safety and environmental excellence is imperative to our business. We actively manage the safety of all personnel working across our operations, including through the application of health and safety standards, the implementation of security measures at our facilities and internal and external audits of health and safety risks. One of the performance measures we track is the recognized industry metric, lost time injury frequency ("LTIF"). We monitor our injury rates and currently benchmark them on a regional basis due to the varying lost time injury criteria across the countries in which we operate. In Germany our LTIF in 2014 was approximately one-eighth of the German industry

average. In 2014, each of our Norway and UK operations encountered one lost time injury. Overall, our LTIF was 0.28 per million working hours in 2015 (1.97 in 2014).

We carefully manage our impact on the environment and strive to uphold the highest international environmental, health and safety standards. We undertake a wide range of construction-related and operational measures for the conservation of soil and water resources. These include the shielding of local environments by means of special catchment tanks and monitoring facilities. Additionally, one of the critical objectives of our environmental policy is the avoidance of water pollution. To achieve this objective, we define a number of water pollution control measures during the planning phase, prior to the undertaking of any development activity.

We operate in jurisdictions with stringent regulatory regimes, including Germany and Norway. For example, our Mittelplate operations are situated in ecologically-sensitive tidal flats in the Wadden Sea Tidelands National Park, a UNESCO World Heritage area. Oil and gas production in the national park is regulated by legislation that specifies the drilling and extraction methods allowed. Our focus on QHSE is exemplified by the fact that during Mittelplate's production history, spanning over more than 25 years, no environmental incidents have been recorded. To ensure compliance with relevant legislation and regulations, we routinely monitor our activities and constantly adapt our operations to incorporate new innovations and safety measures. We have successfully passed annual QHSE review and have achieved recertification by the relevant governmental regulatory agencies in the German states in which we operate. Additionally, we have been awarded a number of QHSE certificates, including ISO 9001 (*quality*), ISO 14001 (*environmental protection*), ISO 5001 (*energy efficiency*) and OHSAS 18001 (*occupational safety*), reflecting our dedication to maintaining high QHSE standards.

Experienced management team

Our senior management team has significant oil and gas operational experience and considerable regional experience in Germany, Norway, Denmark, Egypt and Algeria, where our core production and development projects are located. We believe this combination of industry and regional expertise has allowed us to develop constructive long-standing working relationships with our commercial partners, including BP, Shell, Statoil and Engie (formerly GDF Suez), our license partners in Norway, national oil companies, including EGPC, our joint venture partner in Egypt, and national and regional governments, local regulators, agencies and communities.

Our Chief Executive Officer, Chief Financial Officer, Chief Commercial Officer and Chief Operating Officer have over 100 years of combined E&P and energy industry experience. Our CEO, Thomas Rappuhn, has served in a number of leadership roles and has extensive international experience. Prior to his appointment as CEO, Mr. Rappuhn served as our COO from 2006 to 2010. Dmitry Avdeev, our CFO since 2016, has senior management experience in a number of energy companies, including serving as CFO of Rosneft. He has also held a number of various senior finance roles, including Partner at L1 Energy and Co-Head of Russian Investment Banking at Morgan Stanley. Dr. Johannes Karlisch, our CCO since 2016, has experience in senior management roles in energy companies, including RWE AG, our prior parent company. He served as our CFO between 2010 and 2016. Our COO, Dirk Warzecha, has extensive international experience, having served as the General Manager of RWE DEA Egypt and as Field Development Manager in North Africa.

We complement our highly experienced executive management team with our eight senior vice presidents for Exploration, Field Development, Geo Support Centre, DEA Norge, Libya/Algeria, Business Development & M&A, OpCo Germany/Denmark, and DEA Egypt, with combined tenure at DEA of over 100 years.

Significant liquidity and financial flexibility

We intend to use the proceeds of the offering of the Notes to partially repay (without cancelling) amounts outstanding under the RBL Facility. As of and for the twelve months ended December 31, 2015, on a *pro forma* and as adjusted basis after giving effect to the offering of the Notes and the use of proceeds therefrom, we had net debt of €1,715.0 million, corresponding to a ratio of net debt to EBITDAX of approximately 1.2x, and the ability to draw additional amounts under our RBL Facility. See "Summary historical financial data—Other pro forma and financial information." We aim to maintain a prudent financial profile and strong balance sheet aligned with our conservative financial strategy. Additionally, we currently have the committed, but undrawn UniCredit Revolving Facility. See "Description of certain financing arrangements—Bilateral Agreements."

Further, we currently have no debt maturities until the second half of 2019, allowing us to minimize the liquidity demands of debt repayment.

Dedicated shareholder support and close cooperation

We benefit from the strong, long-term oriented support of our shareholder, L1 Energy, who has backed our senior management team's vision and long-term strategy. L1 Energy, an investment vehicle of LetterOne, is focused on the establishment of a safe and sustainably growing global oil and gas company. DEA represents L1 Energy's key operating platform covering Europe and North Africa. L1 Energy has emphasized its commitment to our long-term goal of increasing production in our core operating geographies by funding organic and inorganic growth, including selective strategic acquisitions.

We also benefit from the extensive oil and gas industry experience of L1 Energy's management team, led by Executive Chairman Lord Browne of Madingley, the former CEO of BP plc and Advisory Board which also includes Mr. Chip Goodyear, the former CEO of BHP Billiton, Mr. Andrew Gould, the Non-Executive Chairman of BG Group and former Chairman and CEO of Schlumberger Limited, Mr. Tony Hayward, the Chairman of Genel Energy PLC and the former CEO of BP plc, and Mr. Stan Polovets, the former CEO of AAR Consortium.

Our strategy

Our aim is to continue developing existing assets and consider further growth opportunities.

Grow production and execute key projects

We intend to continue generating the greatest possible return from our existing core assets through pro-active management and lower-risk upgrades. Our existing portfolio of producing assets in Germany, Norway, Denmark and Egypt has delivered stable returns over the last three years, with total average daily production of 84 kboepd, 101 kboepd, and 115 kboepd (excluding the effect of the E.ON Acquisition) for the years ended December 31, 2013, 2014 and 2015, respectively. We intend to optimize returns from our producing fields in Northwestern Europe and Egypt by using established and new technologies to maximize recoveries of in-place oil and gas and manage natural decline rates by strategic infill drilling and enhanced oil recovery projects. We also believe that there is potential to find new reservoirs at these maturing assets. Mittelplate is an example of the successful optimization of our production from a mature asset in production since 1987 where the introduction of high-tech, extended-reach production wells, has opened up new production opportunities. Further, we and our commercial partners intend to extend the production life of the Snorre field in Norway through the Snorre 2040 Project, encompassing, among other things, the drilling of additional production wells and gas import and injection, and would commence following a final investment decision scheduled for 2017. Additionally, following the E.ON Acquisition, we plan to invest in the refurbishment of the Njord platform, which we estimate will allow us to restart production from the Njord field by 2021. We are also focused on ensuring that all of our key infrastructure maintains high reliability levels in order to facilitate consistent delivery of target production levels. Further, we intend to leverage the value of our existing infrastructure by developing new, smaller deposits in the vicinity of our existing production facilities and within existing license areas that would otherwise be uneconomic without the ability to utilize such existing infrastructure.

We are focused on increasing production in Northwestern Europe where we believe that there is considerable scope for growth. To achieve this goal, we intend to pursue, with the support of L1 Energy, strategic asset development and production opportunities in Norway and Denmark, and acquisitions of producing assets in Germany.

Finally, we seek to continue collaborating with our commercial partners to successfully bring production on-stream at West Nile Delta and Reggane, our core development projects in Egypt and Algeria, respectively. West Nile Delta, operated by BP, is our largest development project, representing 97.7 MMboe, or 17%, of our 2P reserves as of December 31, 2015. The first two fields of the West Nile Delta development, Taurus and Libra, are scheduled to come on-stream in 2017, with the remaining fields scheduled to start production in 2019. Under the project development plan, natural gas production from West Nile Delta is planned to reach up to approximately 1.4 bcfd, representing approximately one-fifth of Egypt's current natural gas production. In Algeria, development drilling commenced at the Reggane gas project in January 2015. The initial drilling campaign envisages the drilling of 26 development wells. Production from Reggane is scheduled to commence during the second half of 2017.

Increase value through balanced organic and inorganic growth

Regular portfolio management and enhancement are integral aspects of our exploration, development and production strategy through which we seek to realize value at an appropriate point in the life cycle of an asset. We continually review macroeconomic, technical and competitive data with respect to our exploration portfolio.

Exploration is important to our operations and supports our plan to increase future production. Our exploration team has excellent regional and technical experience and know-how. Since 2005, our exploration activities have been primarily focused in North Africa and Norway. As part of our portfolio management strategy, we intend to continue to

refocus our exploration activities. This regional re-focus is complemented by a focus on near-field exploration prospects with a high probability of reserves additions, creating the possibility to benefit from faster commercialization tracks as well as emerging basins with potential to identify multiple plays such as in the Barents Sea. We aim to benefit from our existing operational infrastructure and economies of scale to target additional opportunities in our core operating regions. As part of this strategy, and in light of the limited potential of these licenses, we are withdrawing from exploration activities in Turkmenistan, Trinidad & Tobago, Suriname and Guyana, where we held or currently hold licenses. However, to complement our organic growth strategy, we also consider selective strategic acquisitions of companies and/or interests in licences in our core and non-core operating regions as well as other regions. As a result, we continue to monitor new opportunities for exploration and production internationally.

In order balance our risk profile, our goal is to cap exploration expenditures at 15% of our overall post-tax investment budget.

Focus on costs and capital efficiency

We aim to maintain a conservative financial profile and strong balance sheet with ample liquidity. We expect to fund exploration and development activities from a combination of production cash flows, proceeds of debt issuances and, potentially through the proceeds of any portfolio management activities, such as farm-downs or sales. Our financial policy is to maintain what we and L1 Energy consider to be appropriate leverage levels. Our current target ratio of net debt to EBITDAX is 2.0x, with the possibility of temporary increases to up to 2.5x in the event of a major acquisition. We intend to maintain a conservative approach to acquisitions, considering potential future acquisitions that satisfy this policy. As of and for the year ended December 31, 2015, on a *pro forma* and as adjusted basis after giving effect to the offering of the Notes offered hereby and the application of the net proceeds therefrom, we would have had a ratio of net debt to EBITDAX of approximately 1.2x. See "Summary of historical financial data—Other historical and as adjusted financial information." We also intend to continue to maintain a balanced ratio between secured debt represented by the RBL Facility and unsecured debt.

We also seek to monetize certain assets, through divestiture or farm-downs. For example, we completed a farm-down of our interest in the West Nile Delta development to 17.25% in 2015 for a consideration of $100 million. Partial sales or farm-downs enable us to monetize value early in the life-cycle of an asset and de-risk our interests by reducing our exposure to an asset and associated development and other expenditures.

We closely monitor liquidity risk through cash flow forecasts and sensitivity analyses. We manage our credit risk by assessing the creditworthiness of potential counterparties before entering into transactions and through ongoing creditworthiness evaluations with respect to ongoing transactions. We maintain insurance that we believe is consistent with customary industry practices in the jurisdictions in which we do business. We believe that we maintain a prudent risk management policy based on our continuous monitoring of market conditions. In addition, we use derivative financial instruments and physical forward sales to limit our exposure to fluctuations in oil and gas prices. We have a commodity hedge policy through which we seek hedge approximately 20% of our production over a three- to five-year period using swaps and fixed price delivery contracts. See "Description of certain financing arrangements—Hedging arrangements".

Continue to deliver high QHSE standards and sustainability of operations

We are committed to sustainable business development. We will continue to focus on maintaining high safety and operational standards, which we believe are required for doing business in our markets. We believe that our high-quality customer service, highly-skilled and competent employees and our strong health and safety track record are key factors driving our ability to win new oil field services and natural gas storage contracts, and to renew and extend such existing contracts. We are focused on continuing to strengthen our customer relationships with the goal of becoming the partner of choice based on our technical and commercial excellence, environmental consciousness and sustainable business development. We intend to achieve this goal by: (i) maintaining the current high quality of our service when operating our rigs and natural gas storage facilities, (ii) continuing to train and retain our highly-qualified employees, (iii) maintaining our strong health and safety track record and (iv) engaging in an intensive dialogue with our commercial and community partners and other stakeholders about our operations and policies. We plan to continue to devote appropriate resources to safeguarding the health, safety and security of our employees, contractors and third parties on our rigs and in our natural gas storage facilities. We intend to maintain operational and technical integrity through maintaining and certifying our equipment to the highest international standards and training and developing our personnel to execute operations safely, professionally, efficiently and cost effectively.

Our history

1899–1966 ...... Deutsche Erdoel Aktiengesellschaft is founded in 1899.

1966–1987	Public takeover by Texaco; start of production in the Egyptian oil fields Ras Budran, Zeit Bay and Ras Fanar in the Gulf of Suez; Mittelplate Drilling and Production Island commences production in the North Sea.
1988–1998	Company name changed to "RWE-DEA Aktiengesellschaft für Mineraloel und Chemie".
1998–2002	German upstream company Deminex broken up, with RWE-DEA acquiring Norwegian and Egyptian assets; sale of downstream and chemical business.
2002–2005	Company name changed to "RWE Dea AG"; first gas discoveries in Egypt and Norway; completion of Mittelplate pipeline link to Dieksand Land Station.
2006–2014	Sale of certain assets in Kazakhstan and Norway; country entries in Turkmenistan, Trinidad & Tobago, Suriname and Guyana; LNG exports begin from Snøhvit field; significant natural gas strike in Egypt; production begins in Disouq Field in Egypt.
2015	Production commences at Knarr field in Norway; RWE DEA AG was acquired from RWE by L1 Energy; our name was changed to "DEA Deutsche Erdoel AG"; in November we sold our UK Assets; in December we completed the E.ON Acquisition.

Since our inception in 1899, we have grown both organically and through acquisitions. Our initial operations consisted of upstream, refining, chemicals storage and mining in Germany and, in the first 60 years of our existence, we expanded our upstream activities to Austria, Denmark, Norway, Syria, Turkey, the Persian Gulf and South America.

Our first major transition as a company began in 1966, with a public takeover by Texaco. The period following our takeover saw the German Schwedeneck See and Mittelplate offshore oil fields come online, as well as the successful expansion of our Wietze laboratory in Wietze, Germany, which supports our operations with analytical investigations and advisory services in the fields of geoscience and production chemistry, to provide services to Texaco Eastern Hemisphere. From 1983 to 1984, production commenced in the Egyptian oil fields Ras Budran, Zeit Bay and Ras Fanar in the Gulf of Suez. In 1987, our Mittelplate Drilling and Production Island commenced production in the North Sea.

From 1988, following our name change to "RWE-DEA Aktiengesellschaft für Mineraloel und Chemie", we oversaw the start of production in the Völkersen field, the discovery of the Hanze field in the Netherlands and our entry into Kazakhstan.

Over the course of 1998 to 2002, the German upstream company Deminex (of which we held an 18.5% interest) was broken up. Following the dissolution, we retained all of Deminex's Norwegian and Egyptian assets while assets in the Netherlands went to Veba Oil. During this period we sold our downstream and chemical businesses, becoming a primarily upstream enterprise. In 2005, the Mittelplate pipeline link was completed, connecting our Mittelplate Drilling and Production Island to our processing and refining facilities at Dieksand Land Station and allowing for a significant increase in production levels.

Following this sale of these businesses and under our new name, "RWE Dea AG", we acquired Highland Energy UK, oversaw our entry into Libya and Algeria and achieved first gas in Egypt and Norway.

From 2006 to 2014, we sold assets in Norway and Kazakhstan and acquired the Clipper South and Breagh fields in the UK. This period also saw our entry into Turkmenistan, Trinidad & Tobago, Suriname and Guyana. In 2007, our first export of LNG left the Snøhvit field in Norway and significant natural gas strikes occurred in Egypt. In 2013, production began from the Disouq field in Egypt.

In 2015, production commenced in the Knarr field in Norway and, in March 2015, DEA was acquired from RWE by L1 Energy. In December 2015, we completed the E.ON Acquisition, strengthening our Norwegian portfolio and complementing its significant upside potential in terms of further growth as well as synergies, and completed the process of selling our relatively higher-cost UK Assets.

Overview of our assets

Our portfolio of assets consists of production facilities in Germany, Norway, Denmark and Egypt, ongoing development projects in Egypt and Algeria and new ventures and exploration opportunities in Germany, Norway, Denmark, Egypt and Algeria. Our total working interest production for the twelve months ended June 30, 2016 was 156.0 kboepd (45% oil, 55% gas).

The following table provides a summary of what we consider our core production licenses and development assets.

Asset/Project	Current working interest	Current Operator	Phase

Germany			
Mittelplate	50.00%	DEA	Production
Völkersen	100.00%	DEA	Production
Pool Hemsbünde(1)	26.99%	DEA/EMPG	Production
Pool Söhlingen	20.61%	EMPG	Production
Pool Bötersen(1)	11.83%	DEA/EMPG	Production
Weissenmoor	30.00%	DEA	Production
Norway			
Gjøa	8.00%	Engie(2)	Production
Knarr	10.00%	BG	Production
Snøhvit Unit	2.81%	Statoil	Production
Snorre Unit	8.57%	Statoil	Production
Zidane	40.00%	DEA	Development
Njord	30.00%	Statoil	Production
Skarv	28.08%	BP	Production
Denmark			
Nini	42.86%	DONG	Production
Nini East	42.86%	DONG	Production
Cecilie	43.59%	DONG	Production
Egypt			
Ras Budran	100.00%	SUCO(3)	Production
Ras Fanar	100.00%	SUCO(3)	Production
Zeit Bay	100.00%	SUCO(3)	Production
Disouq	100.00%	SUCO(3)	Production
West Nile Delta(4)	17.25%	BP	Development
Algeria			
Reggane Nord	19.50%	Groupment Reggane	Development

(1) We and our commercial partners have entered into pooling agreements with respect to the Hemsbünde and Bötersen fields. See "Business—Material agreements relating to our assets—Agreements governing petroleum activities—Germany".

(2) Formerly GDF Suez

(3) We hold a 100% working interest in each of these fields. Additionally, we operate each field through our joint venture, the Suez Oil Company ("SUCO"), with the EGPC. We and the EGPC each own 50% of SUCO.

(4) Represents our working interest, following the farm-down of our interest, across North Alexandria and West Mediterranean Deepwater, the two concessions that encompass the West Nile Delta.

Summary of historical reserves, resources and operating data

Typical to the industry in which we operate, there are a number of uncertainties inherent in estimating quantities of 1P and 2P reserves. Therefore, the reserve information in this Offering Memorandum represents only estimates. Reserve assessment is a subjective process of estimating underground accumulations of oil and gas that cannot be measured in an exact manner. The accuracy of any reserve estimate is a function of a number of variable factors and assumptions, many of which are beyond our control, including the quality of available data and of engineering and geological interpretation and judgment. As a result, estimates of different reserve assessors may vary. In addition, results of drilling, testing and production subsequent to the date of an estimate may justify revising the original estimate. Accordingly, due to the inherent uncertainties and the limited nature of reservoir data and the inherently imprecise nature of reserves estimates, the initial reserve estimates are often different from the quantities of oil and gas that are ultimately recovered. The accuracy of such estimates depends primarily on the accuracy of the assumptions upon which they were based. For a summary of certain assumptions used in reporting our estimates, see "Presentation of financial and other information—hydrocarbon data." The following reserve information should be read along with the section entitled "Risk factors—risks relating to the oil and gas industry."

Potential investors should note that the RPS Reports have not estimated commercial reserves under the standards of reserves measurement applied by the SEC (the "SEC basis") for any of the relevant periods reviewed in the Offering Memorandum, or otherwise. The SEC basis differs from PRMS. See "Presentation of financial and other information."

Our oil and gas reserves data presented herein has been prepared by management and audited by RPS, our independent reserve engineer, in accordance with the SPE PRMS, as follows:

- "1P reserves," or "proved reserves," are those quantities of petroleum, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations. If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate.

- "2P reserves," or "proved plus probable reserves," are 1P reserves plus those additional reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than 1P reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the estimated 2P reserves. In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P reserves estimate.

The following table sets forth certain information with respect to our reserves as of the years ended December 31, 2014 and 2015.

	As of December 31,	
(MMboe unless otherwise stated)	**2014**	**2015**
Proved Reserves (1P):		
Germany	92.3	106.9
Norway	54.3	134.0
Denmark	2.0	2.2
Egypt	115.2	126.8[1]
Other[2]	14.7	26.6
Total (excluding UK Assets)	**286.7**	**398.8**
United Kingdom	47.8	—
Total (including UK Assets)	**335.4**	**398.8**
Oil (MMbbl)	88.6	75.4
Gas (bcf)	1,413.0	1,801.2
Percent oil	26.4	20.3
Reserve life (years)[2]	7.8	7.0
Probable Reserves (2P):		
Germany	126.6	137.4
Norway	127.7	214.2
Denmark	2.0	2.2
Egypt	157.5	175.8[1]
Other[3]	31.4	42.9
Total (excluding UK Assets)	**412.7**	**575.0**
United Kingdom	61.8	
Total (including UK Assets)	**475.5**	**575.0**
Oil (MMbbl)	134.8	126.8
Gas (bcf)	1,957.9	2,517.9
Percent oil	28.4	22.1
Reserve life (years)[3]	11.0	10.2

Source: RPS Reports and management estimates

(1) Reflects the farm-down of our West Nile Delta working interest to 17.25%.

(2) Based on net working interest in reserves and net working interest in production.

(3) Represents reserves associated with other North African assets.

Internal Controls over Reserves Estimates

Our policy regarding internal controls over the recording of reserves is structured to objectively and accurately estimate our oil and gas reserve quantities and values in compliance with 2007 SPE/AAPG/WPC/SPEE PRMS. These definitions and guidelines are designed to provide a common reference for the international petroleum industry, including national reporting and regulatory disclosure agencies, and to support petroleum project and portfolio management requirements. They are intended to improve clarity in global communications regarding petroleum resources. Our petroleum Reservoir Simulation Department under the leadership of the Geo Support Centre management maintains oversight and compliance responsibility for our internal reserve estimate process and provides appropriate data to our independent auditors, RPS, for the annual estimation of our year-end reserves.

1P and 2P reserves are estimated using standard recognized evaluation techniques. The estimates for each asset are prepared by management and audited by RPS annually or more frequently upon the occurrence of a material change or acquisition. We provide RPS technical information including production, geological, geophysical, petrophysical, engineering and financial data as well as fiscal terms applicable to the various assets. Future development costs are provided consistent with the activities required to produce the 1P and 2P reserves. RPS audits the information provided and recommends changes to the technical assumptions as required.

Qualifications of third-party engineers

The technical personnel responsible for preparing the certification of our reserve estimates at RPS meet the requirements regarding qualifications, independence, objectivity and confidentiality set forth by the Society of Petroleum Engineers. RPS is an independent consultancy and does not own an interest in our properties and is not employed on a contingent fee basis. See "*Presentation of Financial and Other Information*."

Key producing assets

Germany

We consider our core producing assets in Germany to consist of the Völkersen, Mittelplate, Pool Hemsbünde and Pool Söhlingen fields.

Völkersen

Overview

Völkersen is an onshore gas field, located in Northern Germany approximately 30 kilometers southeast of Bremen in a mainly agricultural and forested area around small towns. It is one of the major gas producers in the Lower Saxony Rotliegend Fairway and has been on-stream since 1994.

We have a 100% interest in the Völkersen field and operate under the production licenses "Rotenburg-Völkersen". See "—Material agreements relating to our assets—Agreements governing petroleum activities—Germany." The table below sets out key details relating to the field:

Location:	Germany
Production Facility:	De-central gas-dehydration, 2 central processing plants (Langwedel), 1 compressor station (Brammer)
DEA Working Interest:	100%
License Operator:	DEA
Field Partners:	—
License expiration:	2028
Average production during the year ended December 31, 2015:	Gross/Our Net: approx. 18.2 kboepd

During the year ended December 31, 2015, the Völkersen field production accounted for approximately 11% of our total oil and gas production. For the year ended December 31, 2015, gross production at Völkersen averaged approximately 18.2 kboepd. Gross production was approximately 16.7 kboepd at the end of June 2016.

Our net reserves associated with the Völkersen field as of December 31, 2015 are shown in the following table.

Völkersen Reserves	
Gas (bcf)	Total (MMboe)

Proved Reserves (1P)	207.7	34.0
Probable Reserves (2P)	300.0	49.1

Source: RPS Report

Field technical background and development

The Völkersen gas field was discovered 1992 and came on-stream in 1994. The current production license expires in 2028, but is expected to be extended afterwards. The main field development commenced in 1996 and is still ongoing. The development consists of eight drilling sites, 18 production wells and one water disposal well. The wellheads are connected to eight decentralized gas processing plants and two central processing plants in Langwedel for water and hydrocarbon dewpointing. Approximately 30 kilometers of gas flowlines, mainly for dry gas, route gas from the wells to the processing plants and to the central compression station in Brammer. A sixth well central unit is connected to the rest of the field by a local pipeline infrastructure. An additional booster compression was commissioned in November 2014 in Brammer.

Future plans and outlook

Our primary focus for the Völkersen gas field will be to optimize production and sidetrack less productive wells to infill locations. Furthermore, as the field is prepared for its tail end phase we plan to incorporate velocity strings and improve facilities. Production optimization will also include an additional compression train in Brammer.

Mittelplate

Overview

The Mittelplate field is located in the Elbe estuary mouth within the North Sea tidal flats of the Wadden Sea, approximately 8 kilometers offshore Germany, close to the small town of Friedrichskoog. We have drilled a total number of 39 wells plus 18 geological sidetracks and laterals. There are currently 28 producers and ten injectors, eight of which are active. Electric submersible pumps (“ESP”) have been put in place, along with permanent downhole pressure and temperature gauges and ESP production metering. Water flooding as a means of pressure support has been in place since the early production phase of the Dogger Beta sandstone, the largest of the Mittelplate reservoirs in terms of reserves. Injection into Delta/Epsilon sandstones began in 2000. The wells are operated from an artificial island in the Wadden Sea, as well as an onshore production site at Dieksand.

The Mittelplate drilling and production island is constructed on the sandy tidelands in the form of a compact, steel-and-concrete basin and is surrounded by high sheet pile walls facing the Wadden Sea. The oil produced on Mittelplate Island is pumped through a 10 kilometer pipeline to the Dieksand onshore treatment facilities. Associated gas separated from the oil on the island is used for power generation. Water extracted from the oil is injected back into the reservoir for pressure maintenance. The oil from Mittelplate and Dieksand is routed to the processing plant at the Dieksand Land Station, where it is de-gassed, de-watered and de-salted. The oil is then stored in four flat-bottomed tanks and exported via pipeline to Brunsbüttel and Heide refineries. The water separated from the oil is pumped back via a pipeline to the Mittelplate island. The associated gas is compressed and dehydrated before entering the pipeline to Brunsbüttel. The condensate separated is pumped to Brunsbüttel as well.

We have a 50% working interest in the field and also hold the operatorship pursuant to a joint venture agreement with Wintershall. See “—Material agreements relating to our assets—Agreements governing petroleum activities—Germany.”

The table below sets out key details relating to the field:

Location:	Germany
Production Facility:	Mittelplate Drilling and Production Island & Dieksand Land Station
DEA Working Interest:	50%
License Operator:	DEA
Field Partners:	Wintershall (50%)
License expiration:	2041
Average production during the year ended December 31, 2015:	Gross: 25.0 kboepd / Our Net: 12.5 kboepd

For the year ended December 31, 2015, gross production at the Mittelplate field averaged approximately 25.0 kboepd, of which 12.5 kboepd represented our share. Through June 2016, gross production was approximately 12.8

kboepd. During the year ended December 31, 2015, production from the Mittelplate field accounted for approximately 8.0% of our total oil and gas production.

Our net reserves associated with the Mittelplate field as of December 31, 2015 are shown in the following table.

	Mittelplate Reserves		
	Oil (MMbbl)	**Gas (bcf)**	**Total (MMboe)**
Proved Reserves (1P)	39.8	1.4	40.0
Probable Reserves (2P)	55.3	1.6	55.5

Source: RPS Report

Field technical background and development

Mittelplate is Germany's largest oilfield. It was discovered in 1980 by our predecessor, Deutsche Texaco, when drilling the pilot well MIPL 1 near the estuary of the River Elbe in tidal waters. The well encountered a gross pay zone of 36 meters and tested at rates of 3,000 b/d from two Jurassic intervals and 1,000 b/d from a Lower Cretaceous interval. Two appraisal wells were subsequently drilled in 1981 confirming the extent of the Mittelplate reservoir. A 30 year production license was granted and a unique artificial island was constructed, which now holds the Mittelplate offshore drilling and production facility; operating within a national park and a UNESCO World Natural Heritage Site. Since then, the production license has been extended until the year 2041.

The field consists of various sandstone reservoirs (Dogger Beta, Gamma, Delta, Epsilon, Bückeberg) that are being developed from two different locations, the offshore platform Mittelplate A and Dieksand, a nearby onshore facility, from where seven extended reach wells were drilled. In 2002, those drilling operations set a world record in extended reach drilling by achieving a horizontal length of nine kilometers.

The field is being developed by applying the latest and highly sophisticated technology, drilling multi-lateral wells and facilitating those with ESP completions. Our use of the state-of-the-art "geosteering" method enables us to find the optimum well path through multi-layer reservoirs with a maximum net thickness of only 10 meters and some layers being only two to four meters thick.

We reached a major milestone in October 1987, when the first double-walled barge for transporting crude oil was completed to ship the test production from Mittelplate to shore.

By the end of 1989, the six wells of the pilot schedule had been successfully drilled, completed and put on stream. When production increased with new wells going on stream, the capacity of the barge was no longer sufficient and another double-walled barge was taken into service in order to being able to ship off the large amounts of crude. The increase in associated gas was dealt with by installing a second gas turbine on the artificial island.

In October 1997, we completed exploration/appraisal well Dieksand-1. The well was spudded from an onshore location seven kilometers east of Mittelplate and targeted the eastern part of the reservoir on the flanks of the Büsum salt diapir. Development/appraisal well Dieksand-2 was spudded in December 1997 and reached the reservoir in a distance of 7,727 meters with onshore production beginning in April 2000.

Since the beginning a total of seven development wells have been drilled from the Dieksand location, targeting the more productive reservoirs Dogger Delta and Epsilon in the East of the field.

In 2005, a pipeline was constructed through the Wadden Sea that since then safely connects our offshore facility with the onshore crude oil terminal. This led to a strong decrease in annual downtime to now only 3% (field total), accounting for ESP breakdowns.

The artificial island is continuously improved by maintenance and upgrades, including scour protection and new living quarters. Furthermore, the steady increase in water cut of the wet oil had made it necessary to upgrade the process facilities. Introducing our new, and self-operated, drilling rig in 2005 enabled us to drill more multi-lateral wells and extended reach wells up to a length of 6.2 kilometers.

Future plans and outlook

We plan on drilling the next extended reach drilling ("ERD") wells, with lengths up to 6,100 meters, north of Mittelplate Dogger Beta. Further, various sidetracks are being technically evaluated as infill wells.

The majority of the remaining reserves are expected in the southern part of the oil field. Due to the limitation of the Mittelplate drilling and production island being the only available surface location, it will be necessary to drill total well lengths of more than 6,000 meters and up to 9,000 meters to reach the south-western part of the Dogger Beta reservoir. Technical feasibility and concept evaluation have been partly finalized. Specific engineering and well delivery process has started for the first Beta-South wells. This includes multi-lateral drilling combined with ERD. Continuous drilling of the Dogger Beta sandstone will proceed until 2023.Various enhanced oil recovery ("EOR") methods are under investigation. Field tests for polymer flooding and water shutoff measures are in preparation.

Pool Hemsbünde

Overview

Pool Hemsbünde, an onshore gas field discovered in 1985, is located in Lower Saxony in the North West German Basin. We have a 26.99% interest in the Pool Hemsbünde and we co-operate the field with EMPG under a concession agreement. See "—Material agreements relating to our assets—Agreements governing petroleum activities—Germany."

The table below sets out key details relating to the field:

Location:	Germany
Production Facility:	De-central gas de-hydration, 2 central processing plants (Hemsbünde, Westerholz), 2 compressor stations (Brammer; Söhlingen (non DEA-operated))
DEA Working Interest:	26.99%
License Operator:	DEA
Field Partners:	EMPG (58.99%); WIAG (8.99%) and Engie (formerly GDF Suez) (5.02%)
License expiration:	2045
Average production during the year ended December 31, 2015:	Gross: approx. 7.4 kboepd / Our Net: 2.0 kboepd

Our net reserves associated with Pool Hemsbünde as of December 31, 2015 are shown in the following table.

	Pool Hemsbünde Reserves	
	Gas (bcf)	**Total (MMboe)**
Proved Reserves (1P)	50	8.2
Probable Reserves (2P)	50	8.2

Source: RPS Report and management estimates

Field technical background and development

The discovery well Westerholz Z1 was drilled in 1985 followed by several appraisal wells and the field was brought on production in late 1986. The full field development consists of ten wells. The northern part of the field is drained by four wells with a central Gas-Dehydration-Unit ("GDU") located at the Westerholz well-site. Gas is transported to the Brammer compression station. The southern part of the field is currently produced by five wells with a GDU located at HMSB Z1 and gas is transported to the Söhlingen compression station.

The development phase included reservoir quality and gas bearing potential evaluation of the entire Rotliegendes sequence in the Hemsbünde area, with one infill well drilled at a later stage added to the count.

The Hemsbünde Pool encompasses ten wells at nine drilling sites. At well sites the gas is pre-treated by dehydration with glycol. Hydrocarbon dew point is controlled by a central refrigeration plant. Gas from five wells is routed to the gas compression facility in Söhlingen (EMPG-operated), and the remaining wells to the compression facility Brammer (DEA-operated).

Future plans and outlook

The field is in tail-end production, with various well stimulation and work-over strategies at hand which are carried out as needed to counteract production decline and to improve recovery. Further acceleration and production increment from less efficiently drained areas bear the potential for additional wells in the future.

Pool Söhlingen

Overview

We have a 20.61% interest in Pool Söhlingen. The field is located approximately 18 kilometers east of Rotenburg, and EMPG operates the field under a joint operating agreement. See "—Material agreements relating to our assets—Agreements governing petroleum activities—Germany."

The table below sets out key details relating to the field:

Location:	Germany
Production Facility:	GDU and compression station
DEA Working Interest:	20.61%
License Operator:	EMPG
Field Partners:	BEB Erdgas & Erdoel (51.91%); Mobil (20.61%) and Wintershall (6.87%)
License expiration:	31.12.2045
Average production during the year ended December 31, 2015:	Gross: approx. 12.1 kboepd / Our net: 2.5 kboepd(1)

(1) Production share differs from working interest due to underlift balancing.

Our net reserves associated with Pool Söhlingen as of December 31, 2015 are shown in the following table.

	Pool Söhlingen Reserves	
	Gas (bcf)	**Total (MMboe)**
Proved Reserves (1P)	56.5	9.2
Probable Reserves (2P)	56.5	9.2

Source: RPS Report and management estimates

Field technical background and development

The Söhlingen gas field was discovered in 1980 by Söhlingen Z1 well and appraised by Söhlingen Z2 on the western edge and Söhlingen Ost Z1 in the east. First gas came on-stream in October 1982 and the total field was developed by 25 further wells focusing on multiple reservoirs in Rotliegend gas bearing sandstones. Today's production comes from an area covering two separate licenses, the Rotenburg (Söhlingen) license and the Schneverdingen (Söhlingen-Ost) licence. DEA's share in the corresponding pooled area amounts to 20.61%.

Currently the gas is treated in a GDU and compression station located at Söhlingen, and then further transported to Lehringen.

Future plans and outlook

Field production is in natural decline with some of the wells receiving regular treatments to assist in lifting the associated liquids of a field in its tail-end production. A recent seismic reprocessing effort is expected to help in revealing undrained remaining potential to be addressed either by future wells or sidetracks from existing ones.

Norway

We consider our core producing assets in Norway to consist of Skarv, Idun, Snadd, Gjøa, Knarr, Snøhvit and Snorre.

Skarv Area

Overview

Skarv Area, blocks 6507/2 & 3, 6507/5 & 6, comprises several oil and gas reservoirs of which Skarv and Idun fields have been developed while the Snadd discovery is being considered for future development. The assets are located in the Norwegian Sea, approximately 45 km north of the Heidrun field. Skarv was discovered in 1998 and Idun in 1999 and production started from both fields on December 31 2012. The water depth in both areas ranges from 350 to 450 meters.

The development is comprised of a purpose-built, large FPSO, five subsea templates with 24 slots and fifteen subsea development wells. The oil is offloaded and exported via dedicated tankers and gas exported via the Åsgard Transportation System (ÅTS) to Kårstø in southern Norway for NGL processing and onward transmission for sales in Europe.

We have a 28.08% working interest in the unitized Skarv Area where BP operates the field under a joint operating agreement. See "—Material agreements relating to our assets—Agreements governing petroleum activities—Norway." The table below sets out key details relating to the field:

Location:	Norway
Production Facility:	Skarv FPSO
DEA Working Interest:	28.08%
License Operator:	BP Norge AS (23.84%)
Field Partners:	Statoil (36.17%); PGNiG (11.92%)
License expiration:	2029 (Idun license) and 2033 (Skarv license
Average production during the year ended December 31, 2015:	Gross: approx. 144.3 kboepd / Our Net: 40.5 kboepd

For the year ended December 31, 2015, gross production at the Skarv Area fields averaged approximately 144.3 kboepd, of which 40.5 kboepd represented our share.

During the year ended December 31, 2015, the Snadd well produced approximately 100 mmscf/d under a temporary permit.

Our net reserves associated with the Skarv field as of December 31, 2015 are shown in the following table.

	Skarv Area Reserves			
	Oil (MMbbl)	Gas (bcf)	NGL amd Condensate (MMbbl)	Total (MMboe)
Proved Reserves (1P)	9.0	160.2	4.0	41.7
Probable Reserves (2P)	17.8	256.7	6.9	70.7

Source: RPS Report and management estimates

Field technical background and development

Skarv's production strategy is to initially maximize liquids production by gas injection. In total there are eleven producers and four injectors. In addition one well on the Snadd structure is connected to the FPSO, acting as a long-term test of the Snadd reservoir.

Through debottlenecking (i.e., equipment optimization), FPSO topside processing capacity has been increased by approximately 10% (from 19 to 21 Msm^3/d).

The production plan currently entails blowing down oil reservoirs, lowering inlet pressure and recovering additional liquids by breaking pre-installed glass plugs in some of the wells.

Future plans and outlook

Key future activities include continued production optimization of the Skarv and Idun production wells. For the medium-term, evaluations of further infield wells are being evaluated together with drilling of exploration wells.

Our upcoming significant projects involve the Snadd gas and condensate discoveries. These discoveries are located west of Skarv and contain approximately 160 MMboe to 200 MMboe gross resources. One test well is already on production and has shown valuable dynamic reservoir data. Production at Snadd is planned for early 2017. We plan to build a sub-sea development including 3+3 subsea wells with templates and flowlines to connect with the Skarv FPSO. First production is expected around 2020 or 2021. Production build-up and peak rates will be optimized with ongoing Skarv production.

Gjøa

Overview

Gjøa is an oil and gas field located in blocks 35/9 and 36/7 in the Norwegian North Sea, approximately 50 kilometers north-east of the Troll field and 40 kilometers north of the Fram field. The water depth in the area is 360 meters.

The development comprises five subsea templates tied to a semi-submersible production and processing facility. The Gjøa facility is partly supplied with power from shore. Vega and Vega Sør are tied to the Gjøa facility.

Stabilized oil is exported through a pipeline connected to Troll Oljerør II, for further transport to Mongstad. Rich gas is exported by pipeline to the Far North Liquids and Associated Gas System (FLAGS) transport system on the UK continental shelf, for further transport to St. Fergus.

We have an 8.00% working interest in the Gjøa field. Engie E&P Norge AS (formerly GDF Suez E&P Norge AS) operates the field under a joint operating agreement. See "—Material agreements relating to our assets—Agreements governing petroleum activities—Norway." The table below sets out key details relating to the field:

Location:	Norway
Production Facility:	Gjøa Platform
DEA Working Interest:	8.00%
License Operator:	Engie E&P Norge AS (formerly GDF Suez E&P Norge AS) (30.00%)
Field Partners:	Petoro AS (30.00%); Wintershall Norge AS (20.00%) and A/S Norske Shell (12.00%)
License expiration:	2028
Average production during the year ended December 31, 2015:	Gross: 101.1 kboepd / Our Net: 8.1 kboepd

For the year ended December 31, 2015, gross production at the Gjøa field averaged 101.1 kboepd, of which 8.1 kboepd represented our share. Gross production was 105.6 kboepd at the end of June 30, 2016.

Our net reserves associated with the Gjøa field as of December 31, 2015 are shown in the following table.

Gjøa Reserves

	Oil (MMbbl)	Gas (bcf)	NGL (MMt)	Total (MMboe)
Proved Reserves (1P)	1.0	21.0	0.1	5.5
Probable Reserves (2P)	1.9	47.1	0.2	12.0

Source: RPS Report and management estimates

Field technical background and development

Gjøa was discovered in 1989, when Norsk Hydro as operator for PL 153 drilled exploration well 35/9-1. The well discovered gas and small quantities of oil. This discovery was followed by well 35/9-2 in 1991, which was drilled in the southwestern part of the field and proved the presence of both oil and gas. Well 36/7-1 was drilled in 1996 in the eastern part of the field and both oil and gas were found. In 1997, another two exploration wells were drilled. In well 35/9-3, north of Gjøa, smaller quantities of oil and gas were found. In well 36/7-2, biodegraded oil was found at a depth of only 910 meters.

Gjøa is drained by pressure depletion with a total of 11 production wells. Segments P1 and P5 are produced by one crestal gas producer each, The oil zones are drained by seven horizontal oil producers, of which four are dual branched, giving a total of eleven laterals in the reservoir. Gas lift is available if required. The field is now in the blow-down phase, where two additional gas wells are producing from the crest of the P2 and P3 segments in addition to the lateral wells.

Knarr

Overview

The Knarr (Central and West) discoveries are located in water depth of 140 meters in the North Tampen region of the North Sea approximately 120 kilometers west of Florø and approximately 30 kilometers northeast of the Snorre Field.

We have a 10.00% working interest in the Knarr field and Norske Shell AS operates the field under a joint operating agreement. See "—Material agreements relating to our assets—Agreements governing petroleum activities—Norway." The table below sets out key details relating to the field:

Location:	Norway
Production Facility:	Knarr FPSO
DEA Working Interest:	10.00%
License Operator:	Norske Shell AS (45.00%)
Field Partners:	Idemitsu Petroleum Norge AS (25.00%) and Wintershall Norge AS (20.00%)
License expiration:	2038
Average production during the year ended December 31, 2015:	25.7 kboepd / Our Net: 2.5 kboepd

In the period from first oil (March 16, 2015) to December 31, 2015, 25.7 kboepd of oil have been produced, of which our share is 2.5 kboepd of oil.

Our net reserves associated with the Knarr field as of December 31, 2015 are shown in the following table.

	Knarr Reserves			
	Oil (MMbbl)	Gas (bcf)	NGL (MMt)	Total (MMboe)
Proved Reserves (1P)	3.4	0.7	0.0	3.9
Probable Reserves (2P)	5.6	1.0	0.1	6.5

Source: RPS Report and management estimates

Field technical background and development

The Knarr field consists of the Knarr Central and the Knarr West discoveries. The plan for development and operation covering both Knarr central and Knarr West was approved on June 9, 2011.

The field has been developed using two subsea templates with three production and three water injection wells tied back to a new FPSO, Petrojarl Knarr. The FPSO is operated by Teekay Petrojarl AS under a lease and operate agreement. The oil from Knarr is loaded onto shuttle tankers for onwards transportation whereas rich gas is exported through Shell Exxon Gas and Liquids to the St. Fergus gas terminal in Scotland.

License PL373S was first awarded on January 6, 2006, after the 2005 licensing round. The license currently covers an area of some 329,695 square kilometers with acreage in Blocks 34/2, 34/3, 34/5, and 34/6 (the authorities have approved partial relinquishment which will be effective from December 31, 2015, covering 73.42 square kilometers in Block 34/3). The license period has been extended until January 6th 2038 requiring further exploration work outside the area covered by the PDO or relinquishments.

Future plans and outlook

The field is currently producing at plateau after a start-up phase. Near field exploration evaluations are ongoing in accordance with the work program, with a contingent exploration well identified for 2017. Potential infill wells will be considered based on production history.

Snøhvit Unit

Overview

The Snøhvit Unit is located in the southwestern Barents Sea in the central part of the Hammerfest Basin. Gas and condensate is produced at the offshore subsea facilities and transported to the process plant at Melkøya (Hammerfest LNG) through a multiphase pipeline. The Snøhvit Unit includes the Snøhvit, Albatross and Askeladd fields. Neighboring fields in our portfolio include Snøhvit West, which is a small undrilled gas accumulation, Snøhvit Beta, a gas condensate reservoir, Salina, a gas reservoir, Tornerose Snadd, a gas condensate and Askepott, a gas reservoir. The Snøhvit Unit is the first offshore development in the Barents Sea and the first major development on the NCS with no surface installations.

We have a 2.81% working interest in the Snøhvit field. Statoil Petroleum AS operates the field under a joint operating agreement. See "—Material agreements relating to our assets—Agreements governing petroleum activities—Norway." The table below sets out key details relating to the field:

Location:	Norway
Processing Facility:	Onshore plant in Melkøya
DEA Working Interest:	2.81%
License Operator:	Statoil Petroleum AS (36.79%)
Field Partners:	Petoro AS (30.00%), Total E&P Norge AS (18.40%) and Engie E&P Norge AS (formerly GDF Suez E&P Norge AS) (12.00%)
License expiration:	2036
Average production during the year ended December 31, 2015:	Gross: 116.3 kboepd / Our Net: 3.3 kboepd

For the year ended December 31, 2015, gross production at the Snøhvit field averaged approximately 116.3 kboepd, of which 3.3 kboepd represented our share. Gross production was 119.6 kboepd at the end of June 2016.

Our net reserves associated with the Snøhvit field as of December 31, 2015 are shown in the following table.

	Snøhvit Reserves			
	Gas (bcf)	Condensate (MMbbl)	LPG (MMt)	Total (MMboe)
Proven Reserves (1P)	96.8	2.1	0.1	19.0
Proven Reserves (2P)	115.1	2.4	0.1	22.6

Source: RPS Report and management estimates

Field technical background and development

The Snøhvit field started production in August 2007 and is expected to produce at least until 2036. Snøhvit production is to be developed in multiple phases. Currently Snøhvit is produced from nine wells as a part of the first phase of development. Production is from six pre-drilled wells on the Snøhvit field and three pre-drilled wells on the Albatross field. Additionally one CO_2 injector well is located on the Snøhvit field to dispose of unwanted CO_2 from the produced gas stream. This gas is stripped off at the process plant and delivered back to the field in a dedicated pipeline and re-injected offshore.

Future plans and outlook

Although the timing is uncertain, we expect that onshore and offshore compression projects will be implemented later in field life in order to extend production out to 2045 and recover an additional 2.2 tcf of gas and over 50 MMbbl of liquids (representing a 100% working interest).

We do not expect any capacity upgrades to the plant but anticipate some investment in the facilities to extend plant life. We also expect an extension to the current production license which is due to expire in 2035.

Snorre Unit

Overview

The Snorre unit is located in 350 meters of water in the North Tampen region of the North Sea approximately 140 kilometers west of Florø and approximately 30 kilometers south west of the Knarr Field. We have an 8.57% working interest in the Snorre field and Statoil Petroleum AS operates the field under a concession agreement. See "—Material agreements relating to our assets—Agreements governing petroleum activities—Norway." The table below sets out key details relating to the field:

Location:	Norway
Production Facility:	Snorre A Platform and Snorre B Platform
DEA Working Interest:	8.57%
License Operator:	Statoil Petroleum AS (33.28%)
Field Partners:	Petoro AS (30.00%); ExxonMobil Exploration & Production Norway AS (17.45%); Idemitsu Petroleum Norge AS (9.6%) and Core Energy AS (1.11%)
License expiration:	2016 (extended until 2040 with approval of Snorre 2040 project)
Average production during the year ended December 31, 2015:	Gross: 149.4 kboepd / Our Net: 12.8 kboepd

For the year ended December 31, 2015, gross production at the Snorre field averaged 149.4 kboepd, of which 12.8 kboepd represented our share (redetermination volumes included). Gross production was approximately 99.3 kboepd at the end of June 2016, of which 8.5 kboepd represents our share (redetermination volumes included).

Our net reserves associated with the Snorre field as of December 31, 2015 are shown in the following table.

	Snorre Reserves	
	Oil (MMbbl)	Total (MMboe)
Proven Reserves (1P)	16.6	16.6
Probable Reserves (2P)	32.3	32.3

Source: RPS Report and management estimates

Field technical background and development

The field was discovered in 1979 with the first well on block 34/4, encountering oil in the Late Triassic Lunde Formation and the Jurassic Statfjord Formation. The extension into block 34/7 was subsequently established in 1984. In total, 11 successful appraisal wells have been drilled on the structure since discovery, the majority on block 34/7. The PDO was approved 1988, the field came on-stream in 1992 before an amended PDO for Snorre A was approved in 1994. The PDO for Snorre B was approved in 1998 and came on-stream in 2001.

Exploration drilling to the south of Snorre has resulted in a number of oil discoveries in the Tordis and Vigdis areas. The area around Snorre is still believed to have exploration potential with several leads and prospects identified and being matured within both the PL057 and PL089 licenses.

The Snorre field currently has two platforms: Snorre A, a tension leg platform ("TLP") that started production in 1992, and the semi-submersible platform Snorre B which started production in 2001. More than a billion barrels of oil have been produced and exported from the field through the neighboring Statfjord facilities.

The Snorre field is an important hub for tie-back of nearby discoveries. The Vigdis subsea development has been producing via Snorre A since 1997.

The Snorre Field covers two license areas, PL057 and PL089.

Future plans and outlook

Snorre still holds significant remaining recoverable reserves as well as potential for Improved Oil Recovery ("IOR") volumes. Under the "Snorre 2040 Project", a new subsea development project is envisaged consisting of three production and three WAG templates tied back to Snorre A. In addition, significant upgrades of the Snorre A platform are planned including construction of a new riser hang off module and rebundling of the process train. The addition Snorre C is expected to yield 22 new production and injection well slots on Snorre, with first production from the new facility targeted for 2021. A final investment decision is expected to be taken by the field partners in 2017.

The installation of permanent seismic lines on the seabed to facilitate maximum recovery from the reservoirs was completed in 2014 and will contribute to Snorre IOR ambitions. Further drilling, upgrades, and IOR projects will enable production from the existing facilities to extend to 2040. These combined projects envision an increase in the total recovery factor to around 55%.

A key issue for the Snorre partners will be re-directing the export routes once the Statfjord facilities are shut-in. Several oil export options are being assessed both technically and commercially within the Snorre 2040 Project: export to ship via Gullfaks-A, export to Mongstad via a tie-in to the Kvitebjørn oil pipeline or export to ship via an FSO at Snorre B.

The Tampen area, which includes the Statfjord and Gullfaks fields, is believed to hold favorable near-field exploration and upside potential in the existing fields.

Zidane

Overview

Zidane is a gas discovery located in the Norwegian Sea, 13 kilometers northwest of the Heidrun facilities. The field consists of two separate structures: Zidane East (discovered 2010) and Zidane West (discovered 2012). The current development plan incorporates a total production of 633 bcf (gross). The corresponding production lifetime is estimated to 13 years.

The field is planned to be developed with an integrated subsea template with four production wells—two in each structure. The wells will be tied back with a 14 kilometer long pipeline to the existing Heidrun TLP. Two new modules will be built on Heidrun to accommodate the Zidane gas: one gas processing module and one MEG module. The rich gas will be transported via the new Polarled pipeline to the Nyhamna onshore processing facility.

We plan to submit a PDO to the Norwegian Ministry of Petroleum and Energy in October 2016. First gas is estimated during the second quarter of 2020, subject to PDO submission.

The table below sets out key details relating to the field:

Location:..	Norway
DEA Working Interest:..	40.00%
License Operator:...	DEA
Field Partners:..	Maersk Oil Norway AS (20.00%); Petoro AS (20.00%) and Edison International (20.00%)
License expiration:...	2016

Zidane was an integral part of the development plans for the Polarled pipeline project, for which the Plan for Development and Operation was submitted to the authorities in January 2013. Government approval for the Polarled project was granted in April 2013.

Our net reserves associated with the Zidane field as of December 31, 2015 are shown in the following table.

	Zidane Reserves			
	Condensate (MMbbl)	NGL (MMt)	Gas (bcf)	Total (MMboe)
Proven Reserves (1P)..	0.7	0.1	172.9	29.7
Probable Reserves (2P)..	1.0	0.1	243.3	41.8

Source: RPS Report and management estimates

Njord Area

Overview

Njord is an oil and gas field located in blocks 6407/7 and 6407/10 in the Norwegian Sea, approximately 130 kilometers north-west of Kristiansund. The water depth in the area ranges from 350 to 400 meters. The field is a hub for several other discoveries in the area. The Hyme Field in PL348 has been tied to Njord while the Snilehorn field also in PL348 has signed a heads of terms with Njord for processing and production services. Discussions are also ongoing for tie-in of the Pil & Bue discoveries in block 6407/11.

The field was discovered in 1986 with first production in 1997. Original development was a semi-submersible platform with a dedicated storage tanker. Initial production period was for oil export only with associated gas re-injected. In 2007, the Njord Gas Export Project was completed and, in 2012, the adjacent Hyme oil field was connected to Njord. Njord was shut down in 2011 for 11 months due to structural issues. During this period significant strengthening and load lightning was carried out. After this period the field successfully restarted production which has continued until May 2016. In accordance with the long term plan the field was then shut in to undergo a major upgrade entitled the Njord Future Project (the "NFP"). The Njord field and adjacent satellites contain material resources and the NFP will help to maximize exploitation of these resources over the coming decades. In September 2016, a new exploration well was completed successfully testing the North-Flank prospects.

We have a 30.00% working interest in the Njord field. Statoil operates the field under a joint operating agreement. See "—Material agreements relating to our assets—Agreements governing petroleum activities—Norway." The table below sets out key details relating to the field:

Location:	Norway
Production Facility:	Njord Platform
DEA Working Interest:	30.00%
License Operator:	Statoil ASA (20.00%)
Field Partners:	Engie AS (40.00%); Faroe Petroleum AS (7.50%), VNG (2.50%)
License expiration:	2021
Average production during the year ended December 31, 2015:	Gross: approx. 30.7 kboepd / Our Net: 9.2 kboepd

Our net reserves associated with the Njord field as of December 31, 2015 are shown in the following table.

	Njord Reserves			
	Oil (MMbbl)	**Gas (bcf)**	**NGL (MMt)**	**Total (MMboe)**
Proved Reserves (1P)	1.5	37.9	0.2	10.3
Probable Reserves (2P)	3.7	72.3	0.4	20.6

Source: RPS Report and management estimates

Field technical background and development

The development comprises of a steel semi-submersible platform with drilling and processing facilities. Oil is exported in shuttle tanker from the Njord storage tanker while gas is sent to Åsgard Transport for onward shipment to Kårstø in southern Norway for NGL processing and extraction and onward transmission for sales in Europe.

Hyme is developed with a four slot template with two wells, one producer and one water injector and associated flowlines and umbilicals. The field is operated from Njord platform.

Njord is drained by pressure depletion with a combination of producers and injectors. Over the years the well stock has varied. Each well has had a dedicated flexible riser and at Njord A eighteen riser slots have been installed. Recent projects have added a three slot subsea manifold to co-mingle wellstreams before entering the production riser.

Future plans and outlook

The Njord Future Project was established to find the most optimum way to exploit the significant remaining reserves and contingent resources in the Njord Area (Njord field, Hyme and Snilehorn). Several options ranging from a new-build semi to repair of the existing Njord Platform were considered. It was determined that production beyond June 2016 was unsafe and, in August 2016, the partnership decided that repair was the most economic option. The platform has

therefore been brought to shore where it will be thoroughly inspected. The plan is to take a final investment decision in 2017. The NFP envisages significant strengthening of the hull by installing blisters on columns, a ring pontoon, some structural topside modifications, new control system and general upgrade to cater for extended field life beyond 2032. A separate part of NFP is to also secure new oil offtake system either repair/replacement of the Njord storage tanker.

The platform is planned to be in operation by 2021 by connecting existing wells. In addition, the field will have a continuous drilling program to fully exploit the Njord resources. It is envisaged that the Snilehorn discovery will follow the same time timeline.

Denmark

In Denmark, we have license interests in two producing fields and our working interest production in these fields was 1.9 kboepd in 2015. The producing fields in Denmark are the Nini/Nini East fields and the Cecilie field. At the beginning of 2015, we increased our license shares in both fields as our former partner Noreco failed to pay their license cash calls. Noreco consequently went into default and lost their entire working interests in the licenses. The respective Noreco interests have been distributed to the remaining field partners on a pro-rata basis, as approved by the Danish Energy Agency on August 20, 2015.

Nini/Nini East

Overview

We hold a 42.86% interest (previously 30.00%) in the Nini/Nini East fields, which were developed and are operated by DONG Energy. The table below sets out key details relating to the field:

Location:	Denmark
Production Facility:	Nini-A Platform, Nini-B Platform and Siri Platform
DEA Working Interest:	42.86%
License Operator:	DONG Energy (57.14%)
License expiration:	2032
Average production during the year ended December 31, 2015:	Gross: 5.0 kbopd / Our Net: 2.1 kbopd

Our net reserves associated with the Nini and Nini East field as of December 31, 2015 are shown in the following table.

	Nini/Nini East Reserves	
	Oil (MMbbl)	**Total (MMboe)**
Proved Reserves (1P)	1.8	1.8
Probable Reserves (2P)	1.8	1.8

Source: RPS Report and management estimates

Field technical background and development

Nini

The Nini Field was discovered by the Nini 1 exploration well in July 2000 and the Nini-1A, −2 and −3 appraisal wells confirmed the presence of oil through the years 2000 and 2001. Production started in August 2003. Until now seven producers were drilled in Nini Main (NA-1, −3, −6, −7, −8 and −10) along with four injectors (NA-2, −4, −5 and −9).

Nini has been developed as a tie-back to the Siri platform using a simple unmanned wellhead platform located 32 kilometers north east from the Siri hub platform (100% owned and operated by DONG, no DEA participation). Injection water and gas for gas-lift is provided by the Siri facilities. The platforms are connected with three pipelines (gas-lift, water injection and multiphase pipeline). Hydrocarbons are treated, separated and stored at the Siri platform facilities, and moved into tankers via a single anchor loading (“SAL”) system before being shipped to shore.

Nini East

The Nini 3 exploration well discovered oil in 2001, which was proven by the Nini 5 well (and its sidetracks) in May/June 2007. First oil was produced in February 2010. Three producers were drilled (NB-1, NB-2 and NB-5) so far and they are pressure supported by two injectors (NB-3 and NB-4).

Nini East is operated from an unmanned wellhead platform tied back to the Nini Main platform (7 kilometers). Both Nini platforms are connected via pipelines and they are identical from a construction point of view. The Nini East wellstream is transported via Nini Main further on to the Siri platform.

Future plans and outlook

The economically justified production out of Nini and Nini East as well as for the other fields in the area (Cecilie and Siri) is currently planned to run until 2019. In 2020 it is planned to start the joint abandonment of the entire area. However, the operator DONG is currently evaluating the possibility of extending the field life of the whole area by five years to 2024.

Cecilie

Overview

We hold a 43.59% interest (previously 17%) in the Cecilie field, which was discovered in 2000 and is located approximately 240 kilometers northwest of Esbjerg in the Danish North Sea. The field is operated by DONG Energy, with whom we entered into a Joint Operating Agreement on November 23, 1998. The table below sets out key details relating to the field:

Location:	Denmark
Production Facility:	Cecilie-A Platform and Siri Platform
DEA Working Interest:	43.59%
License Operator:	DONG Energy (56.41%)
License expiration:	2032
Average production during the year ended December 31, 2015:	Gross: 0.4 kbopd / Our Net: 0.2 kbopd

Our net reserves associated with the Cecilie field as of December 31, 2015 are shown in the following table.

	Cecilie Reserves	
	Oil (MMbbl)	**Total (MMboe)**
Proved Reserves (1P)	0.4	0.4
Probable Reserves (2P)	0.4	0.4

Source: RPS Report and management estimates

Field technical background and development

Cecilie is a Paleocene oil field that was discovered in December 2000 with exploration well Cecilie 1. The field was developed at the same time as the Nini Main development took place and the production started in August 2003. There are three producers (CA-1, −2, and −3) and one water injector (CA-4).

The Cecilie field has been developed as a tie-back to the Siri platform, using a simple unmanned wellhead platform located 13 kilometers away from the Siri platform (in which we do not participate). The platforms are connected with three pipelines (gas-lift, water injection and multiphase pipeline). Hydrocarbons are treated, separated and stored at the Siri platform facilities, and moved into tankers via a SAL system before being shipped ashore.

Future plans and outlook

The abandonment of the field is planned for 2020 as a joint abandonment of the entire Siri area (Siri, Nini, Cecilie). A project investigating a possible prolongation of the lifetime of the licenses and a later abandonment is currently ongoing.

Egypt

We consider our core producing assets in Egypt to consist of Ras Budran, Ras Fanar, Zeit Bay and Disouq. DEA is currently proceeding in a sale process of 100% of its interests in Ras Budran, Ras Fanar and Zeit Bay.

Ras Budran

Overview

Ras Budran is located within the North Belayim Concession in the Gulf of Suez operated by the Suez Oil Company ("SUCO") joint venture between DEA and the Egyptian General Petroleum Corporation ("EGPC"). Ras Budran is produced by three unmanned well head platforms and one manned production platform. The field was discovered in 1978 and approved for development in the 1979. First commercial production commenced in February 1983. Processed oil is exported through onshore pipelines to the Suez Port.

Ras Budran is a mature field, with a production history consisting of over 30 years.

The table below sets out key details relating to the field:

Location:	Egypt, Gulf of Suez
Production Facility:	Three unmanned well head platforms and one manned production platform, onshore processing and storage facilities
DEA Working Interest:	100.00%
License Operator:	DEA Suez GmbH
Field Operator:	SUCO
License expiration:	2017 with option to extend until 2022
Average production during the year ended December 31, 2015:	Working interest: 4.7 kbopd / Our net entitlement: 2.4 kbopd

Our net reserves associated with the Ras Budran field as of December 31, 2015 are shown in the following table.

	Ras Budran Reserves Oil (MMboe)
Proved Reserves (1P)	0.0[(1)]
Probable Reserves (2P)	0.0[(1)]

(1) Volumes classified for these fields by RPS as reserves in 2014 were subsequently reclassified as contingent resources in 2015 following a cashflow analysis under the terms of the production sharing contracts. In July 2016 DEA initiated an update of the 2015 audit report by RPS based on the five years plan of the operating joint venture SUCO as well as an updated price deck, resulting in economic reserves for each of the fields.

Field technical background and development

The Ras Budran field onshore facilities are located about ten kilometers north of Abu Rudeis on the east coasts of the Gulf of Suez in South Sinai.

The offshore facilities in Ras Budran consist of three unmanned well head platforms and one manned production platform. The production streams from the well head platforms are commingled and fed to a single production platform. On the production platform liquid and gas is separated and evacuated to shore in separate pipelines.

Onshore, further separation of liquids, gas and water takes place in the onshore separator, before oil and water is separated in two vessels. The majority of gas is dried, compressed and returned to offshore to be used for gas lift to assist in production operations. Minor quantities are used for fuel gas.

The produced oil is heated before being desalted and dried in two de-salter vessels, the water-free ("dry") and salt-free oil is sent to storage before being exported via a 12-inch onshore pipeline (PPC) to storage tanks in Wadi Feran for further handling through EGPC.

Seawater is pumped to the onshore facilities where it is used for cooling, desalination, reverse osmosis treatment for fresh water production, for the firefighting system and after filtration and treatment for water injection into the reservoir for reservoir pressure maintenance.

All electrical power required onsite is received from the national grid. Two gas turbines are available for power generation but are used as back up. Third party oil production is also treated in Ras Budran.

Ras Fanar

Overview

Ras Fanar is located in the Gulf of Suez (Offshore) Concession in the Gulf of Suez, operated by the SUCO joint venture between DEA and EGPC. The field is produced by two offshore wellhead platforms. The field was discovered in 1978 and approved for development in the 1981. First commercial production commenced in January 1984. Production from Ras Fanar is transported through pipelines to processing facilities onshore.

Ras Fanar is a mature field consisting of two separate fault blocks, "Main" and "West." The Main fault block has been in production for over 30 years. The West fault block was developed approximately 20 years after first production from the Main block. Production enhancement activities have helped to arrest production declines in the Main block, while helping to increase production in the West block.

The table below sets out key details relating to the field:

Location:	Egypt, Gulf of Suez
Production Facility:	Ras Fanar-B Platform
DEA Working Interest:	100.00%
License Operator:	DEA Suez GmbH
Field Operator:	SUCO
License expiration:	2017 with option to extend until 2022
Average production during the year ended December 31, 2015:	Working interest: 2.5 kboepd / Our net entitlement: 1.5 kboepd

Our net reserves associated with the Ras Fanar field as of December 31, 2015 are shown in the following table.

	Ras Fanar Reserves
	Oil (MMboe)
Proved Reserves (1P)	0.0[(1)]
Probable Reserves (2P)	0.0[(1)]

Source: RPS Report and management estimates

(1) Volumes classified for this field by RPS as reserves in 2014 were subsequently reclassified as contingent resources in 2015 following a cashflow analysis under the terms of the production sharing contracts. In July 2016 DEA initiated an update of the 2015 audit report by RPS based on the five years plan of the operating joint venture SUCO as well as an updated price deck, resulting in economic reserves for the field.

Field technical background and development

Ras Fanar Field onshore facilities are located 3 kilometers east of Ras Gharib City at the Gulf of Suez west coast.

Ras Fanar produces via two unmanned platforms close to western shore of the Gulf of Suez near the city of Ras Gharib. The wells are freely flowing or pumped using electrical submersible pumps to an onshore processing area at Ras Fanar for preliminary treatment to drain water before delivery to the facilities of the General Petroleum Company ("GPC") for full treatment.

Onshore, the liquids are stripped off the gas which is utilized by GPC. Oil and water are then separated and oil is evacuated for further processing, storage and export by GPC.

Electrical power consumed on- and off-shore is imported from GPC.

Zeit Bay

Overview

Zeit Bay is located within the Gulf of Suez (Offshore) Concession in the Gulf of Suez, Egypt, operated by the SUCO joint venture between DEA and EGPC.

Zeit Bay was discovered in 1981 and approved for development the following year. First commercial production started in December 1983. The Field has four offshore wellhead platforms, named A, B, C, and D. Production from wells is gathered at platform A and transferred to onshore processing facilities, with two trains of 60 kbbl capacity each. In addition third party production is also treated as a separate process train. Processed crude oil is then exported via offshore Single Buoy Mooring ("SBM") system on tank ships while associated gas and condensate treated in the gas plant at Zeit Bay. Zeit Bay has an aquifer and gas cap and about 70% of produced gas is re-injected into the reservoir to maintain its pressure. Remaining sales gas, of which we have an entitlement, is exported into the national grid.

The table below sets out key details relating to the field:

Location:	Egypt, Gulf of Suez
Production Facility:	Four unmanned well head platforms, onshore oil and gas processing and storage facilities, offshore loading system
DEA Working Interest:	100.00%
License Operator:	DEA Suez GmbH
Field Partners:	SUCO
License expiration:	2017 with option to extend until 2022
Average production during the year ended December 31, 2015:	Working interest : 10.1 kboepd / Our net entitlement: 5.2 kboepd

Our net reserves associated with the Zeit Bay field as of December 31, 2015 are shown in the following table.

	Zeit Bay Reserves		
	Oil (mmstb)	Gas (mmbc)	Condensate (MMbc)
Proved Reserves (1P)	0.0(1)	0.0(1)	0.0(1)
Probable Reserves (2P)	0.0(1)	0.0(1)	0.0(1)

Source: RPS Report and management estimates

(1) Volumes classified for this field by RPS as reserves in 2014 were subsequently reclassified as contingent resources in 2015 following a cashflow analysis under the terms of the production sharing contracts. In July 2016 DEA initiated an update of the 2015 audit report by RPS based on the five years plan of the operating joint venture SUCO as well as an updated price deck, resulting in economic reserves for the field.

Field technical background and development

Zeit Bay field onshore facilities are located about 80 kilometers north of Hurghada on the west coast of the Gulf of Suez. Zeit Bay offshore facilities consist of four unmanned well head platforms which are situated in the entrance of the bay. Production is transported from the platforms to the Ras El Behar peninsula through high pressure or low pressure pipelines. There the offshore production streams are commingled with the production feed from land wells. Production then flows through pipelines across the bay to the onshore processing area.

At the onshore processing facilities gas is first stripped off; thereafter oil and gas is separated. The oil is then “dried” and desalted before being pumped to storage tanks for further transportation via offshore loading using a SBM.

Upon arrival at the gas plant the produced gas is commingled with gas contributed by neighboring third party production. Liquid petroleum gas (“LPG”) is recovered in a compression and liquefaction plant. The majority of non-liquefiable gas is pumped to the Egyptian Bahraini Gas Company to extract Propane and then returned back to Zeit Bay gas facility for compression and re-injection into the reservoir.

Excess high pressure gas is exported to national grid. The LPG product is exported via 6-inch pipeline to Gulf of Suez Petroleum Company’s (“GUPCO”) Ras Shukier storage area for distribution.

Third party oil production is also treated in Zeit Bay, stored and exported via the offshore loading facility.

Disouq

Overview

The Disouq Concession is one of a number of exploration and production concessions that are located in the onshore Nile Delta. We continue to develop the Disouq—Area 1 and NW Khilala (NWK) Development Leases, where we achieved first gas from the NWK field in September 2013 and from Disouq—Area 1 in August 2014.

We hold a 100.00% interest in the Disouq field, which was discovered in 2007 and which is located onshore in the Nile Delta north of Cairo. We acquired the license in 2004 after 30 years of unsuccessful exploration by a number of operators. From 2008–2009, we achieved seven discoveries using elaborated seismic amplitude technology (DHI-elastic inversion), resulting in eleven successfully drilled wells.

The project has been sanctioned on the basis of a capped gas price, which was amended in March 2015 to apply a higher gas price for incremental production above a specific quantity. Under the current PSC, the development lease expires 20 years after first commercial gas production.

The table below sets out key details relating to the field:

Location:	Egypt, Onshore Nile Delta
Production Facility:	Central Treatment Plant and Temporary Production Facility
DEA Working Interest:	100.00%
License Operator:	DEA Nile GmbH
Field Operator:	SUCO
License expiration:	2033 for NWK and 2034 for Disouq—Area 1
Average production during the year ended December 31, 2015:	Working interest: 23.4 kboepd / Our net entitlement: 11.9 kboepd

Our net reserves associated with the Disouq field as of December 31, 2015 are shown in the following table.

	Disouq Reserves		
	Condensate (MMbbl)	Gas (bcf)	Total (MMboe)
Proved Reserves (1P)	2.1	318.9	54.3
Probable Reserves (2P)	3.1	458.4	78.1

Source: RPS Report

Field technical background and development

The first discovery in the Disouq concession was in 2007 when well NSG-1X penetrated gas bearing sands in the North Sidi Ghazy field. Six further wells, in separate closures, also proved to be gas bearing in the Messinian Abu Madi formation. A development plan was put in place to produce the fields and the first NWK production wells were brought on stream in September 2013 with a temporary production unit with a capacity of 60 mmscf/day. In 2013 and 2014 further wells were drilled. Since August 2014 the Central Treatment Plant ("CTP") is producing gas with a capacity of 150 mmscf/day.

Future plans and outlook

The Disouq operation has been handed over to SUCO since the commencement of production. Additional producing wells from new phases have been drilled. A development concept for further optimization of the fields is under preparation. Further modifications to increase the capacity of the CTP are planned, where nine drilled but not tied-in wells will be connected to existing production facilities with an expected additional gas production of approximately 100 MMSCFD, modifications and upgrades to increase the capacity of the CTP and other facilities upgrades, in addition to a number of well work-overs and production optimization measures. New and undeveloped areas within the production lease contain upside potential and are subject for detailed reservoir and technical development studies.

Core development projects

West Nile Delta

Overview

The West Nile Delta ("WND") project involves the phased development of gas and condensate fields located in the Mediterranean, approximately 65 km to 85 km off the coast of Alexandria in Egypt, in water depths ranging between 300 and 720 meters. The project is operated by BP and DEA is the sole partner with a present working interest of 17.25%.

WND has evolved as one of the largest upstream developments in Egypt. Under the current development plan, production from WND is expected to produce up to 1.4 bcf per day of sales gas which makes up more than 20% of Egypt's current gas production. All of the produced volumes will be fed into the country's national gas and condensate grids. The development phase began in May 2015.

The tables below set out key details relating to the concessions:

North Alexandria

Location:	Egypt, offshore Mediterranean
Planned Production Facility:	Burullus for production from Taurus and Libra Rosetta for production from Giza and Fayoum Rosetta East for production from Raven field
DEA Working Interest:	17.25%
License Operator:	BP
License expiration:	20 years from first deliveries of gas, with an initial extension period option of five years and a second extension period of ten years (subject to fulfilment of specific conditions)

West Mediterranean Deep Water

Location:	Egypt, offshore Mediterranean
Planned Production Facility:	Rosetta East for production from Raven field
DEA Working Interest:	17.25%

License Operator:...	BP
License expiration:...	20 years from first deliveries of gas, with an initial extension period option of five years and a second extension period of ten years (subject to fulfillment of specific conditions)

Our net reserves associated with the West Nile Delta project as of December 31, 2015 are shown in the following table, as adjusted for the farm-down of our interest to 17.25%.

	West Nile Delta Reserves		
	Condensate (MMbbl)	**Gas (bcf)**	**Total (MMboe)**
Proven Reserves (1P)..	6.1	405.3	72.5
Probable Reserves (2P)..	8.8	543.8	97.7

Field technical background and development

The WND Project is initially developing gas and condensate resources from the five core fields Taurus, Libra, Giza, Fayoum and Raven. The Pliocene fields Taurus, Libra, Giza and Fayoum are characterised as normal temperature and pressure gas with very low condensate, low carbon dioxide (CO_2) and no hydrogen sulphide (H_2S) content. The deeper Pre-Messinian Raven field is characterised as borderline high pressure high temperature (HPHT) gas with a moderate condensate content, modest CO_2 and low H_2S levels.

The Taurus and Libra ("TL") fields are being developed subsea and tied-in offshore to existing infrastructure operated by Burullus in the neighbouring West Delta Deep Marine ("WDDM") concession (operated by Shell and Petronas). The hydrocarbons will be processed at the WDDM onshore processing facilities generally referred to as Burullus. This concept allows the fast-trackin of the development of the TL fields. All planned TL wells have reached total depth in October 2015, more than 4 months ahead of schedule, and TL well completions began in May 2016. Pipe laying activities commenced in July 2016. TL first gas is expected in the the second quarter of 2017.

The Giza, Fayoum and Raven ("GFR") fields are being executed as a single integrated subproject with a common start-up in 2019, with two independent new pipelines to shore, common MEG and subsea controls, shared land fall and beach crossings. Giza and Fayoum ("GF") will feed into the existing Rosetta plant which has been taken over in July 2016 from Rashpetco. This will be modified and upgraded as required and integrated with a new adjacent onshore terminal, Rosetta East, now renamed the Raven Gas Processing Facility, for Raven. Meanwhile civil activities have increased, all major onshore and offshore contracts have been awarded, and all disciplines are either on or ahead of schedule, in particular well delivery. Our share of remaining capital expenditure until full completion is estimated to be at approximately $1 billion.

Future plans and outlook

Beyond the initial development, subsequent phases can add significant volumes with future appraisal and additional investments. The highly prospective basin also holds considerable exploration upside potential. We are currently exploring a variety of financing options with respect to the WND development and future associated capital expenditures including limited recourse project financing.

Algeria

Reggane Nord

Overview

Reggane Nord is located in the Southwest region of Algeria at the Reggane basin, around 1,500 kilometers from Algiers.

The Reggane Nord license was awarded to Repsol, DEA and Edison in 2002. A production sharing contract was signed in July 2002 with state-owned SONATRACH for the exploration, appraisal and exploitation of Reggane Nord blocks 351c and 352c and became effective in January 2003. After completion of two successful exploration and appraisal phases, in which all commitments were fulfilled, a development plan for six gas fields was submitted in 2009 and approved in November 2011 by the Algerian authorities. Following development plan sign off, Groupement Reggane ("GRN") was established as a joint operator of the field partners with current participation as shown in the table below.

Project execution started in summer 2014 with the commencement of the EPCC contract for construction of surface facilities and gathering systems. In January 2015 the first development well spudded as part of an initial drilling

campaign, which includes the drilling of 20 new wells and six well re-entries. Gas will be evacuated via a new pipeline (GR5), to Hassi R'Mel, which is currently under completion by Sonatrach Transportation Division (blue dotted line on map).

The table below sets out key details relating to the field:

Location:	Algeria, South of the city of Adrar
Planned Production Facility:	Central Treatment Plant for all fields
DEA Working Interest:	19.50%
License Operator:	Repsol
Field Operator:	GRN
Field Partners:	Repsol Exploración Argelia, S.A. (29.25%), Edison International, S.p.A. (11.25%) and Sonatrach (40.00%)
License expiration:	2041

Field technical background and development

The current project scope to first gas includes the drilling, completion and tie-in of thirteen new development wells and five re-entries of existing wells plus the design, construction, commissioning and startup of a central processing facility and gas export pipeline. Six gas fields (Reggane, Kahlouche, Kahlouche Sud, Azrafil, Tiouliline, and Sali) are currently under development with production expected to commence in the second half of 2017. The production from all fields will be treated in the newly built central gas plant. The fiscal metering is located at the outlet of the plant. An operational meter will be installed at the point of delivering into the GR5, which is operated by Sonatrach. The 75 kilometer long tie-in pipeline from the central gas plant to the delivery point at the GR5 will be built and operated by the GRN.

Future plans and outlook

The results of the first seven wells of the first drilling campaign have been positive and confirm the field development plan. Engineering and construction of production plant, camps, roads and airstrips are progressing.

Drilling of production wells will continue after first gas to maintain a production plateau for several years. We plan to drill in total more than 50 production wells and to install a compressor to support line pressure later in the field life.

Key exploration and appraisal campaigns

Norway

An exploration well on the Barents Sea Alta prospect in license PL609 was drilled in 2014, proving a significant oil and gas discovery. The first two appraisal wells of Alta were drilled and tested in 2015. A sidetrack of the second appraisal well is currently testing. An exploration well will be drilled on the separate Neiden prospect in PL609 towards end 2016, followed by another exploration well in PL533. In 2016, a wildcat well on the Aurelia prospect in PL226 encountered only water bearing reservoir sections.

In the North Sea, in license PL418, the Skarfjell South appraisal well was completed in January 2014. In the DEA operated license PL420, the 2014 Atlas exploration well was dry and the appraisal well in license PL420 proved the earlier Titan discovery to be uncommercial. Two near infrastructure exploration wells were drilled in North Sea license PL373S (Knarr field) in 2015. Both were found to be dry.

The 2015 APA concession round added another 5 licenses to DEA Norge's portfolio, two near-infrastructure licenses (PL839 with a 28% participation and PL838 with a 30% participation) and two emerging play licenses (PL837 with a 20% participation and PL832 with a 15% participation), and one stratigraphic license extension in the North Sea (PL782 SB with a 20% participation)..

In 2016 another two licenses were awarded to DEA Norge, PL609C, an extension to PL609, and PL851 north of PL609C, each with 30% participation. The identified prospectivity in the awarded blocks may provide additional resources which would strengthen a possible Alta field development.

Germany

In the Rotliegend region, we have identified more than 10 prospects (plus 20 leads) for near-field exploration. Such near-field exploration allows us to soften the natural production decline in developed fields.

In the Westholstein oil province, we are in the permitting process to conduct an exploration drilling campaign targeting a prospect similar to Mittelplate. If successful, it is planned to develop the field from onshore via extended reach drilling.

Denmark

In February 2016, and in connection with Denmark's seventh licensing round, the Company was awarded a 50% working interest in two exploration licenses in the Danish Central Graben offshore region (8/16 and 9/16).

Egypt

As part of the 2013 Egyptian General Petroleum Corporation international licensing round, the Company submitted two bids for new acreage in the Gulf of Suez region. These bids were made to complement previous exploration successes in the region, both onshore and offshore in the Nile Delta. The Company was awarded two blocks in 2014, and now holds a 100% working interest in the East Ras Fanar Offshore license and a 50% working interest in the North West El Amal license.

Gas Storage

With more than 40 years of experience we operate three natural gas storages (with approximately 63 bcf of total gas storage capacity). All three storage sites are depleted gas fields and contribute as seasonal storages to the security of supply in southern Germany. The assets are located in key German gas markets and are connected at strategic points on the gas transmission network.

We operate the sites and acts as a non-regulated provider of storage facilities. Our customers are regulated Storage System Operators ("SSO") and contractually bound by long-term lease agreements. In the case of Inzenham-West, DEA's storage is leased to our 100% subsidiary DEA Speicher GmbH. Since April 1, 2012, DEA Speicher GmbH has acted as SSO of the gas storage facility at Inzenham-West. DEA Speicher GmbH is commercially responsible for the facility's operation. However, the respective underground and aboveground assets of the facility are owned by DEA Deutsche Erdoel AG. The gas storage facility is organized and operated in compliance with statutory unbundling requirements. To this effect, DEA Speicher GmbH has leased the respective facility from DEA Deutsche Erdoel AG in order to grant access to storage users and market the available capacities on a transparent and non-discriminatory basis. The marketing of the storage capacities is realized by the SSO directly at mid-/downstream markets.

Our regulated and non-regulated storage business (DEA Speicher GmbH) is strictly separated in order to meet all regulatory requirements. Our gas storage facilities are subject to regulatory requirements set forth in the German Energy Industry Act (*Energiewirtschaftsgesetz*—"EnWG"). Pursuant to the EnWG, the respective SSO has to grant access to its gas storage facilities on a negotiated, non-discriminatory as well as technically and commercially reasonable basis and needs to fulfil certain requirements with a view to its operational independency. We are currently reviewing long-term options for our storage business, including potential future disposals.

The table below sets forth an overview of our gas storage operations:

	Breitbrunn/ Eggstätt	**Inzenham-West**	**Wolfersberg**
Technical Operator:	DEA	DEA	DEA
Storage System Operator:	Uniper Energy Storage GmbH	DEA Speicher GmbH[(1)]	Bayerngas GmbH
DEA Working Interest:	80%	100%	100%
Start of Operations:	1996	1982	1973
Working Gas Capacity (bcf):	35	15	13
Operating Contract Expiry:	2027	2017/2018/2024	2027

(1) Fully-owned subsidiary of the Company

Farm-in/farm-out agreements

As part of a continuous program to optimize our portfolio, we relinquish exploration licenses and farm in and farm out licenses on a regular basis. A farm-in/farm-out involves a situation where the owner of a license transfers all or a portion of its financial interest in a license, or a part of its interest in the production from a license, to another company in return for the performance of some agreed upon action, for example, to undertake exploration of a field, drill one or more wells or develop the field. Farm-in and farm-out agreements may be subject to approval by appropriate governmental regulatory bodies. For example, we farmed down a portion of our stake in the development of the WND development in 2015.

On November 30, 2015, we completed the process of selling our portfolio of operated and non-operated exploration, development and production assets in the United Kingdom. See "Presentation of financial and other information—Divestment of UK Assets" and "Recent Developments."

Competition

The oil and gas industry is competitive, and we compete with a substantial number of other companies. Many of these companies explore for, produce and market oil and gas, carry on refining operations and market the resulting products on a worldwide basis. Our competitors include national oil companies, major international oil and gas companies as well as independent oil and gas companies. The oil and gas business is highly competitive in the search for and acquisition of reserves, in the procurement of rigs and other production equipment, in the production and marketing of oil and gas and in the recruitment and employment of qualified personnel. See "Risk Factors—Risks Relating to Our Business—We may not be successful in attracting and retaining sufficient skilled employees" and "Risk Factors—Risks Relating to the Oil and Gas Industry—The market in which we operate is highly competitive."

In addition, we compete with oil and gas companies in the bidding for production licenses, farm-ins and other contractual interests in licenses that are made available by governments or are for sale by third parties. Competition for such assets is likely to come from companies already present in the region in which the production licenses are located as well as new entrants. Competition also exists between producers of oil and gas and other industries producing alternative energy and fuel, such as solar and wind.

Furthermore, competitive conditions may be substantially affected by various forms of energy legislation and regulation considered from time to time by the governments of the jurisdictions in which we operate. It is not possible to predict the nature of any such legislation or regulation that may ultimately be adopted or its effects upon our future operations. Such legislation and regulations may, however, substantially increase the costs of developing, producing, or exploring for gas and oil and may prevent or delay the commencement or continuation of a particular operation. The effect of these risks cannot be accurately predicted. See "Risk Factors—Risks Relating to Our Business—We are exposed to political and regulatory risks."

Commodity hedging

We use derivative financial instruments and physical forwards to limit our exposure to fluctuations in oil and gas prices and to give us to the opportunity to delay a RBL Facility repayment during a low-price situation. We aim to achieve a hedge value amounting to 10% of the drawn RBL Facility amount, to retain at least 50% of the economic exposure after tax and to hedge only in case the forward price at the time of hedging is 10% above the given RBL Facility bank price deck. We do not engage in discretionary or speculative hedging or employ the use of options. We have a commodity hedge policy through which we seek hedge approximately 20% of our production over a three- to five-year period using swaps and fixed price delivery contracts. To achieve maximum maturity with sufficient liquidity, we aim for five years maturity for oil and three years for gas. See "Risk factors—Risks relating to our business—We may engage in hedging activities from time to time that would expose us to losses should markets move against our hedged positions."

Field and commercial partners

The majority of our assets are owned, explored and developed through commercial partnerships with international and national oil and gas companies. When we evaluate whether to enter into a partnership or joint venture, we seek prospective commercial partners who will complement our existing strengths. We conduct thorough business and financial diligence on all of our prospective commercial partners and strive to ensure they will be able to finance their portion of the development.

During the life-cycle of the commercial partnership or joint venture, we often have a very active role in the technical, financial and administrative management of operations including in situations in which we do not take on an official operator role. We typically maintain involvement in many aspects of operations and provide draft compliance reports and other required government submissions. We work closely with our commercial partners to ensure that we remain in compliance with the ongoing obligations under the licenses or agreements pursuant to which we operate.

For a discussion of certain risks associated with our reliance on commercial partners, see "Risk factors—Risks relating to our business—We conduct some of our operations with commercial partners which may increase the risk of delays, additional costs or the suspension or termination of the licenses or the agreements that govern our assets."

Seasonality

Seasonal weather conditions (*e.g.*, winter conditions on the NCS) and lease stipulations can limit our drilling and producing activities and other oil and gas operations in certain areas. Such occurrences can increase competition for equipment, supplies and personnel during the spring and summer months, which can lead to shortages and increase costs or delay our operations. See "Risk factors—Risks relating to the oil and gas industry."

Social Responsibility

Local Content and Employing Local People

Local content in Egypt and Algeria is primarily regulated through concession agreements and/or joint venture agreements between foreign investors (such as ourselves) and local state companies. All operations during field development and production are executed by operating companies established by these joint ventures and which recruit, wherever possible, local staff. Foreign expert personnel is seconded to these joint ventures only where necessary in order to add a required specific skill. In our Egyptian joint venture SUCO, for example, we employ more than 1,300 local staff supported by fewer than 20 expatriates. One of the main tasks of our expatriates in these joint ventures is training of local colleagues.

Furthermore, tendering procedures in the joint ventures also ensure a priority to contract services with local companies, according to defined rules taking into account capabilities and commercial aspects.

To the extent our projects in North Africa are accompanied by social programs, these programs have to be in line with our Code of Conduct. For example, alongside the development of the Disouq gas fields in Egypt, we have designed a program to support the local community mainly with agricultural projects. Other areas of our social program in Egypt

include health screening of children and support of vocational training centers. We select projects of our social programs based on an evaluation of local needs, and keeping in mind health, educational and sustainability aspects.

Social Performance and Social Investment

One of our fundamental corporate values is to work with integrity and respect for people and the environment in which we do business. Although DEA's projects frequently require close cooperation with government agencies and state companies, DEA has established clear and strict principles to exclude even the mere impression that it exercises or is subject to undue influence.

DEA also recognizes its responsibility to promote the development of the regions and communities in which it operates by, for example, providing employee training opportunities, undertaking initiatives of a primarily social and environmental nature and supporting its employees' volunteer activities. However, in order to exclude even the mere impression that it exercises or is subject to undue influence, DEA has established clear and strict principles on all donations and sponsorships.

Against this background, DEA has supported numerous social projects in the various jurisdictions in which we operate. In Germany, we have supported external vocational training, voluntary fire brigades, and organizations supporting the homeless and have worked with school organizations to support technical and mathematical education through practical industry insights. In Norway, we established the DEA Music Foundation and provide support for the Norwegian Petroleum Museum in Stavanger. In Egypt, we provide scholarships for students at Alazhar University and support the GIZ Vocational Training and the German School in Cairo. Our social activities in the UK included support for the London Chamber Orchestra, Lionsraw Football and the Cleveland Juniors Football Club.

Quality, health, safety, and environmental protection

Quality, health, safety and environmental protection ("QHSE") is a top priority. We actively manage the safety of all personnel working in our operations, including through the application of health and safety standards, the implementation of security measures at our facilities and internal and external audits of health and safety risks. We pursue a "zero faults" strategy when establishing our QHSE targets and we continually analyze our QHSE policies and processes with the goal of further improving our standards. Pursuant to our QHSE principles we endeavor to:

- apply a systematic risk management to prevent and minimize risks;
- promote the health and safety of our employees in order to prevent accidents and occupational diseases by designing our processes and workplaces to be safe according to the latest industry standards;
- always take all security aspects into account when making decisions and continually adapt such measures to changing conditions to ensure the safety of our employees, business partners and contractors and to secure the success of our business at all times; and
- conserve natural resources through the efficient use of raw materials and energy.

We have established safety cases for all operated production facilities and have robust emergency preparedness, incident management and business continuity plans in place. Additionally, we use a range of performance measures to track our QHSE goals. One of the performance measures we track is the recognized industry metric lost time injury frequency ("LTIF"). We set annual targets for LTIF, which are agreed with our Management Board as part of our overall company objectives. We have rigorous incident reporting procedures in place to monitor LTIF and near misses, including incident analysis, follow-up, remedial action and communication of results. We monitor our injury rates and currently benchmark them on a regional basis due to the varying lost time injury criteria across the countries in which we operate. In Germany our LTIF in 2014 was approximately eight times lower than the German industry average. In 2014 each of our Norway and UK operations encountered one lost time injury. Overall, our LTIF was 2.8 in 2015 (2.0 in 2014). As of June 30, 2016, we have not recorded any LTIs.

We are committed to protecting the environment for current and future generations and ensuring local communities, our employees and suppliers are kept safe and well. As we operate in ecologically-sensitive shallow water zones, such as the North German Wadden Sea (Mittelplate), we believe we have a responsibility to be aware of our impact on the environment and the measures we can take to mitigate this impact. To further these goals, we regularly commission independent research institutes to carry out investigations to ascertain the impact that we and our commercial partners' operations have on local environments. In particular, we are focused on issues such as preventing oil spills, emergency response preparedness and protecting biodiversity. We are also working toward a greater understanding of our contribution to climate change at both a local and global level and currently track our atmospheric emissions from production, drilling and well test activities.

Insurance

We maintain the types and amounts of insurance coverage that we believe are consistent with customary industry practices in the jurisdictions in which we operate. Our oil and gas properties and liabilities are insured within an operational energy insurance package. Coverage under the terms of this insurance package includes physical damage, operators extra expense (well control, seepage, pollution clean-up and re-drill) and third-party liabilities. Coverage is placed in respect of worldwide oil and gas exploration and production activities. Limits and deductibles in force are in line with international oil industry insurance standards. Where necessary, insurance policies are insured with resident insurance companies for each relevant venture and reinsured into international insurance markets with lead reinsurers with a minimum of an S&P A− rating or equivalent. We believe we have adequately provisioned for, or otherwise protected our operations against, risks consistent with customary industry practices.

Where applicable, construction all risks insurance coverage is procured in respect of development projects. Such coverage is generally for works executed anywhere in the world in performance of contracts wherein we are at risk such as loss of, or damage to, the pipelines, risers, umbilicals, christmas trees and completions to be installed and liabilities to third-parties arising therefrom.

Our philosophy is to arrange such other insurance from time to time in respect of our other operations as required and in accordance with industry practice and at levels which we feel adequately provide for our needs and the risks that we face. We have not made any material claims under our insurance policies that would either make them void or materially increase their premiums. We cannot assure you, however, that our insurance coverage will adequately protect us from all risks that may arise or in amounts sufficient to prevent any material loss. See "Risk factors—Risks relating to our business—We do not insure against certain risks and our insurance coverage may not be adequate for covering losses arising from potential operational hazards and unforeseen interruptions."

Most of our investments in North Africa are covered by investment guarantees of the Federal Republic of Germany. The coverage refers to political risks and covers losses under the guarantee amount of up to 95% resulting from expropriation/nationalization, break of contracts by the government or other entities director or controlled by the government, war or other armed conflicts, revolutions, civil disturbance or terrorist acts, payment embargoes or moratoriums, and impossibility of convertibility and transfer of amounts. The legal protection is based on bilateral investment protection treaties between the Federal Republic of Germany and the respective developing and emerging country. The government of Republic of Germany charges an annual premium of 0.5% for the guaranteed amount. For any planned future contributions that will become part of the guaranteed amount, an additional one sixth of the regular premium of 0.5% has to be paid.

Employees

We believe we have a strong and established team of highly competent professionals in our core in-house disciplines of business development/M&A, exploration, development and production. Our business model involves using the services of the oil and gas industry supply chain to supplement our in-house capabilities, benefiting from the dedicated and highly experienced resources of our contracting partners for execution of our operational programs. We believe we have well established working relationships with these core contracting partners.

The following table sets forth our full-time employees per function as of the periods indicated.

	As of December 31,		
	2013	**2014**	**2015**
New ventures	47.5	44.5	41.8
Exploration	46.1	45.7	47.5
Development (Service operations)	377.2	396.4	391.9
Production	694.8	684.8	665.5
Support functions	277.8	271.7	289.1
Total	1,443.4	1,443.2	1,435.7

Our employees in Germany are represented by unions, in particular the Union for the Mining, Chemical and Energy industries (*IG BCE*). Furthermore, our employees in Germany are represented by works councils (*Betriebsrat*) and a general works council (*Gesamtbetriebsrat*).

In Germany, we are a member of several employer associations, e.g.,the Business Association for Crude Oil and Natural Gas Production *(Bundesverband Erdgas, Erdöl und Geoenergie e.V., (BVEG)* and the North German General Employers' Association *(Allgemeiner Norddeutscher Arbeitgeberverband, ANA)* and we are subject to several collective

bargaining agreements, which comprise a framework collective bargaining agreement and which govern, *inter alia*, general working conditions, salaries and working hours of our employees in Germany.

We believe that we have satisfactory working relationships with our employees and have not experienced any significant labor disputes, strikes or lock-outs during the last three years.

Corporate Governance

Our corporate governance is reflected in our global Corporate Management System (CorpManSys) together with embedded underlying regional management systems in Egypt, Germany, Norway and the UK. The CorpManSys is certified by Det Norske Veritas (DNV) regarding ISO 9001 (*Quality*), ISO 14001 (*Environment*), and OHSAS 18001 (*Occupational Safety*). The management systems follow the PDCA cycle (plan-do-check-act) and encourage a continuous improvement in all sectors comprised by the system. In two annual series of internal and external audits, it is verified that the content of the CorpManSys as well as that of the regionally valid management system is known, understood and complied with across the company.

The Corporate Management System is comprised of our:

- Code of Conduct
- Delegation of Authority
- QHSE policy
- Commitment to the World Bank Standards
- Crisis Management Manual
- Functional Instructions for Drilling, Well Engineering and Prospect Assessment
- Minimum Standards for the set-up of management systems in new OPCOs

In order to provide compliance, an integral part of the Management Systems in all Operating Companies (OPCOs) is a schedule of legal provisions including a system safeguarding a regular survey of all amendments and a roll-out to departments that may be involved.

A cornerstone of our corporate governance is our Code of Conduct, which describes the ethical principles which guide all of our business activities and that provides guidance and directives for correct conduct of all of our activities. As described in more detail in the Code of Conduct, we are committed to conduct all of our business activities throughout the world in an honest, ethical, and legal manner, and expect the same of our employees, directors, officers, and business partners.

In all of its activities, DEA is committed to complying with the provisions of the United States Foreign Corrupt Practices Act (FCPA), United Kingdom Bribery Act 2010, German anti-corruption laws and any applicable anti-corruption laws in the jurisdictions where we do business. We implement and enforce adequate policies and procedures, in order to ensure compliance with these commitments and laws. These policies and procedures are integrated in our global Corporate Management System together with the embedded underlying regional management systems in Egypt, Germany, Norway, and the UK.

Legal and arbitration proceedings

We become involved from time to time in various claims and lawsuits arising in the ordinary course of our business. Other than as discussed below, we are not, nor have we been during the past twelve months, involved in any governmental, legal or arbitration proceedings which, either individually or in the aggregate, have had, or are expected to have, a material adverse effect on our financial position or profitability, nor, so far as we are aware, are any such proceedings pending or threatened.

Denmark

DONG E&P A/S, DONG E&P (SIRI) UK LTD and Noreco Oil Denmark A/S and DEA are parties to an arbitration in Denmark initiated against DEA by the first mentioned companies. The subject matter of this arbitration is whether DEA is obliged to contribute towards the costs of remedying certain technical problems with the Siri installation in

the North Sea operated by DONG E&P A/S. The total claims against DEA amount to approximately €100 million (plus interest and costs). DEA has denied liability and the arbitration is expected to conclude in 2017.

Material agreements relating to our assets

In this section, where a defined term is used in reference to various contracts, it has the meaning for the relevant sub-section in which it is defined.

Agreements governing petroleum activities

Germany

Our German core producing assets are mainly covered by Consortium Agreements which govern the relationship between the licensees and forms the basis for day-to-day management of the activities, allocation of costs, decision making processes, the operators' duties etc. A management committee is established as the supreme body of the license joint venture, in which all licensees are represented, and have a vote pursuant to their participating interest. The produced hydrocarbons are allocated to the licensees in accordance with their shares in the license pursuant to the Consortium Agreement.

As a general rule, all partners decide unanimously about the working program, particularly regarding the execution and financing of any new exploration and/or drilling. The agreements generally terminate upon expiration of the relevant concession or the final exploitation of the gas resources in that area.

If a hydrocarbon deposit extends over more than one production license, the affected licensees are required to enter into a pool agreement. Our pool agreements are typically based on standard terms and negotiated main commercial provisions such as the scope of the unit, the tract participation and unit interest split and voting rules. The standard terms are based on the standardized Consortium Agreement terms. Pool agreements create a new joint venture and a new management committee, consisting of all licensees in the respective production licenses over which the deposit extends. A pool agreement governs, among other things, (i) the formation of a unit; (ii) the tract participation of each license, and how this may be re-determined from time to time, (iii) the operator's rights, duties and obligations and (iv) the work program and the relationship between the licensees for the coordinated activities, including the establishment of a management committee. The hydrocarbons produced from the field(s) covered by a pool agreement is allocated to the unit partners in accordance with their unit interest share, as applicable.

Certain of our assets are also subject to an Agreement on Operational Management, which stipulates that the parties thereto participate in any expenditures and exploitation relating to the production facilities in the same proportion as stipulated by the Pool Agreement.

Norway

One of the conditions of the award of a production license is that the licensees in each license enter into an agreement for petroleum activities. Our licenses in Norway operate under a standard joint operation agreement (the "JOA").

The JOA, generally based on standard terms approved by the MPE, governs the relationship between the licensees, as it forms the basis for day-to-day management of the activities, allocation of costs, decision making processes, the operators' duties etc. A management committee is established as the supreme body of the license joint venture, in which all licensees are represented, and have a vote pursuant to their participating interest. The produced petroleum is allocated to the licensees in accordance with their shares in the license pursuant to the JOA.

If a petroleum deposit extends over more than one production license, the affected licensees must enter into a unitization agreement. Our unitization agreements are typically based on standard terms approved by the MPE and negotiated main commercial provisions such as the scope of the unit, the tract participation and unit interest split and voting rules. The standard terms are based on the standardized JOA terms. Unit agreements create a new joint venture and a new management committee, consisting of all licensees in the respective production licenses over which the deposit extends. A unitization agreement governs, among other things, (i) the formation of a unit; (ii) the tract participation of each license, and how this may be re-determined from time to time, (iii) the operator's rights, duties and obligations and (iv) the work program and the relationship between the licensees for the coordinated activities, including the establishment of a management committee. The petroleum produced from the field or fields covered by a unitization agreement is allocated to the unit partners in accordance with their unit interest share, as applicable.

Egypt

Egyptian Assets are governed by concession agreements between us, the government of Egypt, the EGPC, the Egyptian Natural Gas Holding Company (EGAS) or Ganoub El-Wadi Petroleum Holding Company (GANOPE), as applicable. The EGPC, EGAS and GANOPE controls and performs executive activities in many aspects of the Egyptian petroleum industry, including licensing, exploration, production, refining, transportation and marketing.

The concession agreements govern, among other things, the operation of the asset following commercial discovery, recovery of operating costs and expenses and production sharing between us and EGPC or EGAS or Ganope, as applicable. Usually the concession agreement contains the definitions, the grant of rights, the license holder's obligations, time frames and relinquishment rules during the initial exploration period and its extension, the applicable rules in case of a commercial discovery and the production sharing terms during the production phase.

Subject to these agreements, we fund all costs and expenses in respect of exploration, development and related operations but are entitled to recover these costs and expenses through production, to the extent such production is not used in petroleum operations and up to an annual cost recovery cap (such as 40% per annum) of all hydrocarbons produced. These agreements also govern the proportion of any remaining production to be split between us and EGPC.

If a hydrocarbon deposit extends over more than one production license, the affected licensees must enter into a unitization agreement. Our unitization agreements are typically based on standard terms and negotiated main commercial provisions such as the scope of the unit, the tract participation and unit interest split and voting rules. The standard terms are based on the standardized JOA terms. Unit agreements create a new joint venture and a new management committee, consisting of all licensees in the respective production licenses over which the deposit extends. A unitization agreement governs, among other things, (i) the formation of a unit; (ii) the tract participation of each license, and how this may be re-determined from time to time, (iii) the operator's rights, duties and obligations and (iv) the work program and the relationship between the licensees for the coordinated activities, including the establishment of an operating committee. The petroleum produced from the fields covered by a unitization agreement is allocated to the unit partners in accordance with their unit interest share, as applicable.

Denmark

Our Nini field operations in Denmark are subject to a JOA. The JOA is generally based on standard terms approved by the MPE and governs the relationship between the licensees, as it forms the basis for day-to-day management of the activities, allocation of costs, decision making processes, the operators' duties etc. An operating committee is established as the supreme body of the license joint venture, in which all licensees are represented, and have a vote pursuant to their participating interest. The produced petroleum is allocated to the licensees in accordance with their shares in the license pursuant to the JOA.

In Denmark, the JOA entered into with our license partners require the consent of a majority of the management committee accounting for no less than 68% of the overall license interest.

Oil and Gas Sales Agreements

Germany

Our Mittelplate crude oil production is contracted to a major oil company. The associated gas and condensates are sold to a major industrial customer linked to the wholesale gas market prices. DEA has an established alternative marketing route for the crude oil production in case the original buyer fails to offtake the crude.

The German gas production will be sold either directly to third parties based on EFET standard terms or spot via the wholesale market. The pricing is based on forward prices (fixed or floating) for the respective product (Month Ahead, Seasons, Year, etc.). We have several EFET agreements with major trading and gas distribution companies in place. We sell our gas production via a tender process to our EFET partners or directly to third parties at the Virtual Trading Point (Gaspool L) via a Market Access Agreement.

The condensates that are produced in the Pool Hemsbünde field are marketed under sales agreements to energy industry customers. While we purchase the portions of the co-participants of the Hemsbünde consortium under separate purchase agreements, which enables us to sell the aggregate Hemsbünde production. The sales agreement for the Hemsbünde condensates production provides for an indefinite term, but may be terminated by the end of each year by twelve month prior notice. The sales agreement for the Söhlingen condensates production stipulates a one year term, whereby the parties may agree on prolongation.

The condensates which are produced in the Pool Hemsbünde field are marketed under sales agreements to energy industry customers. We purchase the portions of the co-participants of the Hemsbünde consortium under separate purchase agreements, which enables us to sell the aggregate Hemsbünde production. The sales agreement for the Hemsbünde condensates production provides for an indefinite term, but may be terminated by the end of each year by twelve month prior notice.

Norway

We sell our Norwegian oil and gas production under various sales and purchase agreements with buyers such as Statoil, A/ Shell, RWE Uniper and Total. These agreements are partly term contracts and partly stipulating that we shall sell and the buyer shall purchase 100% of the production ("as produced") from a given asset (up to a maximum annual quantity).

Contract durations vary significantly. Some of the term contracts are long-term for up to 20 years and some are short-term for a duration of a few weeks. The "as produced" contracts are typically valid from January 1 in a given year and for a period of twelve months and are automatically renewable for additional one year periods, unless terminated by either party by September 30.

Egypt

In Egypt, we generally enter into gas sales agreements with the EGAS and EGPC, as applicable, with respect to gas production, and into term sales contracts with EGPC, with respect to oil production. Our gas production in Disouq and Zeit Bay is sold under such long-term gas sale agreements to EGAS.

The gas sales agreements terms are linked to the life of the relevant field and the agreement remains in effect until (i) production is no longer economically sustainable in the judgment of all parties, (ii) the expiration of our rights under the relevant concession agreement or (iii) the mutual decision of both parties to terminate the gas sales agreement.

Our oil production in Zeit Bay and Ras Budran is sold to EGPC under term sales contracts which have a period of twelve months. Parties may choose to extend the sales agreement not later than 90 days prior to the expiry of the respective period.

Under the term sales contracts, we must make available to EGPC the total quantity of our share of oil production under the relevant concession agreement.

Our oil production in Ras Fanar is sold to GPC under a life of field sales agreement, which can be terminated by either party with 12 months' notice.

Reggane

The marketing of the gas from the Reggane Nord license will be governed by a gas sales agreement that is currently under negotiation. A framework agreement covering the main provisions was signed in November 2009 between Sonatrach on one hand and Repsol, Edison and DEA on the other for the gas produced from the Reggane field.

Oil and Gas Transportation Agreements

Germany

In our Mittelplate field, a pipeline usage agreement with Wintershall as partner (the "Usage Agreement") governs the access to and operation of a pipeline under the Kiel Canal (the "Pipeline"). We entered into the Usage Agreement on September 21/27, 2005. It will automatically terminate once the Pipeline is finally dismantled. The Usage Agreement grants the right to transport own as well as purchased quantities of crude oil via the Pipeline against payment of certain rates which are calculated on basis of the estimated operating costs and passed quantities of crude oil. Exceeding amounts are equally credited to the partners. In addition, both Wintershall and we are each obliged to pay 50% of the maintenance costs. According to the provisions of the Usage Agreement, third parties may transport their crude oil quantities via the pipeline if each partner previously agrees in writing. Under the Usage Agreement, we are responsible for operating the Pipeline, while both Wintershall and we legally own the Pipeline. Additionally, the operation of the Pipeline is subject to the provisions of an operations agreement dated October 20, 2003.

Our German gas production will be delivered primarily via a regulated transport system to the relevant market areas. Erdgas Münster GmbH, a joint venture to channel the distribution of gas in which various companies active in the gas production hold an interest, acts as a joint service provider for deliveries, nominations and allocations of our volumes from the wellhead to the grid operator.

Norway

Gjøa

Statoil ASA (on behalf of Troll Oljerør joint venture) and Statoil ASA (on behalf of the Gjøa Group) have entered into an agreement for transport of Gjøa Oil in the Troll Oljerør 2 Pipeline. The transportation agreement requires that Gjøa Group deliver to Troll Oljerør joint venture all Gjøa Oil less quantities required for operations purposes and agree to accept redelivery of Gjøa Oil allocated to the Gjøa shippers in accordance with the provisions of the transportation agreement. The transport agreement remains in effect until the expiry of the current Troll Oljerør joint venture license period in 2023 or, if earlier, when the Gjøa Shippers permanently cease to produce Gjøa Oil. If the Troll Oljerør joint venture license is extended with the same participating companies with same participating interest at the point in time the license is extended the Transportation agreement will continue, subject to governmental regulations.

The Gjøa Group, of which DEA Norge is a party, have entered into an agreement with Mongstad Terminal DA for handling of the Gjøa oil over the Mongstad terminal. The agreement regulates the delivery, handling and redelivery (as Troll Blend oil) of Gjøa oil (transported through the Troll Oljerør 2 Pipeline) at the Mongstad terminal. The agreement includes and obligation for the Gjøa Group to deliver to the Mongstad terminal all Gjøa oil less quantities required for operations purposes and an acceptance of redelivery of Troll Blend oil allocated to the Gjøa Shippers in accordance with the agreement. The agreement shall remain in force until the Gjøa Group permanently ceases to produce Gjøa Oil.

We have entered into an agreement for transportation, processing and fractionation (the TPFA) of Gjøa, Vega and other gas and natural gas liquids is the Segal system and the purchase of ethane with SEGAL (Shell and Exxon Gas and Liquids) in the UK. The agreement regulates the capacities and right to use of the SEGAL facilities. The agreement shall terminate on the earlier of October 1, 2025 or the date when production of Shipper gas permanently ceases.

We have entered into an individual commercial agreement with Esso Exploration and Production UK Ltd (“ESSO”) complementing the TPFA. The agreement sets out the commercial terms applicable to the relationship between DEA Norge and ESSO only. The agreement shall terminate on October 1, 2021 unless the parties have agreed for an extension until October 1, 2025 on the same terms or on the termination of the TPFA, whichever is the earlier

We have entered into an individual commercial agreement with Shell U.K. LIMITED (“SHELL”) complementing the TPFA. The agreement sets out the commercial terms applicable to the relationship between DEA Norge and SHELL only. The agreement will terminate on the termination of the TPFA.

Snorre

We have entered into an agreement for processing, storage and onward transportation of Snorre crude oil and gas with the Statfjord group participation interest holders. The agreement covers (i) the treating of the Snorre gas in the Statfjord processing facilities and the transportation of the processed gas into and through the Statfjord intrafield pipeline system and subsequent redelivery into the Statpipe pipeline, and (ii) the processing of Snorre crude oil in the Statfjord processing facilities and the transportation of the processed oil to loading facilities for subsequent redelivery into oil tankers. The agreements for Snorre Crude Oil and Snorre Separate Gas terminate on June 30, 2017 and for Snorre B Crude Oil terminate on December 31, 2018. The services relating to Snorre B Crude Oil may be extended throughout the lifetime of the Statfjord B platform if mutually agreed between the groups no later than two years prior to expiry.

Knarr

We have entered into a Contract of Affreightment (COA) with Teekay Shipping Norway AS for the shipment of crude oil from the Knarr field. The COA has a firm duration of six years from start-up date with four options to extend the contract by one year at the charterer’s options.

We have entered into an agreement for transportation, processing and fractionation (the TPFA) of Knarr and other gas and natural gas liquids in the SEGAL (Shell and Exxon Gas and Liquids) system and the offtake of ethane with the SEGAL owners in the UK. The agreement regulates the capacity and right to use of the SEGAL facilities both offshore and onshore. The agreement terminates on the earlier of the date the SEGAL system permanently discontinues operations or the date when production of shipper gas permanently ceases.

We have entered into an individual commercial agreement with Esso Exploration and Production UK Ltd (“ESSO”) for the transportation, processing and fractionation of Knarr gas and natural gas liquids. The agreement sets out the terms upon which ESSO shall provide its services under the agreement for transportation, processing and fractionation of Knarr gas and natural gas liquids. The agreement terminates on the earlier of the termination of the TPFA or October 1, 2021.

We have entered into an individual commercial agreement with Shell U.K. LIMITED ("SHELL") for the transportation, processing and fractionation of Knarr gas and natural gas liquids. The agreement sets out the terms upon which SHELL shall provide its services under the agreement for transportation, processing and fractionation of Knarr gas and natural gas liquids. The agreement shall terminate on the termination of the TPFA.

Snøhvit

All production from Snøhvit is sold of free on board terms and consequently transportation arrangements are needed.

Egypt

In Zeit Bay and Ras Budran, storage, handling and loading agreements govern the provision of transportation and storage services by certain entities controlled by EGPC. Each field's transportation and storage services are governed by a separate agreement, with each remaining in force until production is abandoned by either party or after giving three months written notice that Zeit Bay and Ras Budran will offer supplementary services to the tied-in fields other than storage, handling and loading. for an extra charge. All the charges should be at cost (in addition to a portion of the overheads) and are used to minimize the total burden of the running costs in the Zeit Bay and Ras Budran facilities.

Development Contracts

West Nile Delta

WND is governed by two Concession Agreements, the North Alexandria and West Mediterranean Deep Water Concession Agreements. The original 1992 and 1999 Concession Agreements have been last amended in 2015 and carry identical terms regarding the operating structure, gas pricing formula and gas sales terms in order to allow a joint development of the gas and condensate resources of the initial five core fields, Taurus, Libra, Giza, Fayoum and Raven. Additionally, the Gas and Condensate Sales Agreement (GSA) governs other key commercial parameters.

Algeria

Reggane

Pursuant to the Contract for Exploration, Appraisal and Exploitation of Hydrocarbons on the Reggane North Area, dated July 10, 2002, and as further amended, Groupement Reggane Nord as operator is supervised by Conseil de Gestion (the "Reggane North Area Management Board"). Sonatrach, as one party, and Repsol, Edison and DEA, as a collective second party, each have three representatives on the Reggane North Area Management Board. Each representative has one vote. Decisions at the Reggane North Area Management Board level are taken by the unanimous vote of the present representatives, with at least two representatives of each party required for a quorum.

As per the restated and amended operating agreement between Repsol, Edison and DEA, the parties have undertaken that their representatives on the Reggane North Area Management Board will vote in accordance with the decisions approved at the operating committee level. Decisions at the operating committee level require the affirmative vote of two or more parties, representing at least 70% participating interest. We hold a 32.5% participating interest in the Reggane North Area, and, therefore, an affirmative vote at the operating committee level cannot made without our vote. As such, we are able to influence decision taken at the Reggane North Area Management Board level.

Developed Reserves

The following table sets forth certain information with respect to our estimated 1PD Reserves and 2PD Reserves as of December 31, 2015, as certified by RPS, assuming a conservative average oil price deck for the 2015 estimates. Our 1PD and 2PD reserves are presented on a working interest basis.

Asset	1PD Reserves (MMboe) As of December 31, 2015[1]	2PD Reserves (MMboe) As of December 31, 2015[1]
Mittelplate	20.9	35.9
Völkersen	18.6	31.2
Low Materiality[2]	32.9	32.9
Germany	**72.4**	**100.0**
Gjøa	5.5	12.0
Snorre Unit	9.7	23.5
Snøhvit Unit	9.6	12.0

Knarr	3.9	6.5
Skarv	41.7	70.7
Njord	7.9	13.9
Zidane	—	—
Low Materiality[(2)]	4.9	4.9
Norway	**85.6**	**146.2**
Gulf of Suez	—	—
Disouq	12.7	18.0
West Nile Delta	10.5	11.5
Egypt	**23.2**	**29.5**
Denmark	**1.8**	**1.8**
Total	**193.0**	**277.5**

(1) 1PD and 2PD reserves are a subset of 1P and 2P reserves, respectively.

(2) Low Materiality fields are fields in which the Company has either a small working interest, and/or are relatively mature assets with modest remaining reserves. Given their maturity and low materiality, RPS has assumed that the 1P and 3P reserves are the same as the 2P reserves or these assets.

Certain regulatory regimes

Germany

General framework impacting the oil and gas production

Mining activities in Germany and thus the exploration of oil and gas are governed by the German Federal Mining Act of 13 August 1980 ("Federal Mining Act", *Bundesberggesetz*) and various mining ordinances, *e.g.,*the Ordinance on the Environmental Impact Assessment of Mining Projects of 13 July 1990 (*Verordnung über die Umweltverträglichkeitsprüfung bergbaulicher Vorhaben*).

The competent authority regarding the licencing of the mining activities depends on the federal state (*Bundesland*) where the activity is carried out. The competent mining authorities may involve other authorities in the approval process, in particular on environmental protection matters or approvals to be granted under water law.

We are subject to certain EU-Regulations which have to applied directly and don't require transfer into national (German) law, amongst others Regulation (EC) No 1907/2006 on the registration, evaluation, authorisation and restriction of chemicals (REACH Regulation), Regulation (EC) No 1272/2008 on classification, labelling and packaging of substances and mixtures (CLP Regulation), Regulation (EC) No 715/2009 on conditions for access to the natural gas transmission networks and repealing regulation, Regulation (EC) No 166/2006 concerning the establishment of a European Pollutant Release and Transfer Register, Regulation (EC) No 1102/2008 on the banning of exports of metallic mercury and certain mercury compounds and mixtures and the safe storage of metallic mercury, Regulation (EC) 1013/2006 on shipments of waste. In addition, we are awaiting transfer of the Directive 2013/30/EU on safety of offshore oil and gas operations into German law but are already in the process of preparing additional studies, safety cases etc.

Furthermore, we have established a legal register with the most important German legal provisions in the HSE sector currently comprising more than 200 provisions. This register is continuously updated and the information on relevant updates is spread amongst all departments involved.

German mining law

Pursuant to the Federal Mining Act, the exploration and exploitation of hydrocarbons such as crude oil and natural gas has to be authorised by the competent authority. In particular, mining activities are subject to a two-step authorisation procedure:

- The Federal Mining Act set forth a specific regime on mining rights necessary for mining activities, namely for the exploration and production of mineral resources. Mining rights are being granted upon application by the state mining authorities as exploration licenses (*Aufsuchungserlaubnis*), production licenses (*Bewilligung*) or mining property (*Bergwerkseigentum*). The holder of a mining right has the exclusive right to explore and/or produce and to appropriate the respective mineral resources in a certain field. Mining rights are only required for public mineral resources (*bergfreie Bodenschätze*). These are mineral resources of a high relevance for the public, such as coal, salt, and hydrocarbons. Exploration licenses will be limited to a maximum of five years and can be extended by three years each time whenever the respective field could not be sufficiently explored. Production licenses and mining property will be granted for a certain reasonable period which usually shall not exceed 50 years and which can be extended if production is still ongoing.

- Any activity (e.g., seismic, drilling, production, abandonment) may only be commenced after a mining permit (*Betriebsplanzulassung*) has been issued. The operator has to submit an operating plan (*Betriebsplan*) describing the project which, by means of the mining permit, will be approved by the mining authority if all legal requirements are met. If the operator intends to deviate from an approved operating plan or to extend or modify the existing activities or installations he must submit an amended plan for approval.

The Federal Mining Act differentiates between four types or operations plans:

- the (facultative or mandatory) framework operating plan (*Rahmenbetriebsplan*),

- the main operating plan which is valid for two years (*Hauptbetriebsplan*),

- the special operating plan for specific activities or facilities that are not suited for the main operations plan (*Sonderbetriebsplan*),

- the abandonment operating plan including the remediation and renaturation of the mining area (*Abschlussbetriebsplan*).

The main operating plan serves as the comprehensive framework of the activity and has to include a description of the scope, the technical execution and the duration of the project. All operating plans have to be approved by the mining authority which examines the technical concept, the safety and protection of workers, neighbours, environment and property, as well as compliance with the Federal Mining Act.

The Federal Mining Act further includes specific provisions on the liability for mining damage, in particular the so-called presumption of a mining damage (*Bergschadensvermutung*). In brief, it provides for a *prima facie*-proof regarding the causal link between the mining activity and the damage, and thereby modifies the general allocation of the burden of proof.

Royalties

Pursuant to the Federal Mining Act, the holder of a production license or of mining property is obliged to pay an annual production royalty (*Förderabgabe*) to the respective federal state. The royalty is calculated according to the volume and the value of the respective mineral resource. Details are provided for in state ordinances on exploration and production royalties.

Environmental Impact Assessment and Framework

The approval of a framework operating plan is mandatory if operations require a comprehensive Environmental Impact Assessment (*Umweltverträglichkeitsprüfung*—EIA). The framework operating plan will be issued in the form of a plan approval decision (*Planfeststellungsbeschluss*) as a result of a formal plan approval procedure including EIA and participation of the public.

Projects requiring an EIA are listed in the Ordinance on the Environmental Impact Assessment of Mining Projects. According to this, an EIA is required for production of oil and natural gas with a minimum daily production volume of 500 tons of oil or 500,000 cubic meter of natural gas. In addition, an EIA has also to be conducted if the project is listed in Annex 1 of the Environmental Impact Assessment Act. Thus, certain installations which are usually associated with oil and gas installations, such as certain gas pipelines or large compressors may also require EIA.

Energy taxation

Oil and gas are subject to taxation under the Energy Tax Act. The energy tax is a consumption tax which arises when energy products leave the producer or the distributor. With respect to gas, the tax arises when the gas is extracted from the grid for consumption. The producer and the distributor transfer additional costs created by the tax to the consumers who ultimately pay the indirect tax. The Energy Tax Act determines tax rates for energy products, certain deviating rates as well as specific exceptions from the tax obligation. For example, pursuant to the Energy Tax Act, energy products other than coal and natural gas may be used for the production of energy products free of tax at the premises of the producing entity.

Norway

General framework

Oil and gas operations on the NCS are subject to extensive regulation. The overarching objective of this regulation is to maximize the production, to the benefit of the Norwegian society. According to the Norwegian Petroleum Act of 29 November 1996 No 72 (the "Petroleum Act"), the proprietary right to subsea petroleum deposits is vested in the Norwegian State.

On this legal basis, the Norwegian State grants licenses to oil companies to explore for and produce petroleum, and supervises and controls all phases of the petroleum activities on the NCS. The licensing system is further described below.

The level of state participation in the petroleum activities on the NCS is high. The Norwegian State is the largest player, partly by way of the State's Direct Financial Interest ("SDFI"), whereby the State participates directly in various production licenses and partly by its majority shareholding in Statoil ASA. The SDFI is managed by the State-owned company Petoro AS.

The Petroleum Act provides the overall principles applicable for operations on the NCS and the legal framework for the licensing system, whereby petroleum activities such as exploration and production cannot be carried out unless a license has been awarded. The Petroleum Act also regulates exploration, development, production, transportation of petroleum, decommissioning, liabilities etc., but more detailed regulation on these issues are set forth in regulations issued

under the Petroleum Act, which are also supplemented by other statutes such as the Working Environment Act and the Pollution Protection Act.

The Norwegian Petroleum Taxation Act of 13 June 1975 No 35 (the "Petroleum Taxation Act") sets out the legal basis for taxation of offshore petroleum activities.

The ultimate regulatory authority with respect to the petroleum activities on the NCS is exercised by the Norwegian Parliament ("Stortinget"). The overall responsibility for ensuring that the petroleum activities are carried out in accordance with the regulatory framework laid down by Stortinget, rests with the MPE. Subordinated to the MPE is the NPD whose activities relate to resource management where it has been delegated authority and day-to-day issues. The Petroleum Safety Authority ("PSA"), the regulatory authority for technical and operational safety, including emergency preparedness, and for the working environment, is subordinated to the Ministry of Labour. Policy and legislation concerning taxation of the petroleum industry is handled by the Norwegian Ministry of Finance and annual tax assessments are carried out by the Oil Taxation Office. The Norwegian Environment Agency ("NEA") has regulatory responsibility for pollution caused by petroleum activities on the NCS.

The Licensing System

The Norwegian offshore licensing system comprises various licenses, approvals, agreements and other mechanisms. Companies can apply for an exploration license, for the purpose of exploration activities, typically performing geological and other surveys (excluding drilling to oil-bearing strata) in a certain area. Such licenses are granted for a period of three calendar years, unless another period of time is stipulated. This license does not give any exclusive rights in the relevant area nor any preferential right when production licenses are granted.

The production license is the core document in the licensing system on the NCS, and gives the licensee an exclusive right to explore for (including exploration drilling), develop and produce petroleum in the block(s) covered by the license. There are two systems for awarding new production licenses on the NCS. Production licenses may be awarded in licensing rounds, which normally are arranged every second year. In addition, unlicensed acreage in mature areas on the NCS is opened for application in annual award procedures. This second award system ensures that areas close to existing and planned infrastructure are available for the industry on a more continuous basis. This area will be expanded as new areas mature.

The production license can be awarded to one or several oil companies, who are qualified to act as licensees on the NCS, and such companies become licensees upon such an award. One of them is appointed as operator by the MPE, and becomes responsible for the daily operations of the parties' joint activities in accordance with the production license.

A production license usually sets out a work program that the licensees will need to complete within a specified time limit.

License interests can also be sold and purchased between oil companies. Assignments of license interest are subject to the MPE's approval, and also to a tax clearance from the Norwegian Ministry of Finance. The Ministry of Finance will apply a principle of tax neutrality, which means that the seller's gain from the sale shall not be taxable, and the purchaser's costs in acquiring the interest shall not be deductible for Norwegian tax purposes. Transfers of controlling interests in companies holding production licenses are also subject to approval.

If a company holding a license interest is dissolved or enters into debt settlement proceedings or bankruptcy proceedings, the MPE has a right to revoke the licenses held by such party. See "*Certain insolvency law considerations and enforcement limitations*." If there are fixed facilities on the field where the license is revoked, the State is given a right to take over such facilities. The Norwegian King (in practice the Norwegian Government) decides with binding effect if and to what extent compensation shall be paid for the takeover.

The revocation of a license by the MPE, for whatever reason, does not entail release from the financial obligations following from the Petroleum Act, regulations issued pursuant to the Petroleum Act or the license. If a mandatory work obligation or other obligation has not been fulfilled, the MPE may demand payment, in full or in part, of the amount which fulfillment of the obligation would have cost. The amount shall be stipulated by the MPE with binding effect.

If the licensee has a parent company, the parent will regularly be required by the MPE to furnish a parent company guarantee, on a standard format provided by the MPE, to guarantee fulfilment of obligations undertaken by the licensee towards the State or Norwegian public institutions, and for the licensee's other possible liabilities in connection with petroleum activities. If such security provided for the company's obligations and liabilities becomes significantly weakened, the MPE has the right to revoke the license.

The Petroleum Tax Act

Companies participating in exploration, production and pipeline transportation of petroleum on the NCS are liable to petroleum tax pursuant to the Petroleum Tax Act (the "PTA"). The total marginal income tax rate for companies engaged in such activities is 78%, consisting of a 25% general corporate tax and a 53% special petroleum tax to the State. The petroleum tax is levied on a corporation net profit level, not on a ring-fenced basis.

In brief, the petroleum tax system can be described as follows:

Sales income (crude oil valued at norm prices)

- Operating costs (inclusive exploration costs and indirect taxes)

- Depreciation ($16^2/_3$% for six years)

- Interest cost (capped)

- Losses carried forward with interest

= Corporate tax base taxed at 25%.

- Uplift (5.5% per year for four years)

= Special petroleum tax base taxed at 53%.

Crude oil that is extracted from the NCS is for tax purposes assessed according to a norm price system, whereby the sales prices are fixed by an administrative body. The norm price shall correspond to the price at which petroleum could have been traded between independent parties in an open market. Income generated by sale of gas is, with very few exceptions, assessed on actual arm's length sales prices.

A licensee on the NCS that is subject to Norwegian petroleum tax can deduct all relevant exploration and production costs, including costs associated with exploration, research and development, financing, operations and removal.

Investments in production installations and pipelines are permitted depreciated pursuant to a straight-line method at a rate of 16.67% annually from the year in which the investments take place, i.e. deprecation for 6 years (at a tax rate of 78%). Other types of investments related to the petroleum activity on the NCS may give depreciation deductions according to the ordinary reducing balance system (at a tax rate of 78%). In addition, an uplift of 5.5% annually is granted for four years in the special petroleum tax base (with a tax rate of 53%) based on investments in production installations and pipelines. For investment costs incurred before May 5, 2013 (in addition to development costs comprised by a PDO submitted before May 5, 2013, subject to detailed transitional rules), the uplift rate is 7.5% over four years. The purpose of the uplift is to contribute to ensuring that normal returns are not subject to the special petroleum tax.

Net financial costs incurred on interest-bearing debt and related foreign currency exchange gains (losses) are deductible against income taxed at 78%, but are capped as follows:

$$\text{Offshore tax deduction} = (\text{Net interest cost} + \text{exchange gain(loss)}) \times 50\% \times \frac{\text{Tax value offshore assets 31.12}}{\text{Average interest-bearing debt}}$$

The tax value of the offshore assets equals capitalized cost after tax depreciation as of December 31 in the income year in question. Any costs in excess of this cap fall within the ordinary corporate tax regime (onshore) together with other general financial items, implying that such costs are deductible against income taxable at the general tax rate of 25%. If the taxpayer does not have any income which is taxed under the ordinary corporate tax regime from which the excess costs can be deducted, the tax payer may deduct an amount from its offshore income but only so as to give it an effective deduction against 25% tax.

The timing of income and deductions generally follows the realization principle for tax purposes, i.e. when the income is earned or the expense is unconditionally incurred by the taxpayer. Provisions in the accounts based on prudence are generally not deductible for tax purposes.

Losses can be carried forward indefinitely. Interest is added for losses incurred in 2002 and subsequent years. The calculated interest is added to the loss carry forward at the end of each year. Losses generated by other activities taxable to

Norway may as a general rule not be set off against assessed income for special petroleum tax (53%) and there are limitations on the right to set off other losses against the offshore general income tax (25%). If there remains an uncovered loss upon the discontinuation of activities that are liable to special petroleum tax, the taxpayer may claim payment from the State of the tax value of such loss.

Refund of Tax Value of Exploration Cost

Companies which are not in a tax position may annually claim a refund from the State of the tax value of direct and indirect costs, except financial cost, incurred in connection with exploration for petroleum resources on the NCS. The tax value is set to the total of relevant direct and indirect exploration costs multiplied by the tax rate, currently 78%. The refund will reduce the tax loss to be carried forward correspondingly. The amount of exploration costs may not exceed the annual net loss from the petroleum activities of the taxpayer, to ensure that the costs are not already set off against taxable income. A future exploration refund claim may be used as security for financing purposes.

Refund of Tax Value of Loss Carry Forward upon Cessation

Companies may claim a refund of the tax value of loss carried forward when the entire business activity liable to the special petroleum tax ceases. The tax value is the loss carried forward multiplied with the tax rate, which is currently 78%.

A loss carried forward may also be transferred to a buyer together with the entire business activity in which the loss originated. Thus, if a company sells all its production licenses, it may also transfer the loss carried forward to the buyer, who in turn, under normal circumstances, can set off the loss against other taxable income. The same applies upon a merger with another company, where the transferring company may transfer the loss to the receiving company.

Egypt

General framework

The principal Egyptian legislation governing the extraction of oil and gas in Egypt and Egyptian territorial waters, includes the Egyptian Mining and Quarries Law No. 66 of 1953 as amended and the Mining and Quarries Law 198 of 2014 ("Mining and Quarries Laws"). The Mining and Quarries Laws regulate and organize, among other things, the terms and conditions required for the exploration and extraction of oil and gas as well as mines and quarries.

The Egyptian General Petroleum Corporation ("EGPC") is the state entity charged with managing upstream activities, including infrastructure, licensing and production. Egyptian Natural Gas Holding Company ("EGAS") is responsible for promoting the gas sector, establishing a development strategy and distributing tenders. In 2003, the Ganoub El Wadi Petroleum Holding Company ("GANOPE") was established to promote exploration and development activities in the frontier Upper Egypt area.

The Egyptian Income Tax Law No. 91 of 2015 ("Income Tax Law") regulates the amount of taxes payable by contractors on profits realized from exploration and extraction activities under the relevant underlying concession agreement. Under the Income Tax Law, contractors are subject to a 40.55% tax rate. Under the terms of the relevant concession agreement, the EGPC pays amounts owed under the Income Tax Law on behalf of the contractor out of EGPC's share of petroleum saved.

The licensing system

The EGPC, EGAS and GANOPE are responsible for the licensing, exploration, production, refining, transporting and marketing of the country's oil and gas. Since 2003, each offer their own separate annual bid rounds. Bids are available for exploration and development and are subject to an examination and approval process of up to one year.

Exploration licenses

Exploration licenses provide the holder the exclusive right to explore for hydrocarbons (including drilling) in a defined license area. Exploration licenses range from 7-9 years and are divided into three phases. The license holder must relinquish 25% of the original area following each of the first and second phases. Following the end of the third exploration phase, the license holder must relinquish any remaining areas of the license that have not been converted into development leases. (*Source: Wood Mackenzie, Country Report—Egypt, August 2016*)

Development licenses

Prior to the granting of a development license, a period of delineation is allowed for up to one year following the discovery of commercial oil and two years for commercial gas. Development licenses must be granted prior to the commencement of field work and follows an agreement setting forth the extent of the field and license boundaries. Oil development licenses typically carry an initial period of 20 years with one five-year extension period. Gas development licenses are granted for a period of 25 years. For development projects, a joint venture between the EGPC or EGAS (50%) and license holder(s) (50%) is established to operate the field. The joint venture is non-profit and all capital and operating costs are funded by the license holder(s) to be recovered via a cost recovery mechanism agreed by virtue of the relevant concession agreement. (*Source: Wood Mackenzie, Country Report—Egypt, August 2016*)

Production Sharing Contracts

Since 1973, all E&P companies doing business in Egypt operate under production sharing contracts ("PSCs"). The contract parties to a PSC include the Egyptian government, the EGPC or EGAS or GANOPE and the license holder(s). While the license holder bear all exploration risks under the PSC, the cost recovery and production sharing terms are negotiable. PSCs are generally structured as follows:

- *Bonuses:* signature, production and other bonuses are payable;

- *Costs:* a percentage of production is available for the recovery of operating and capital costs;

- *Profit:* remaining production after cost recovery is divided between the license holder and EGPC/EGAS on a sliding scale basis linked to production shares; and

- *Royalties and Taxes:* royalties and taxes are paid by EGPC/EGAS on the license holder's behalf based on its share of production.

(*Source: Wood Mackenzie, Country Report—Egypt, August 2016*)

Management

Overview

The Company is a stock corporation (*Aktiengesellschaft*) organized under the laws of Germany. In accordance with the German Stock Corporation Act (*Aktiengesetz*), the Company has a two-tier board system consisting of a Management Board (*Vorstand*) and a supervisory board (*Aufsichtsrat,* the "Supervisory Board"). The two boards are separate and, subject to limited exceptions, no individual may serve concurrently as a member of both boards.

The Management Board is responsible for managing the day-to-day business of the Company in accordance with applicable German law and the Articles of Association (*Satzung*) as well as its rules of procedure (*Geschäftsordnung*). In addition, the Management Board must ensure appropriate control of risk within the Company and its subsidiaries so that any developments jeopardizing the Company's future as a going concern may be identified at an early stage. The Management Board legally represents the Company in dealings with third parties and in court. Our senior management assists the Management Board with the day-to-day management of the Company's operations in accordance with instructions set out by the Management Board.

The Supervisory Board advises the Management Board on the management of the Company, monitors its conduct of business and is responsible for appointing and dismissing the members of the Management Board for good cause. It also represents the Company in transactions between a member of the Management Board and the Company. While the Management Board is responsible for submitting regular reports on our business activities and fundamental issues relating to corporate planning (including financial, investment and personnel planning) to the Supervisory Board, the Supervisory Board has the right to request special reports at any time from the Management Board. The Management Board is also obliged to duly report to the Supervisory Board such transactions as may be of particular importance to the Company's profitability (in particular the return on equity) or liquidity, so that the Supervisory Board may have an opportunity to express its views on such transactions before they are concluded. The Supervisory Board may also request a report at any time on matters concerning the Company, on the legal and commercial relationships with affiliated companies or on commercial operations at these companies that may have a significant impact on the Company and its subsidiaries.

The Supervisory Board generally may not exercise management functions. The articles of association of the Company, however, require that certain types of transactions may not be carried out by the Management Board without the prior consent of the Supervisory Board. If the Supervisory Board refuses to approve a particular transaction or business activity contemplated by the Management Board, the Management Board can request that the shareholders' meeting (*Hauptversammlung*) decide the matter. However, the shareholders' meeting of a German stock corporation may not issue directives to the Management Board.

The members of the Management Board and the Supervisory Board owe duties of loyalty and care vis-à-vis the Company. In discharging their duties, the members of these corporate bodies must consider a broad range of interests, which in turn includes the interests of shareholders, employees, creditors and, to a certain extent, the general public. The Management Board must also take due account of the shareholders' right to equal treatment and equal information. The members of the Management Board or of the Supervisory Board are jointly and severally liable to the Company for any damages that may arise if they fail to discharge their duties.

As a basic principle under German law, a shareholder has no direct recourse against the members of the Management Board or the Supervisory Board in the event that they breach a duty vis-à-vis the Company. Except for certain special circumstances, only the Company itself has the right to bring claims for damages against members of either board, whereby the Company is represented by the Management Board when bringing claims against the Supervisory Board and by the Supervisory Board when bringing claims against the Management Board. Pursuant to a ruling by the German Federal Court of Justice (*Bundesgerichtshof*), the Supervisory Board is obliged to bring claims which are likely to be successful against the Management Board unless material considerations pertaining to the interest of the corporation outweigh or are at least equivalent to those in favor of enforcing such claim. Despite a refusal of the Supervisory Board to pursue a claim for damages, such a claim must be enforced (i) upon a resolution of the general shareholders' meeting, (ii) upon a petition with the competent court by minority shareholders meeting a certain minimum requirement as to their stake in the Company, or (iii) by the Company's creditors whose claims could not be settled by the Company. The Company may only waive or settle such claims for damages if at least three years have passed and if the shareholders approve the waiver or settlement at the shareholders' meeting with a simple majority of the votes cast, provided that opposing shareholders do not hold, in the aggregate, one tenth or more of the share capital and do not have their opposition formally recorded in the minutes maintained by the notary.

Under German law, no individual shareholder (or any other person) may exert its influence on the Company to cause a member of the Management Board or the Supervisory Board to engage in any act detrimental to the Company. Shareholders with a controlling interest may not use it to cause the Company to act against its own interest unless the prejudice to its interests is compensated for. Any shareholder using its interest in the Company to cause a member of the

Management Board, a member of the Supervisory Board or a person who holds a power of attorney (*Prokurist*) or is authorized to act for the Company (*Handlungsbevollmächtigter*) to engage in any act detrimental to the Company or to our shareholders must compensate the Company and the shareholders for any loss sustained thereby. The Company has taken out a directors and officers liability insurance policy for all members of the Management Board and the Supervisory Board.

Management Board

General Information

The Management Board is responsible for managing the business of the Company in accordance with the German Stock Corporation Act, the Company's Articles of Association and the rules of procedure (*Geschäftsordnung*) for the Management Board. According to the Articles of Association, the Management Board must consist of a minimum of two members. The Supervisory Board determines the number of members of the Management Board and appoints such members. It may also appoint the Chairman and Deputy Chairman of the Management Board. Members of the Management Board are appointed for a maximum term of five years. They may be repeatedly reappointed or their term of office may be extended, in each instance for a period of up to five years. The Supervisory Board may revoke the appointment of a member of the Management Board before the end of his or her term of office for cause, such as gross breach of duty or in case of a vote of no confidence by the shareholders' meeting.

The Management Board has overall responsibility for the Company's business. In accordance with its rules of procedures (*Geschäftsordnung*), each member of the Management Board is assigned an area of responsibility defined in a plan forming part of the rules of procedure, which sets out the allocation of duties. Notwithstanding the overall responsibility held by the Management Board, each member of the Management Board is responsible for the area allocated to him or her. Pursuant to the rules of procedure of the Management Board, certain management actions may only be taken, and certain types of transactions may only be concluded, with the approval of the Supervisory Board.

Under the Company's Articles of Association, the Management Board requires Supervisory Board approval for (i) the acquisition, sale and encumbrance of properties, the acquisition and sale of holdings and the assumption of suretyship commitments, guarantees or similar liabilities, if the amount of such transactions exceeds €115 million, in each case, provided that, in case of the assumption of suretyship commitments, guarantees or similar liabilities, that the transaction occurs outside the ordinary course of business, and (ii) issuance of bonds.

In addition, the rules of procedures (*Geschäftsordnung*) stipulate that certain further actions and transactions require approval either by the Supervisory Board or one of its committees, e.g., *inter alia,* (i) investments or commitments to investment in projects or project phases if the capital expenditures over the term of the project or project phase as communicated to the Supervisory Board for purposes of resolving on the project or the project phases exceed the amount of $250.0 million, (ii) entering into procurement contracts for the purchase of materials, equipment, supplies or services if these contracts each have a value of more than $250.0 million over the contract life; (iii) entering into commitments binding the Company or one of its subsidiaries in connection with the settlement of litigation matters if the disputed amount exceeds $50.0 million; (iv) granting of loans and issuance of guarantees for the benefit of third parties if this leads to commitments in an amount of more than $15.0 million, to the extent such commitments are not strictly necessary to comply with the contracting policy approved by the Supervisory Board; or (v) material changes to the contractual foundation of joint ventures the Company or one of its subsidiaries is a party to, or material changes to the articles of association or articles of incorporation of subsidiaries of the Company. Certain other actions and transactions require consultation with Lord Browne of Madingley and Mr German Khan (collectively the "Shareholder Council"), e.g., *inter alia,* (i) setting of the one-year budget, as well as the three-year and ten-year development plans of DEA; (ii) assumption of financial indebtedness in any form, except letters of credit and bank overdraft facilities, if such financial indebtedness exceeds $100.0 million; (iii) relinquishment or extension of licenses or concessions or change of material license or concession terms, if the total value of such license or concession amount $50.0 million; (iv) definition and any amendment of DEA's Code of Conduct or other corporate governance practices of DEA; and (v) involvement in any project in a new country previously not entered into by DEA.

As a rule, the Management Board should meet once per week. The Management Board has a quorum if a meeting has been called with due notice and all of the members, but at least two members are present. If not otherwise required by law, the Management Board decides by a simple majority of the members' votes. In the event of a tie, the chairman has the deciding vote. Members of the Management Board may not deal with, or vote on, measures relating to proposals, arrangements or contracts between himself or herself and the Company.

Individual board members serve as representatives with primary responsibility for the Company's various corporate functions and for the fields of business in which the Company operates. Despite this internal allocation of responsibilities, each member of the Management Board has overall responsibility (*Gesamtverantwortung*) for the Company as a whole.

The Company's Articles of Association provide that the Company can only be legally represented by two members of the Management Board or by one member of the Management Board in conjunction with an authorized signatory who holds a power of attorney (*Prokurist*).

Senior Management and Management Board

The persons set forth below are our current members of the Company's senior management and Management Board.

Name	Age	Position
Thomas Rappuhn	57	Chief Executive Officer
Dmitry Avdeev	42	Chief Financial Officer
Dr. Johannes Karlisch	58	Chief Commercial Officer
Dirk Warzecha	52	Chief Operating Officer

Set out below are brief biographies of the senior management and Management Board of the Company.

Thomas Rappuhn

Mr. Rappuhn, our CEO, has over 28 years of experience at DEA and, previously, Texaco. He has served as our CEO since 2010 and has previously held the positions of COO, Director of Domestic Gas/Oil and Deputy Managing Director of DEA Norge. Mr. Rappuhn has international experience in Norway, the Netherlands and the UK and studied Petroleum Engineering at the Technical University of Clausthal-Zellerfeld.

Dmitry Avdeev

Mr. Avdeev joined us as CFO 2016 after serving as Partner (Finance and Controlling) at L1 Energy. His previous posts include CFO of Rosneft and Co-Head of Russia and FSU Investment Banking at Morgan Stanley. Mr. Avdeev has international experience in Russia, Kazakhstan and the UK and holds a diploma in Applied Mathematics from the Moscow State University.

Dr. Johannes Karlisch

Dr. Karlisch, our CCO, has over 16 years of experience at RWE/DEA. He has previously held the positions of CFO at DEA Deutsche Erdoel AG, VP of Group Executive Management at RWE AG and various senior leadership positions at STEAG AG. Mr. Karlisch holds a diploma in Mathematics from Ruhr University Bochum.

Dirk Warzecha

Mr. Warzecha, our COO, has over 13 years of experience at DEA. He has served as General Manager of RWE DEA Egypt, Manager of Production District Holstein at RWE DEA and held various positions at Preussag Energie, including Development Manager for Tunisia. Mr. Warzecha has international experience in Egypt, Tunisia, Venezuela and Ecuador and studied Petroleum Engineering at the Technical University of Clausthal-Zellerfeld and Mining Engineering and the Technical University of Aachen.

Supervisory Board

The Supervisory Board currently consists of twelve members of which six are appointed by the Company's shareholders at the shareholders' meeting. The other six member of the Supervisory Board are elected by the employees of the Company in accordance with the German Co-Determination Act (*Mitbestimmungsgesetz*) and the Articles of Association.

The Supervisory Board members elect one of the members as chairman (*Vorsitzender*) and one other member as vice-chairman (*Stellvertreter*) by a two-thirds majority of the total number of members.

The term of a member of the Supervisory Board elected by the shareholders expires at the end of the shareholders' meeting resolving on the ratification of actions for the fourth financial year after the term of office commenced, not including the financial year in which the term of office commences. If a member of the Supervisory Board retires, or is removed from office prior to the end of his or her term of office, the substitute member's term of office expires at the end of the term of the resigning or removed board member, unless the shareholders' meeting decides otherwise. There is no compulsory retirement age for the members of the Supervisory Board. No former Management Board members of the Company are currently serving on the Supervisory Board.

Unless otherwise required by applicable law, resolutions of the Supervisory Board are passed by a simple majority of the votes cast. In order to constitute a quorum, all members must be invited with due notice and at least half of the members of the Supervisory Board must participate in the voting,

The Supervisory Board is required to meet at least once in each half of every calendar year. The Supervisory Board has formed a committee on matters of the rules of procedures for the Management Board, a personnel committee, a reconciliation committee and an audit committee.

The following table sets forth the name, age, position and the year of appointment for each of the current members of the Company's Supervisory Board.

Name	Age	Position
Lord John Browne of Madingley	68	Executive Chairman, L1E Energy (UK) LLP
Mikhail Fridman	52	Chairman, Letterone Holdings S.A.
German Khan	54	Director, Letterone Holdings S.A.
Andreas J. Goss	52	Executive Chairman, ThyssenKrupp Steel Europe AG, Independent Consultant of L1E Finance GmbH & Co. KG
Dr. Jan Konerding	61	Independent Consultant of L1E Finance GmbH & Co. KG, Former Member of the Executive Board of PricewaterhouseCoppers AG
Alf Henryk Wulf	53	Executive Chairman, GE Power AG (formerly ALSTOM Power Deutschland AG), Independent Consultant of L1E Finance GmbH & Co. KG
Franz-Gerd Hörnschmeyer	56	Political Union Secretary, Union of Mining, Chemical and Energy
René Pawel	53	Senior Vice President, Geological Support Center
Guenther Prien	54	Chairman of the Joint Works Council, DEA Deutsche Erdoel AG
Daniela Freise	53	Member of the Joint Works Council of DEA
Andreas Schöpf	54	Chairman of the Works Council Betriebe Wietze, DEA Deutsche Erdoel AG
Rajko Pientka	40	Political Union Secretary, Union of Mining, Chemical and Energy

Set out below are brief biographies of the Supervisory Board of the Company.

Lord Browne of Madingley

Lord Browne is the Executive Chairman of L1 Energy and also a member of a variety of other Advisory Boards. He joined BP in 1966, became a member of the Board in 1991, and was Group Chief Executive from 1995 until 2007. He has served on the Boards of Intel, DaimlerChrysler AG, Goldman Sachs and SmithKline Beecham and is Chairman of the Board of Trustees of the Tate galleries. Lord Browne holds degrees from Cambridge University and Stanford University, and numerous honorary degrees and fellowships.

Mikhail Fridman

Mr. Fridman is one of the original founders of LetterOne and serves as Chairman of the Board of Directors of Letterone Holdings S.A. and Letterone Investment Holdings S.A. Mr. Fridman also serves as Chairman of the Supervisory Board of Alfa Group Consortium, one of Russia's largest privately owned financial-investment conglomerates. He is a member of the Board of Russian Union of Industrialists and Entrepreneurs and the International Advisory Board of the Council on Foreign Relations (USA). Mr. Fridman graduated from Moscow Institute of Steel and Alloys.

German Khan

Mr. Khan is one of the original founders of LetterOne and serves as a member of the Board of Directors of Letterone Holdings S.A. and Letterone Investment Holdings S.A. From 2003 to 2013, Mr. Khan served as Executive Director and member of the Management Board of TNK-BP Management. Mr. Khan also serves as a member of the Supervisory Board of Alfa Group Consortium. Mr. Khan graduated from the Moscow Institute of Steel and Alloys.

Andreas J. Goss

Mr. Goss is Chief Executive of ThyssenKrupp Steel Europe AG, a subsidiary of ThyssenKrupp AG, located in Duisburg, Germany. Previously, he was Chief Executive of Siemens UK & North West Europe based in Frimley, Surrey, UK for several years. Prior to working in the UK, he held a variety of positions within Siemens in Germany and in the U.S., serving the company for 22 years. Mr. Goss is a graduate in Management and Administrative Studies the University of Regensburg, Germany with additional studies at Aston University in Birmingham, UK and executive education at the Fuqua School of Business in Raleigh, North Carolina. He serves as President of the German Steel Producers Association. Mr. Goss also works *pro bono* as a member of the board of trustees of the Science Museum Group in the UK.

Dr. Jan Konerding

Mr. Konerding is a member of the Supervisory Board of DEA and also a member of a variety of other Executive and Advisory Boards. He is Chartered Accountant, Lawyer and Tax Consultant, registered in Germany, and a member of the Executive Board of the PwC Foundation, "Jugend, Bildung, Kultur" (Youth, Education, Culture) in the Association for the Promotion of German Science and Humanities. He was a Partner of PwC from 1993 until 2015. He was COO, CFO and a member of the Executive Board of PricewaterhouseCoopers AG from 2002 until 2015, COO of PwC Europe SE from 2010 until 2015, a member of the Global Board of PwC from 2001 until 2009 and Global Vice Chairman of PwC from 2010 until 2011. Mr. Konerding studied Law at the University of Hamburg and holds a Ph.D in Law.

Alf Henryk Wulf

Mr. Wulf is a graduate of the Technical University of Munich and holds an MBA from EM Lyon Business School. He joined Alcatel in 1991. He was appointed Sales Director for Germany, North and West regions in 1996, and became Key Account Manager at Deutsche Telekom AG in 1997. In 2002, he served as Executive Vice President for Sales and Marketing for Europe, the Middle East, Africa and India. In 2003, he became a member of the board of Alcatel SEL AG and was made Executive Vice President Marketing and Sales responsible for Germany, Switzerland, Austria, Central and Eastern Europe, and Russia. He became Deputy Chairman in 2006 and Chairman of the Management Board of Alcatel-Lucent Deutschland AG in 2009. In 2012, Alf Henryk Wulf joined Alstom (currently GE Power) as CEO of the German and Central European unit.

Franz-Gerd Hörnschmeyer

Mr. Hörnschmeyer is a member of the Supervisory Board and serves as political secretary for Industrial Union Bergbau, Chemie, Energie, IG BCE.

René Pawel

Mr. Pawel is a member of the Supervisory Board of DEA. Mr. Pawel joined DEA in 1990 and currently acts as head of the Geo Support Center. He has worked in a variety of engineering roles within DEA. Mr. Pawel acted as senior vice president of Production in Europe from 2013 to 2016. From 2004 to 2013, Mr. Pawel acted as the managing director of RWE DEA UK Ltd. Mr. Pawel holds a degree in petroleum engineering from the Mining University Leoben in Austria.

Guenther Prien

Mr. Prien has been the chairman of DEA's Central Works Council in Germany since 2014 and the chairman of the headquarters works council since 2011. He joined DEA in 1992 following his degree in Business Administration at the University of Paderborn, North Rhine-Westphalia. Since then he has held several functions within DEA in various commercial departments. He has been member of the supervisory board since 2012.

Daniela Freise

Ms. Freise is a member of the Supervisory Board of DEA. Ms. Freise joined DEA in 1991 and has worked in a variety of treasury and project management roles within the Company. Ms. Freise is currently Deputy Chairwoman of the Works Council Hamburg and a Member of the Joint Works Council of DEA. Ms. Freise holds a degree in business administration from the University of Hamburg.

Andreas Schöpf

Andreas Schöpf has been a member of the Supervisory Board of DEA since 2014. He joined DEA in 1991 following his degree in Technical Assistant Informatics. Mr. Schöpf has been chairman of the local Works Council in Wietze since 2014.

Rajko Pientka

Mr. Pientka has been member of DEA's Supervisory Board since 2015. After working as political secretary of Industrial Union Metal, he worked in a staff function for the governing board of Industrial Union Bergbau, Chemie, Energie, IG BCE. Since 2011, Mr. Pientka has served as political secretary for Industrial Union Bergbau, Chemie, Energie, IG BCE, Hamburg/Harburg. Rajko Pientka is a graduate of the University for Economy and Politics with a degree in graduate economics and holds a Master of Arts in economic and sociological studies from the University of Hamburg.

Directors of the Issuer

The persons set forth below are our current directors of the Issuer.

Name	Age	Position
Philip Neil Toyer	53	Director
Jessica Camilleri	31	Director
Ismaël Dian	36	Director

The business address of the directors of the Issuer is 1-3, Boulevard de la Foire, L-1528 Luxembourg, care of Neil Toyer.

Set out below are brief biographies of the directors of the Issuer.

Philip Neil Toyer

Mr. Toyer has served as Tax Director for LetterOne since 2013 and is responsible for all taxation advisory assistance for LetterOne. His duties include Revenue authorities, coordination and assistance to the business lines on acquisitions and disposals, structuring of acquisition platforms and liaison with external service providers. Responsible for ensuring adherence (through education) to the tax risk management policies of LetterOne, as well as communicating risks to the CEO and Audit Committees.

Jessica Camilleri

Ms. Camilleri serves as a Manager within the private equity department of Alter Domus Luxembourg S.à r.l. She is responsible for a portfolio of private equity clients and advises on matters ranging from incorporation to liquidation. This includes advising, or liaising with advisors, on accountancy, legal, compliance, taxation and VAT matters. She holds a degree in Accountancy from the University of Malta.

Ismaël Dian

Mr. Dian serves as Director of the Real Estate department of Alter Domus Luxembourg S.à r.l. and possesses significant experience in corporate and management services provided to Luxembourg entities. Before joining Alter Domus, Mr. Dian was Financial Controller at Captiva Capital Partners, where he was responsible for financial reports and funds administration and served as co-Manager of the Luxembourg Office. Mr. Dian has a degree in Accountancy and Tax from HERS Libramont and is certified as a Real Estate Investment Funds Professional from IFBL. He is also a chartered accountant ("*Expert Comptable*").

Board committees

Audit Committee

Our Audit Committee is comprised of Dr. Jan Konerding, Andreas J. Goss, Alf Henryk Wulf, Guenther Prien, Daniela Freise and Rajko Pientka.

The Audit Committee is responsible for (i) matters of accounting; (ii) internal revision; (iii) the Company's risk management system and (iv) the auditing of the Company's financial statements.

Committee on matters of the Rules of Procedure for the Management Board of DEA

Our Committee on Matters of the Rules of Procedure for the Management Board of DEA is comprised of Lord Browne of Madingley, German Khan, Dr. Jan Konerding, Daniela Freise, René Pawel and Andreas Schöpf.

The primary responsibility of the Committee on Matters of the Rules of Procedure for the Management Board of DEA is the final approval of certain actions and transactions that the Management Board may only take or enter into with the prior consent of the Supervisory Board or, as the case may be, of the competent committee of the Supervisory Board.

Personnel Committee

Our Personnel Committee is comprised of Lord Browne of Madingley, German Khan, Rajko Pientka and Guenther Prien.

The primary purposes of the Personnel Committee are (i) to prepare the personnel decisions of the Supervisory Board and, in particular, make proposals for the appointment and termination of the appointment of members of Management Board and (ii) to submit to the Supervisory Board proposals for resolution on the compensation of the individual member of the Management Board.

Reconciliation Committee

Our Reconciliation Committee is comprised of Lord Browne of Madingley, Andreas J. Goss, Rajko Pientka and Guenther Prien.

The primary purpose of the Reconciliation Committee, as stipulated by German law, is to make recommendations to the Supervisory Board regarding the appointment or revocation of appointment of members of the Management Board, if the required two-thirds majority of Supervisory Board member votes is not obtained on the first ballot.

Compensation paid to our Supervisory Board and Management Board

Each member of the Supervisory Board receives a fixed remuneration of € 20,000 per calendar year. The Chairman and the Deputy Chairman receives € 40,000 and €30,000, respectively, per calendar year.

Remuneration paid to each member of the Management Board consists of a fixed and a performance-related variable component. For the short fiscal years ended March 31, 2015 and December 31, 2015, the aggregate remuneration paid to the Management Board amounted to €3.9 million, including variable remuneration of €3.0 million. Additionally, remuneration paid to members of the Management Board includes non-cash and other perquisites.

Further Information about Members of the Management Board and the Supervisory Board

During the last five years, no member of the Management Board or the Supervisory Board has been convicted in relation to fraudulent offenses.

During the last five years, no member of the Management Board or the Supervisory Board has acted in any capacity at any entity which was subject to any bankruptcies, receiverships or involuntary liquidations.

No official public incrimination and/or sanctions by any statutory or regulatory authority against any member of the Management Board or the Supervisory Board has occurred. No member of the Management Board or the Supervisory Board has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct the affairs of any issuer during the last five years.

The Company has not granted any loans to Management Board or Supervisory Board members. The members of the two corporate bodies have not concluded any transactions with the Company that lie outside the Company's normal operating activities.

No members of the Management Board or the Supervisory Board have any actual or potential conflicts of interest between their duties to the Company and their private or other interests.

No Management Board or Supervisory Board member has concluded any service contract with any of the Group's companies that includes special benefits upon the end of the service. No family relationships exist among the members of the Management Board and the Supervisory Board or within any of these bodies. No member of the Management Board and the Supervisory Board (including persons closely related to them) currently directly holds shares in the Company. See also "Principal shareholders" and "Certain relationships and related party transactions".

Shareholders’ Meetings

Shareholders’ meetings are convened by the Management Board or, in certain instances, by the Supervisory Board. General shareholders’ meetings take place at the Company’s registered office. Each of the shares carries one vote at the Company’s shareholders’ meeting. There are no restrictions on voting rights of the shares of the Company.

Unless mandatory provisions of the German Stock Corporation Act state otherwise, shareholders’ meeting resolutions are passed with a simple majority of the votes cast and, unless a majority of the capital is required by legal provisions over and above a majority of votes, with a simple majority of the share capital represented and entitled to vote on the resolution, unless a larger majority is required by mandatory legal provisions. The regular shareholders’ meeting takes place within the first eight months of every business year.

Principal shareholders

As at the date of this Offering Memorandum, the issued share capital of the Issuer consisted of 3,000,000 ordinary shares with a total par value of €30,000. All the issued and fully paid-up share capital of the Issuer is held by L1E Finance GmbH & Co. KG, a limited partnership established and existing under the law of the Federal Republic of Germany, with its seat in Hamburg, Germany, and an indirectly wholly owned subsidiary of Letterone Holdings S.A., a public limited liability company (*société anonyme*) incorporated under the laws of the Grand Duchy of Luxembourg.

Information about our shareholder

Our shareholder is a member of L1 Energy, which acquired DEA in March 2015 for a consideration of $5.5 billion, financed by the $2.2 billion RBL Facility and $3.3 billion of equity including the Shareholder Loan. See "Certain relationships and related party transactions—Transactions with related parties—Shareholder Loan."

L1 Energy is part of LetterOne, a privately owned Luxembourg-based international investment business founded in 2013 by Mikhail Fridman, German Khan, Alexey Kuzmichev and Peter Aven, among others. LetterOne targets investments in the energy, telecoms and technology, healthcare and, most recently, retail sectors. LetterOne consists of two groups, the first being L1 Energy. The second group, of which Letterone Investment Holdings S.A. is the ultimate parent company, comprises of L1 Technology, L1 Treasury, L1 Health and L1 Retail.

LetterOne is focused on utilizing its financial resources, management and investment expertise to make value-driven investments in those sectors. Some of the investments include stakes in VimpelCom and TurkCell, as well as a $200 million investment in Uber. As of December 31, 2015, LetterOne's combined net assets totalled $21.1 billion, including $10.7 billion of liquidity held and managed by L1 Treasury.

Certain relationships and related party transactions

In the course of our ordinary business activities, we may from time to time enter into agreements with or render services to related parties. In turn, such related parties may render services or deliver goods to us as part of their business. Purchase and supply agreements, cashless settlement agreements and service agreements between subsidiaries and affiliated companies and with associated companies or shareholders of such associated companies are entered or may be entered into from time to time within the ordinary course of business. Additionally, certain directors of the Parent, L1E Funding GmbH and L1E Acquisitions GmbH are partners of certain L1 Energy entities.

We believe that all transactions with affiliated companies are negotiated and conducted on a basis equivalent to those that would have been achievable on an arm's-length basis, and that the terms of these transactions are comparable to those currently contracted with unrelated third-party suppliers, manufacturers and service providers.

Letterone Holdings S.A. is our ultimate parent. Related parties are all companies in which Letterone Holdings S.A. has a direct or indirect holding.

Transactions with Related Parties

Shareholder Loan

In connection with the DEA Acquisition, L1 Energy Finance (Jersey) Limited (an indirectly wholly-owned subsidiary of Letterone Holdings S.A.), as lender, entered into a $530 million Shareholder Loan with L1E Funding GmbH, as borrower, dated as of December 14, 2015 (the "Shareholder Loan"). The Shareholder Loan can be used towards (i) subscribing for equity in, or making a capital contribution to or a payment into capital reserves of L1E Acquisitions GmbH, or a similar transaction and (ii) general corporate purposes. The Shareholder Loan was amended and restated on September 8, 2016 whereby its maturity was extended to 2024 and interest payments converted to payment-in-kind toggle.

Receivables from L1 Energy Capital Management Services S.à r.l.

The Parent holds receivables in an amount of approximately €320 million from L1 Energy Capital Management Services S.à r.l., which are repayable on demand.

Description of certain financing arrangements

The following summary of the material terms of certain financing arrangements to which we and certain of our subsidiaries are a party does not purport to be complete and is subject to, and qualified in its entirety by reference to, the underlying documents. For further information regarding our existing indebtedness, see “Use of proceeds,” “Capitalization,” and “Management’s discussion and analysis of financial condition and results of operations.”

We and certain of our subsidiaries have entered into financing arrangements which are summarized below.

RBL Facility

Overview

In connection with financing the DEA Acquisition, L1E Finance GmbH & Co. KG (the “Parent”) and certain of its subsidiaries entered into a senior secured borrowing base facility agreement on December 30, 2014, (the “RBL Facility Agreement”), with, Citigroup Global Markets Limited, Deutsche Bank AG, Amsterdam Branch, Natixis, Société Générale, London Branch and The Bank of Nova Scotia. Natixis serves as facility agent. Following the closing of the DEA Acquisition, the Company and certain of its subsidiaries became parties to the RBL Facility Agreement pursuant to an accession agreement dated April 2, 2015. Further, the Company entered into an agreement dated April 2, 2015 with L1E Funding GmbH and Natixis, transferring the rights and obligations of L1E Funding GmbH under the RBL Facility Agreement to the Company. The RBL Facility may be utilized in U.S. dollars, pounds sterling, euro or Norwegian krone by drawing cash advances or by issuances of letters of credit. Following the DEA Acquisition, borrowings may be used for general corporate purposes, including capital expenditure, of L1E Finance GmbH & Co. KG and its subsidiaries from time to time.

As of June 30, 2016, we had drawn $2,050 million under the RBL Facility.

Borrowers and Guarantors

The Company and certain of its subsidiaries are borrowers under the RBL Facility (the “RBL Facility Borrowers”). Each of the following is a guarantor under the RBL Facility: the Parent, L1E Funding GmbH, L1E Acquisitions GmbH, the Company, DEA Speicher GmbH, DEA International GmbH, DEA Suez GmbH, DEA Nile GmbH and DEA Norge AS (each an “RBL Facility Guarantor” and, together with the RBL Facility Borrowers, the “RBL Obligors”). A mechanism is included in the RBL Facility Agreement (i) to enable certain of the Company’s subsidiaries to accede as additional borrowers with respect to the RBL Facility, subject to certain conditions, and (ii) requiring the Parent’s subsidiaries that hold certain assets to accede as additional guarantors with respect to the RBL Facility, subject to certain conditions.

Security

The RBL Facility is currently secured by security interests over certain of the assets of the RBL Obligors and other material subsidiaries, including, but not limited to:

- the shares in each of the RBL Obligors (other than the Parent);
- various intercompany loans and hedging agreements; and
- various bank accounts.

Commitments and Additional Commitments

The initial aggregate commitments under the RBL Facility were $2,300 million (the “Aggregate Commitments”) encompassing (i) a revolving credit facility in an aggregate amount of $2,200 million (“Facility A”); (ii) a revolving credit facility in an aggregate amount of $100 million (“Facility B”) (though this may be increased to a maximum amount of $1,800 million, subject to the fulfilment of certain conditions (see further below)); and (iii) a revolving credit facility for letters of credit with maximum aggregate commitments of $200 million. The Aggregate Commitments may be reduced from time to time in accordance with the terms of the RBL Facility Agreement.

As of June 30, 2016, the borrowing base limit under the RBL Facility was $2,300 million, of which $2,050 million was drawn.

Guarantees

Subject to certain limitations, including in respect of financial assistance, each of the RBL Facility Guarantors has (among other things) provided a guarantee of all amounts payable to the lenders, the administrative finance parties and certain hedging banks (the “Hedging Banks”) under the RBL Facility (collectively, the “Finance Parties”) by the (other) RBL Obligors in connection with the RBL Facility Agreement.

Reduction and Repayment

Each loan must be repaid on the last day of its interest period, subject to a netting mechanism against new loans drawn on such dates. Any part of the RBL Facility which is repaid may be re-borrowed subject to certain terms and exceptions.

The aggregate commitments made under the RBL Facility must be reduced to zero by December 30, 2021, the final maturity date. The first reduction under (i) Facility A, to $1,906.3 million and (ii) Facility B, to $86.7 million, occurs on July 1, 2019 and further reductions of $293.7 million and $13.3 million under Facility A and Facility B, respectively, occur at six-month intervals thereafter, until the final maturity date. Subject to certain conditions, the Company may request that the aggregate commitments are increased and that the increased commitments are assumed by existing lenders or certain new parties. Existing lenders are under no obligation to increase their individual commitment. The maximum aggregate commitments under Facility B are $1,800 million.

Outstanding utilizations may not exceed the aggregate commitments or an amount calculated with reference to the value of the borrowing base assets. Any prepayment in connection with the latter will be determined following a re-valuation of the borrowing base assets, which may be triggered on certain events, including changes to the Brent oil price, UK NBP gas price and title transfer facility gas price.

In June 2016, we completed a redetermination process with our bank consortium under the RBL Facility. Following this redetermination process, the RBL Facility borrowing base value was calculated at $2,300 million.

Claims under letters of credit must be reimbursed on the terms set out in the RBL Facility Agreement.

Mandatory Prepayment

If it becomes unlawful in any applicable jurisdiction for a lender to perform its obligations under the RBL Facility or to fund or maintain its participation in a loan, the commitment of that lender will be immediately canceled once that lender has notified us (through the facility agent) of that unlawfulness and, to the , all obligations under such commitment must be repaid on the last day of the relevant interest period(s) or earlier if required by the lender concerned in certain circumstances.

If we experience certain change of control events, any lender may by notice to us and the facility agent cancel its commitments immediately and each RBL Facility Borrower must, having received at least 15 business days’ notice, repay any such lender’s participation in all outstanding loans, together with accrued interest and all other amounts due to that lender under the finance documents.

The RBL Facility Agreement also includes customary prepayment events and rights related to defaulting lenders and taxes.

Voluntary Prepayment and Cancellation

Subject to payment of break costs (if any), the RBL Facility Borrowers may voluntarily cancel the available commitments or prepay amounts outstanding under the RBL Facility without penalty or premium, at any time in whole or in part, subject to a minimum cancellation or repayment of $10.0 million, on not less than five business days’ (or such shorter period as the lenders under the RBL Facility whose aggregate commitments aggregate more than $66^2/_3$% of the Aggregate Commitments (the “Majority Lenders”) may agree) prior notice in the case of cancellation, and not less than 10 business days (or two business days in the case of equity cure) (or such shorter period as the Majority Lenders may agree) prior notice in the case of equity cure.

Interest and Fees

The rate of interest payable on the loans under the RBL Facility Agreement is the rate per annum equal to the aggregate of a margin plus (i) LIBOR (in the case of loans in U.S. dollars or pounds sterling); (ii) EURIBOR (in the case of loans in euros) or (iii) NIBOR (in the case of loans in Norwegian kroner). Current rate of interest on the loan is LIBOR plus 225 basis points.

The RBL Facility Borrowers are required to pay a commitment fee on (i) available but unutilized commitments under the RBL Facility, and (ii) amounts by which utilized commitments exceed the amount available to be drawn by virtue of the applicable borrowing base amount, in each case at a rate equal to a percentage of the applicable margin.

Representations and Warranties

The RBL Facility includes certain customary representations and warranties, subject to certain exceptions and appropriate materiality qualifications, including, but not limited to, representations with respect to:

- status;
- powers and authority;
- legal validity;
- non-conflict with constitutional documents, laws or certain documents;
- ranking;
- no insolvency;
- no default;
- accuracy of financial statements delivered;
- compliance with laws (a separate representation is given in respect of compliance with environmental laws);
- validity of security interests; and
- maintenance of necessary insurances.

Information covenants

The RBL Facility Agreement includes certain information covenants requiring the Parent and/or the RBL Obligors to procure the delivery of certain information, subject to certain agreed exceptions and qualifications, including but not limited to:

- financial statements;
- a liquidity statement reflecting corporate sources and uses for the relevant 12-month forecast period;
- compliance certificates;
- information relating to defaults; and
- various information concerning its operations, business, assets and liabilities, legal matters, and petroleum reserves.

General Covenants

The RBL Facility Agreement includes certain covenants, subject to certain agreed exceptions, including, but not limited to, covenants restricting the ability of each RBL Obligor (and where expressly provided, certain other key companies that are neither borrowers nor guarantors) to, among other things:

- create or permit security (negative pledge);
- merge or consolidate with other companies;
- dispose of certain assets;
- make a material change to the general nature of its business;

- incur financial indebtedness or provide guarantees and indemnities;
- make dividends and other distributions;
- transact with third parties other than on an arm's length basis an on normal commercial terms;
- pay dividends and make other distributions; and
- make loans or extend credit to third parties.

The RBL Facility Agreement further requires each RBL Obligor (and in certain cases, certain other key companies that are neither borrowers nor guarantors) to observe certain affirmative covenants, subject to certain exceptions and including, but not limited to, covenants relating to:

- maintenance of corporate existence and relevant authorizations;
- compliance with laws, including environmental laws and regulations;
- payment of taxes;
- maintenance of insurance;
- ensuring that its obligations under certain finance documents rank at least *pari passu* with its other unsecured obligations;
- compliance with sanctions laws;
- using reasonable efforts to explore, develop and operate assets forming part of the borrowing base;
- maintenance of ownership of certain material subsidiaries; and
- compliance with the agreed hedging policy.

Financial Covenants

The RBL Facility Agreement contains certain financial covenants to be calculated and satisfied in accordance with the terms therein, including a maximum Net Debt to EBITDAX ratio of 3:1 on the last day of each financial year and half year.

Events of Default

The RBL Facility Agreement sets out certain events of default, the occurrence of which would allow the senior lenders (if the Majority Lenders so direct) to cancel their commitments or declare that all or part of the loans, together with accrued interest and other amounts outstanding are immediately due and payable and/or payable immediately on demand and/or declare that full cash cover in respect of each letter of credit is immediately due and payable. The events of default include, among other events and subject in certain cases to grace periods, thresholds and other qualifications:

- non-payment of amounts due and payable under a finance document;
- breach of financial covenants or other obligations;
- inaccuracy of a representation in any material respect when made or deemed to be repeated;
- certain other cross-defaults in respect of indebtedness equal to or in excess of $50.0 million (or equivalent in other currencies);
- insolvency or insolvency proceedings;
- cessation of business;
- most recent liquidity statement shows that total corporate uses exceed total corporate sources for the 12-month forecast period;

- invalidity or unlawfulness of any finance document;

- nationalization or expropriation (or announcement of intent in respect thereof) of all or any part of any borrowing base asset or any oil and gas or revenues derived therefrom in a manner which would result in a material adverse change;

- any litigation, arbitration, investigations or administrative proceedings or certain environmental claims before any court, arbitral body or agency is commenced or threatened against any RBL Obligor and/or certain other material subsidiaries, or in connection with any borrowing base asset which is likely to be adversely determined and, if adversely determined would reasonably be likely to have a material adverse effect; and

- material adverse change.

Governing Law

The RBL Facility Agreement is governed by English law.

Intercreditor Agreement

The following description is a summary of certain provisions in the Intercreditor Agreement (as defined herein). It does not restate the Intercreditor Agreement in its entirety. As such, you are urged to read the Intercreditor Agreement because it, and not the description that follows, defines certain rights of the holders of the Notes.

By purchasing a Note, Noteholders shall be deemed to have agreed to, and accepted the terms and conditions of, the Intercreditor Agreement and to have authorized the Trustee to enter into the Intercreditor Agreement on their behalf.

In connection with the entry into the Indenture, on or prior to the Issue Date, we will enter into an intercreditor agreement (the "Intercreditor Agreement") to govern the relationships and relative priorities among: (i) the creditors of the RBL Facility (the "RBL Facility Creditors"); (ii) certain banks that act as counterparties to hedging agreements (the "Hedging Banks," and together with the RBL Facility Creditors and certain agents, trustees and other administrative parties, the "Senior Creditors"); (iii) the Trustee on its own behalf and on behalf of the Noteholders (the "Notes Creditors"); (iv) us in our capacity as the lender of the Notes Proceeds Loan (as defined below) (in such capacity, the "Notes Proceeds Loan Lender"); and (v) L1E Energy Finance (Jersey) Limited (the "Shareholder Creditor") in its capacity as the lender of the Shareholder Loan (as defined below).

In this description:

- "Subordinated Group" refers to L1E Funding GmbH and all of its subsidiaries for the time being;

- each member of the Subordinated Group that is a borrower or guarantor under the Debt Documents is referred to as a "Debtor" and are collectively referred to as the "Debtors"; and each Debtor that provides a guarantee or provides an indemnity to the Notes Creditors (or any of them) under any Notes Document is referred to as an "ICA Notes Guarantor" and are collectively referred to as the "ICA Notes Guarantors";

- "Senior Finance Documents" refers to (among others) the Intercreditor Agreement, the agreements governing the RBL Facility, and certain hedging agreements and other documents evidencing the Senior Liabilities or designated future Senior Liabilities;

- "Notes Documents" refers to each of the Intercreditor Agreement, the Notes, the Guarantees and the Indenture;

- "Notes Proceeds Loan" refers to any loan or promissory note pursuant to which any proceeds of the issue of the Notes are lent by us to a Debtor, and "Notes Proceeds Loan Agreement" refers to any document, agreement or instrument evidencing a Notes Proceeds Loan;

- "Shareholder Loan" refers to any loan or promissory note pursuant to which any monies are lent by the Shareholder Creditor to the Parent or any of its subsidiaries; and

- "Debt Documents" refers to each of the Intercreditor Agreement, each of the Senior Finance Documents, each of the Notes Documents, each of the Notes Proceeds Loan Agreements and any document, agreement or instrument evidencing a Shareholder Loan.

Ranking and Priority

The Intercreditor Agreement will provide that the Liabilities (as defined in the Intercreditor Agreement) owed by the Debtors to the Senior Creditors under the Senior Finance Documents (the "Senior Liabilities", which term includes further designated senior debt—see under the caption "—*General*" below), the Liabilities owed by the ICA Notes Guarantors to the Notes Creditors under the Notes Documents (the "Notes Guarantee Liabilities" and together with our liabilities under the Notes Documents, the "Notes Liabilities"), the Liabilities owed by the Debtors to the Notes Proceeds Loan Lender under any Notes Proceeds Loan Agreement (the "Notes Proceeds Liabilities") and the Liabilities owed by the Parent or any of its subsidiaries to the Shareholder Creditors with respect to any Shareholder Loan (the "Shareholder Liabilities") will rank in right and priority of payment in the following order:

1. first, the Senior Liabilities, *pari passu* and without any preference between them;

2. second, the Notes Guarantee Liabilities and the Notes Proceeds Liabilities, *pari passu* and without preference between them; and

3. third, the Shareholder Liabilities, *pari passu* and without preference between them.

The parties to the Intercreditor Agreement will agree that the liabilities owed by the Company to the Notes Creditors under the Notes Documents and certain amounts owed to the Trustee under the Notes Documents are senior obligations (and are therefore not Notes Guarantee Liabilities) and the Intercreditor Agreement does not purport to rank, postpone and/or subordinate any of them in relation to the other liabilities.

The Intercreditor Agreement will not purport to rank any of the Senior Liabilities as between themselves or any of the Notes Guarantee Liabilities as between themselves or any of the Notes Proceeds Liabilities as between themselves or any of the Shareholder Liabilities as between themselves. In addition, the Intercreditor Agreement will not purport to rank, postpone and/or subordinate any of the liabilities of the Company in relation to the other Liabilities. Likewise, the Intercreditor Agreement will not purport to rank, postpone and/or subordinate the claims of the Notes Creditors against the Parent in relation to any of the other Liabilities, which claims against the Parent are senior obligations of the Parent.

Permitted Payments

Until the Senior Discharge Date (as defined below), the Intercreditor Agreement will only permit Debtors to, directly or indirectly, pay any amounts due (or due within five business days) to the Notes Creditors or the Parent or the Company with respect to the Notes Liabilities if:

- the payment is of:

- any of the principal amount of the Notes Liabilities which is either (1) funded using monies which would otherwise have been permitted to be paid as a dividend or other distribution to an entity which is not a member of the Subordinated Group in accordance with the terms of the Senior Finance Documents or (2) paid on or after the final maturity date of the Notes Liabilities (provided that such maturity date complies with the terms of the Senior Finance Documents); and

- any other amount (including, without limitation, additional amounts payable as a result of tax gross-up and amounts in respect of currency indemnities, increased costs and expenses) which is not an amount of principal or capitalised interest or a corresponding amount under a Notes Proceeds Loan;

and no Notes Stop Notice (as defined below) is outstanding and no Senior Payment Default (as defined below) has occurred and is continuing; or

- the payment is from the net proceeds of the issuance of further notes applied in prepayment of then outstanding notes; or

- the requisite consent is obtained under the relevant Senior Finance Documents; or

- the payment is of certain amounts owed to the Trustee under the Notes Documents; or

- the payment is of reasonable and ordinary course administrative and maintenance costs and expenses of the Company (in acting as issuer of the Notes) including any reporting or listing requirements which are not prohibited by any Senior Finance Documents; or

- the payment is of bona fide consent fees (and indemnities and fees under any consent solicitation documentation) and any costs and expenses in connection with any amendment or waiver of the Notes Documents (to the extent such amendment or waiver is permitted by the Intercreditor Agreement); or

- the payment is of costs, commissions, taxes, premiums and any expenses incurred in respect of (or reasonably incidental to) any refinancing of the Notes in compliance with the Intercreditor Agreement and the Senior Finance Documents.

The "Senior Discharge Date" means the date on which all Senior Liabilities have been fully and finally discharged to the satisfaction of the relevant Senior Representatives (as defined below), whether or not as the result of an enforcement, and the Senior Creditors are under no further obligations to provide financial accommodation to any Debtor under any Senior Finance Document.

A "Senior Payment Default" refers to a default arising by reason of a failure in respect of the Senior Liabilities to pay on the due date any amount payable in connection with any of the Senior Finance Documents other than an amount not exceeding $3.0 million (or its equivalent in any currency).

The agent representatives (the "Senior Representatives") of the lenders under the RBL Facility or other Senior Liabilities (in accordance with their underlying documents) may serve a notice (a "Notes Stop Notice") specifying that an event of default (other than a Senior Payment Default) under a Senior Finance Document is outstanding and suspend the payment of any Notes Liabilities (subject to the exceptions described above) until the earliest of: (i) the date on which such relevant event of default is waived, remedied or cured in accordance with the relevant document, is no longer continuing or otherwise ceases to exist; (ii) the date falling 179 days after the date of receipt by the Trustee of the Notes Stop Notice; (iii) the date on which the liabilities owed to the relevant Senior Creditors under the Senior Finance Documents under which such event of default occurred have been fully and finally discharged and the relevant Senior Creditors are under no further obligation to provide financial accommodation to any Debtor under any Senior Finance Document; (iv) the date on which the Representative that served the Notes Stop Notice cancels such Notes Stop Notice; (v) if a Standstill Period (as defined below) is already in effect, the date on which the aforementioned Standstill Period expires; and (vi) the date on which the Trustee takes any enforcement action that is permitted under the Intercreditor Agreement. Each Notes Stop Notice is to be issued within 60 days of receipt of notice of such event of default, only one notice may be served within any 360 day period, not more than one such notice may be served in respect of the same event or set of circumstances and no such notice may be served in respect of an event of default which has been notified to the relevant Senior Representative at the time at which an earlier Notes Stop Notice was issued. Notwithstanding the foregoing, the Company will not be prevented from making a payment from its own assets if such payment is in respect of any of its obligations under the Notes in respect of which such Notes Stop Notice has been delivered and such payment is not financed by a payment to the Company by a member of the Subordinated Group which is prohibited as described in this paragraph.

Similar payment restrictions (and exceptions) shall apply to payments by the Debtors to the Notes Proceeds Loan Lender on the Notes Proceeds Liabilities.

With respect to the Shareholder Liabilities, payments will only be permitted to be made by a borrower thereof to a Shareholder Creditor if (i) the payment is made prior to the Senior Discharge Date and the Notes Discharge Date (as defined below), and such payment is not prohibited by the Senior Finance Documents or the Notes Documents, (ii) the payment is made after the Senior Discharge Date but prior to the Notes Discharge Date, and such payment is not prohibited by the Notes Documents or (iii) the payment is made on or after both the Senior Discharge Date and the Notes Discharge Date. The "Notes Discharge Date" means the date on which our all Liabilities with respect to the Notes have been fully and finally discharged to the satisfaction of the Trustee, whether or not as the result of an enforcement, and the Notes Creditors are under no further obligations to provide financial accommodation to any Debtor under any Notes Document.

Restrictions on Enforcement

Until the Senior Discharge Date, the Intercreditor Agreement will only permit Notes Creditors to take enforcement action against an ICA Notes Guarantor in respect of any Notes Guarantee Liabilities if a Standstill Period (as defined below) in respect of an event of default under the Notes Documents (other than one arising solely by reason of a cross default other than a payment cross default to any Senior Finance Document) (a "Notes Default") has elapsed or otherwise terminated and such event of default is outstanding at the end of that Standstill Period.

In this section, a "Standstill Period" refers to the period beginning on the date (the "Start Date") the Senior Representative receives a notice from the Trustee notifying it of a Notes Default and ending on the earlier of (i) the date falling 179 days after the Start Date; (ii) the date on which the Senior Creditors take enforcement action in relation to an ICA Notes Guarantor; (iii) the date of certain insolvency, liquidation or other similar events occurring in relation to an ICA Notes Guarantor against whom such actions have been taken (subject to certain limited exceptions); (iv) the expiry of another Standstill Period outstanding at the date such first mentioned Standstill Period commenced (unless that expiry

occurs as a result of a cure, waiver or other permitted remedy); (v) the date on which a Notes Default occurs for failure to pay principal at the original scheduled maturity of the Notes; and (vi) the date on which the Senior Representative consents to the relevant Notes Creditors taking enforcement action in respect of that Notes Default. In the circumstances described in item (ii) above, the Standstill Period is only brought to an end to allow the Notes Creditors to take the same enforcement action against an ICA Notes Guarantor as that taken by the Senior Creditors.

With respect to the Notes Proceeds Liabilities and the Shareholder Liabilities, no enforcement action will be permitted against the Parent or any of its subsidiaries (other than rights of set-off in a discharge of a Liability which constitutes a payment permitted by the Intercreditor Agreement) prior to the Senior Discharge Date (or in the case of the Shareholder Liabilities, prior to the Notes Discharge Date) unless otherwise directed by a Senior Representative (or in the case of the Shareholder Liabilities after the Senior Discharge Date, by the Trustee), save that certain limited actions specified in the Intercreditor Agreement may be taken after the occurrence of certain insolvency events in relation to the Parent or any of its subsidiaries.

Turnover

Turnover by the Notes Creditors

The Intercreditor Agreement will also provide that if at any time prior to the Senior Discharge Date, a Notes Creditor, the Notes Proceeds Loan Lender or a Shareholder Creditor (in each case, subject to certain limited exceptions, including for the Trustee) receives or recovers a payment or distribution of, on account of or in relation to any Notes Guarantees Liabilities, Notes Proceeds Liabilities or Shareholder Liabilities (respectively) which is not a permitted payment under the Intercreditor Agreement (in each case, including by way of set-off), it will, in relation to receipts and recoveries from an ICA Notes Guarantor: (i) hold the received or recovered amount on trust for the Senior Representatives; (ii) promptly notify the Senior Representatives of such receipt or recovery and request that the Senior Representatives confirm the amount of Senior Liabilities outstanding under the relevant Senior Finance Document; and (iii) pay or distribute such amounts to the Senior Representatives for application in accordance with the terms of the Senior Finance Documents.

Similar provisions shall apply to the Shareholder Creditors in favour of the Trustee following the Senior Discharge Date but prior to the Notes Discharge Date.

In addition, certain specific restrictions will be included in the Intercreditor Agreement on demanding payments from ICA Notes Guarantors that are incorporated in Norway, and on such entities making payments, unless the payments are subject to substantially similar turnover arrangements to those described above.

Turnover by the Representatives

The Intercreditor Agreement shall provide that if any amounts are collected, received or recovered following the exercise of any of its rights described under the caption "—*Filing of Claims*" below and, after the Senior Discharge Date, the Senior Representatives continue to hold any such amounts so collected, received or recovered, the Senior Representatives shall promptly pay all such amounts to the Trustee for application in accordance with the terms of the Notes Documents (or *pro rata* to relevant representatives of the *pari passu* debt to the Notes has been issued). Similar provisions shall apply if the Trustee collects, receives or recovers any such amounts with respect to the Shareholder Liabilities such that after the Notes Discharge Date any excess amounts are required to be paid to the Shareholder Creditors.

Filing of Claims

After the occurrence of certain insolvency, liquidation or other similar events in respect of an ICA Notes Guarantor (or any borrower of Shareholder Liabilities) and until the Senior Discharge Date, the Senior Representatives will be authorized under the Intercreditor Agreement to: (i) demand, sue, prove and give receipt for any or all of that member of the Group's Notes Guarantee Liabilities; (ii) collect and receive all distributions on, or on account of, any or all of that member of the Group's Notes Guarantee Liabilities; and (iii) file claims, take proceedings and do all other things the Senior Representatives considers reasonably necessary to recover that member of the Group's Notes Guarantee Liabilities. Similar provisions shall apply (i) for the benefit of the Senior Representatives with respect to the Notes Proceeds Loan Lender's Notes Proceeds Liabilities and a Shareholder Creditor's Shareholder Liabilities and (ii) following the Senior Discharge Date and until the Notes Discharge Date, for the benefit of the Trustee with respect to a Shareholder Creditor's Shareholder Liabilities.

Option to Purchase

The Intercreditor Agreement will provide that the Trustee may, at the direction of one or more the Notes Creditors (each a "Purchasing Notes Creditor") and by giving at least 10 business days' notice to the Senior Representatives, at any time when a Stop Notice is outstanding and any enforcement action has been taken by or on behalf of a Senior Creditor, require the transfer to them of all (or to a nominee or nominees), but not part, of the rights and obligations in respect of the Senior Liabilities if (subject to limited exceptions): (i) the transfer is lawful; (ii) any conditions relating to such a transfer contained in the relevant documents are complied with; (iii) payment in full in cash of an amount equal to the Senior Liabilities outstanding and certain other costs and expenses relating to the transfer; (iv) as a result of that transfer the Senior Creditors have no further actual or contingent liability to any Debtor under the relevant Debt Documents; (v) an indemnity is provided from each Purchasing Notes Creditor (other than the Trustee) or from an acceptable third party in a satisfactory form in respect of all losses which may be sustained or incurred by any Senior Creditor in consequence of any sum received or recovered by any Senior Creditor from any person being required (or it being alleged that it is required) to be paid back by or clawed back from any Senior Creditor for any reason; and (vi) the transfer is made without recourse to, or representation or warranty from, the Senior Creditors.

Release of Guarantees/Notes Proceeds Liabilities/Shareholder Liabilities

The Intercreditor Agreement will provide that if a disposal of shares or assets of any member of the Subordinated Group is effected pursuant to any enforcement action taken pursuant to the Senior Finance Documents, any guarantees in respect of the Notes from any of our subsidiaries whose shares or the shares of its direct or indirect holding company are sold, together with any Notes Proceeds Liabilities and Shareholder Liabilities owed by any person so sold, will be released and any security in respect of the shares and assets of any such subsidiary will be released if: (i) the proceeds of such sale or disposal are in cash (or substantially in cash); (ii) all present and future obligations owed to the creditors under the Senior Finance Documents by such member of the Subordinated Group are unconditionally released and discharged or sold or disposed of concurrently with such sale; and (iii) such sale or disposal (including any sale or disposal of any claim) is made (A) pursuant to a public auction or (B) made by, at the direction of or under the control of, a liquidator, receiver, administrative receiver, administrator, compulsory manager or similar officer (or any analogous officer in any jurisdiction) appointed in respect of a member of the Group or the assets of a member of the Group or (C) where an independent internationally recognized investment bank or an internationally recognized firm of accountants has delivered an opinion to the Security Trustee (a copy of which has been provided to the Trustee) in respect of such sale or disposal that the amount to be received in connection therewith is fair from a financial point of view taking into account all relevant circumstances (subject to an acknowledgment that the Security Trustee has no obligation to engage any such investment bank or accountant unless it has been indemnified and/or secured to its satisfaction).

General

The Intercreditor Agreement will contain provisions dealing with:

- incurrence of future debt that will allow (i) certain agents with respect to the creditors of senior debt to accede to the Intercreditor Agreement as "Designated Senior Liabilities" and benefit from, and be subject to, the provisions described above (including, for the avoidance of doubt, as creditors in respect of Senior Liabilities) and (ii) certain trustees with respect to the creditors of *pari passu* debt to similarly accede and have the issue rights and obligations as the Trustee; and

- customary protections for the Trustee.

Governing law

The Intercreditor Agreement will be governed by and construed in accordance with English law.

Bilateral Intercreditor Agreement

The following description is a summary of certain provisions in the Bilateral Intercreditor Agreement (as defined herein). It does not restate the Bilateral Intercreditor Agreement in its entirety. As such, you are urged to read the Bilateral Intercreditor Agreement.

At any time that guarantees from certain subsidiaries of the Company are provided to the lender under the UniCredit Facilities, which is expected to be on or shortly after the Issue Date, we will enter into an intercreditor agreement (the "Bilateral Intercreditor Agreement") to govern the relationships and relative priorities among: (i) the RBL lenders and (ii) UniCredit Bank AG as the provider of the UniCredit Facilities to members of the Group (the "Bilateral Creditor").

Ranking and Priority

The Bilateral Intercreditor Agreement will provide that the liabilities under the RBL Facility and future senior creditors (the "Senior Liabilities") and the liabilities owed by the subsidiaries of DEA that are guarantors of the UniCredit Facilities (the "Bilateral Guarantee Liabilities") will rank in right and priority of payment in the following order:

1. first, the Senior Liabilities, *pari passu* and without any preference between them; and

2. second, the Bilateral Guarantee Liabilities, *pari passu* and without preference between them.

The Bilateral Intercreditor Agreement will not purport to rank any of the Senior Liabilities as between themselves or any of the Bilateral Guarantee Liabilities as between themselves.

General

The Bilateral Intercreditor Agreement will contain provisions relating to:

- restrictions of enforcement against or claims under guarantees of the UniCredit Facilities save for limited circumstances including when an enforcement action is being undertaken in relation to the Notes Guarantees and related standstill periods;

- release of guarantee claims in connection with an enforcement action subject to certain protections;

- turnover of non-permitted payments that are received from guarantees of the UniCredit Facilities; and

- the ability of the representatives for the creditors in respect of Senior Liabilities to file claims,

in each case materially consistent with the equivalent provisions set out in the Intercreditor Agreement as they relate to the Notes Creditors (amended as necessary to reflect the parties and structure of the financing regulated by the Bilateral Intercreditor Agreement).

The Bilateral Intercreditor Agreement will be governed by and construed in accordance with English law.

Hedging arrangements

We maintain certain commodity hedges to manage our exposure to movements in oil and gas prices. In connection with these activities, we have entered into International Swaps and Derivatives Association master agreements with several hedging partners. Certain of the Initial Purchasers have entered and may from time to time enter into hedging arrangements with us and our affiliates. For a further discussion of our current hedging arrangements, see "Management's discussion and analysis of financial condition and results of operation—Significant factors affecting results of operations—Derivative financial instruments."

Domination and/or profit and loss transfer agreements

A domination and/or profit and loss transfer agreement (*Beherrschungs- und/oder Gewinnabführungsvertrag*, "DPLTA") is an instrument under German law by which a dominated company submits its direction to a dominating company and undertakes to transfer its entire annual net profit to the dominating company, which in turn must compensate the dominated company for any net loss. Under a DPLTA, the dominating company is entitled to issue binding instructions to the management board of the dominated company with respect to the management of such company. In addition, while under German law several strict limitations and restrictions with respect to capital maintenance and financial assistance generally apply to the granting of upstream guarantees and security, the existence of a DPLTA between a provider of such guarantees or security as dominated company and its direct parent company as dominating company may lead to the inapplicability of such rules. For example, the existence of a DPLTA at the time of the payment under a guarantee leads to the consequence that the general rule that German stock corporations (*Aktiengesellschaft*) are only allowed to distribute their balance sheet profit (*Bilanzgewinn*) does not apply, provided that the compensation claim of the dominated entity under the DPLTA in case of an annual loss of the dominated entity is fully valuable (*werthaltig*). As a result, granting of upstream guarantees is facilitated. See also "Risk Factors—Risks relating to the Notes and the Group's structure—Each Guarantee will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit its validity and enforceability" and "Certain insolvency law considerations and enforcement limitations—Germany—Limitation on Enforcement". According to section 293 of the German Stock Corporation Act (*Aktiengesetz*), the conclusion of a DPLTA must be in writing and requires the approval by a simple majority of the voting rights of the dominated company and, unless the articles of association stipulate otherwise, at least 75% of the share capital represented at the shareholders' meeting approving the DPLTA. In addition, the holders of the dominating company have

to approve the conclusion of the DPLTA correspondingly. These requirements apply *mutatis mutandis* if the dominated company, the dominating company or both are incorporated in the form of a limited liability company under German law (*Gesellschaft mit beschränkter Haftung*, *GmbH*). Following the approval, the DPLTA must be registered with the commercial register, at which point it becomes effective. If the dominated company is less than wholly-owned by the dominating company, the dominating company must offer certain payments to minority shareholders. According to section 297 of the German Stock Corporation Act, a DPLTA can (and in order to avoid personal liability of the management may) be terminated at any time for good cause, which cause shall in particular exist if it is likely that the other contracting party will not be able to fulfil its obligations arising from the DPLTA, including e.g. the compensation claim of the dominated entity in case of an annual loss.

The DEA DPLTA

On March 2, 2015, following approval of the shareholders' meeting of DEA Deutsche Erdoel AG (formerly RWE Dea AG) and the relevant corporate bodies, L1E Acquisitions GmbH (as dominating entity) and DEA Deutsche Erdoel AG (as dominated entity) entered into a DPLTA (the "DEA DPLTA"). In accordance with the DEA DPLTA, DEA Deutsche Erdoel AG must transfer its annual profits to the extent not otherwise retained as voluntary reserves to L1E Acquisitions GmbH. To the extent that DEA Deutsche Erdoel AG incurs a net loss, L1E Acquisitions GmbH must in turn compensate DEA Deutsche Erdoel AG for the loss. L1E Acquisitions GmbH has full access to the cash flows of DEA Deutsche Erdoel AG and the right to give binding instructions, which generally must be in writing, to the board of directors of DEA Deutsche Erdoel AG unless the DEA DPLTA is terminated or otherwise ceases to be effective, including as set out above. See "Risk Factors—Risks relating to the Notes and the Group's structure—Each Guarantee will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit its validity and enforceability."

Other DPLTAs in the Group

Besides the DEA DPLTA, several similar DPLTAs are currently in force between DEA Deutsche Erdoel AG and certain of its direct subsidiaries, *inter alia*, DEA International GmbH (formerly RWE Dea International GmbH), DEA Cyrenaica GmbH (formerly RWE Dea Cyrenaica GmbH), DEA North Africa/Middle East GmbH (formerly RWE Dea North Africa/Middle East GmbH), DEA E & P GmbH (formerly CONDEA Gesellschaft für Chemie-Beteiligungen GmbH), DEA Speicher GmbH (formerly RWE Dea Speicher GmbH), DEA Suriname GmbH (formerly RWE Dea Suriname GmbH) as well as between such subsidiaries and their respective subsidiaries.

Bilateral Agreements

UniCredit Facilities

We are a party to a $50 million senior unsecured revolving loan facility between DEA, as borrower, and UniCredit Bank AG, as lender, dated April 4, 2016, as amended and restated from time to time (the "UniCredit Revolving Facility"). As of June 30, 2016, we had no amounts outstanding under the UniCredit Revolving Facility. The rate of interest payable on loans under the UniCredit Revolving Facility is the rate per annum equal to the aggregate of a margin plus LIBOR. In addition, we are a party to a $50 million senior unsecured guarantee credit and documentary credit facility between DEA, as borrower, and UniCredit Bank AG, as lender, dated April 4, 2016, as amended and restated from time to time (the "UniCredit Guarantee Facility" and together with the UniCredit Revolving Facility, the "UniCredit Facilities").

The UniCredit Guarantee Facility may be utilized by way of commercial guarantees and letters of credit. The UniCredit Facilities contains certain affirmative and negative covenants contained in the RBL Facility that have been incorporated by reference into the UniCredit Facilities. The UniCredit Facilities terminate the earlier of April 4, 2017 and the date on which the RBL Facility terminates.

In connection with the offering of the Notes hereby, the DEA Guarantors (excluding DEA) will provide senior subordinated guarantees to the UniCredit Facilities that will rank *pari passu* in right of payment with the Note Guarantees. See "—Intercreditor Agreement."

Bank Guarantee Lines

DEA is a party to several senior unsecured bilateral bank guarantee lines entered into with a number of German and international banks as well as other financial institutions. Our bank guarantee lines are denominated primarily in U.S. dollars. Certain of the bank guarantee agreements contain customary change of control provisions and cross-default provisions with respect to the RBL Facility. As of June 30, 2016, we had aggregate committed amounts of approximately $230 million of which approximately $200 million in bank guarantees had been utilized.

Description of Notes

The €400.0 million aggregate principal amount of 7.500% Senior Notes due 2022 (the "Notes") offered hereby will be issued under an indenture (the "Indenture") among, *inter alios,* DEA Finance SA (the "Issuer"), L1E Finance GmbH & Co. KG (the "Parent") and the Subordinated Guarantors, including, DEA Deutsche Erdoel AG (the "Company"), The Bank of New York Mellon, London Branch, as trustee (the "Trustee"), The Bank of New York Mellon, London Branch, as Principal Paying Agent and The Bank of New York Mellon (Luxembourg) S.A., as Registrar and Transfer Agent in a private transaction that is not subject to the registration requirements of the U.S. Securities Act. The terms of the Notes include those set forth in the Indenture. Unless the context otherwise requires, in this "Description of Notes," references to the "Notes" include the Notes and any Additional Notes that may be issued under the Indenture. The Indenture will not incorporate or include or be subject to any of the provisions of the U.S. Trust Indenture Act of 1939, as amended. See "Risk Factors—Risks Relating to the Notes and Our Structure—The Indenture will not be qualified under the U.S. Trust Indenture Act of 1939, as amended."

The following description is a summary of the material provisions of the Indenture and the Notes and refers to the Intercreditor Agreement and certain other agreements relating to the Notes. This description does not restate those agreements in their entirety. We urge you to read the Indenture, the Notes and the Intercreditor Agreement because they, and not this description, define your rights as holders of the Notes. Copies of the Indenture, the form of Note and the Intercreditor Agreement are available as set forth below under "—Additional information."

The proceeds of the offering of the Notes sold on the Issue Date will be used by the Issuer to make the Notes Proceeds Loan to DEA Norge AS ("DEA Norge") as set forth under "Use of proceeds."

You can find the definitions of certain terms used in this "Description of Notes" under the subheading "—Certain definitions." Certain defined terms used in this "Description of Notes" but not defined below under "—Certain definitions" or elsewhere in this description have the meanings assigned to them in the Indenture. For purposes of this "Description of Notes," the term (i) "Issuer" refers only to DEA Finance SA and its successors and not to any Subsidiaries, if any; (ii) "Parent" refers only to L1E Finance GmbH & Co. KG and its successors and not to any of its Subsidiaries and (iii) "Company" refers only to DEA Deutsche Erdoel AG and its successors and not to any of its Subsidiaries, if any, except for purposes of financial data determined on a consolidated basis. Unless the context requires otherwise, references in this "Description of Notes" to the Notes include the Notes and any Additional Notes that may be issued.

The registered holder of a Note will be treated as the owner of it for all purposes. Only registered holders will have rights under the Indenture.

Brief description of the Notes and the Note Guarantees

The Notes

The Notes will:

- be general obligations of the Issuer;
- rank *pari passu* in right of payment with all existing and future obligations of the Issuer that are not expressly contractually subordinated in right of payment to the Notes;
- be senior in right of payment to all future obligations of the Issuer that are expressly contractually subordinated in right of payment to the Notes;
- be effectively subordinated to all existing and future secured obligations of the Issuer to the extent of the value of the property and assets securing such obligations, unless such assets also secure the Notes on an equal and ratable or senior basis;
- be structurally subordinated to all existing and future obligations of the Subsidiaries of the Parent that do not guarantee the Notes (other than the Issuer); and
- be guaranteed on a senior basis by the Senior Guarantor and on a subordinated basis by the Subordinated Guarantors, subject to limitations under applicable law as set forth below under the caption "—Note Guarantees."

The Note Guarantees

The Notes will be guaranteed by the Senior Guarantors and the Subordinated Guarantors.

Senior Guarantee

The Senior Note Guarantee will:

- be a senior obligation of the Senior Guarantor;
- rank *pari passu* in right of payment with all existing and future senior obligations of the applicable Senior Guarantor that are not subordinated in right of payment to such Senior Note Guarantee (including its obligations under the RBL Facility);
- be senior in right of payment to all future obligations of that Senior Guarantor that are expressly contractually subordinated in right of payment to that Senior Guarantor's Senior Note Guarantee; and
- be effectively subordinated to all existing and future secured obligations of that Senior Guarantor (including its obligations under the RBL Facility), to the extent of the value of the property and assets securing such obligations, unless such assets also secure the Senior Note Guarantee on an equal and ratable or senior basis.

Subordinated Guarantees

Each Subordinated Note Guarantee will:

- be a senior subordinated obligation of that Subordinated Guarantor;
- be subordinated in right of payment to all existing and future senior obligations of that Subordinated Guarantor, including such Subordinated Guarantor's obligations under the RBL Facility;
- rank *pari passu* in right of payment with all future senior subordinated obligations of that Subordinated Guarantor, including certain of the Subordinated Guarantors' obligations under the UniCredit Facilities;
- be senior in right of payment to all future obligations of that Subordinated Guarantor that are expressly contractually subordinated in right of payment to that Subordinated Guarantor's Subordinated Note Guarantee; and
- be effectively subordinated to all existing and future secured obligations of that Subordinated Guarantor (including obligations under the RBL Facility), to the extent of the value of the property and assets securing such obligations, unless such assets also secure the Subordinated Note Guarantee on an equal and ratable or senior basis.

Not all of the Parent's Subsidiaries will guarantee the Notes on the Issue Date and the Parent will not have any obligation to cause any of its Subsidiaries to guarantee the Notes in the future (except as required under the circumstances described below under the caption "—Certain covenants—Limitation on guarantees of indebtedness by restricted subsidiaries"). In the event of a bankruptcy, liquidation or reorganization of any Subsidiary of the Parent that is not a Guarantor or the Issuer (the "Non-Guarantor Restricted Subsidiaries"), such Subsidiary will pay the holders of its debt and its trade creditors before it will be able to distribute any of its assets to the Issuer or a Guarantor.

As of the Issue Date all of the Parent's Subsidiaries will be "Restricted Subsidiaries." Under the circumstances described below under the caption "—Certain covenants—Designation of restricted and unrestricted subsidiaries," the Parent will be permitted to designate Subsidiaries (other than the Issuer, the Company and any Parent Holdco of the Company) as Unrestricted Subsidiaries. The Parent's Unrestricted Subsidiaries will not be subject to any of the restrictive covenants in the Indenture and will not Guarantee the Notes.

On a *pro forma* basis as of and for the twelve months ended December 31, 2015, the Parent's Non-Guarantor Restricted Subsidiaries collectively represented 0.7% of the Company's consolidated sales revenues, 0.9% of the Company's consolidated EBITDAX and none of the Company's consolidated property, plant and equipment. As of June 30, 2016, such Non-Guarantor Restricted Subsidiaries were obligors on none of the Company's consolidated third-party debt. As of June 30, 2016, on an as adjusted basis after giving effect to the offering of the Notes and the use of proceeds therefrom, the Company and its consolidated subsidiaries would have had an aggregate principal amount of €1,855.8 million of senior indebtedness outstanding, of which €1,455.8 million would have been secured indebtedness represented by the RBL Facility, € 400.0 million would have been indebtedness represented by the Notes. See "Description of certain financing arrangements" and "Risk factors—Risks relating to the Notes and the Group's structure—The Notes and Note Guarantees will be structurally subordinated to the liabilities and preference shares (if any) of the Parent's non-Guarantor subsidiaries." For a description of the L1E Holding Companies' assets and liabilities, see "Presentation of financial and other information—Financial information—DEA."

Principal, maturity and interest

The Notes initially will be issued in the aggregate principal of € 400.0 million. The Issuer may issue additional Notes, including notes denominated in U.S. dollar (any such notes, the "Dollar Notes") (collectively, the "Additional Notes") under the Indenture from time to time after this offering. Any issuance of Additional Notes is subject to all of the covenants in the Indenture, including the covenant described below under the caption "—Certain covenants—Incurrence of indebtedness and issuance of preferred stock." While the Notes and any Dollar Notes will constitute separate series of Notes due to the different currencies and interest rates, the Notes and any Additional Notes will be treated as a single class for all purposes under the Indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase.

Interest on the Notes will accrue at the rate of 7.500% per annum and, in each case, will be payable semi-annually in arrear on April 15 and October 15, commencing on April 15, 2017. Interest on overdue principal and interest, if any, will accrue at a rate that is 1.0% higher than the then applicable interest rate on the Notes. The Issuer will make each interest payment to the holders of record on the immediately preceding April 14 and October 14. Interest on the Notes will accrue from the date of original issuance or, if interest has already been paid, from the date it was most recently paid. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Any Dollar Notes will be issued in minimum denominations of $200,000 and integral multiples of $1,000 in excess thereof. The Notes will be issued in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof. The Notes will mature on October 15, 2022 at a redemption price of 100.000%.

Transfer and exchange

Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the U.S. Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the "144A Global Note"). The 144A Global Notes representing the Notes (the "144A Global Notes") will, on the Issue Date, be deposited and registered in the name of The Bank of New York Depository (Nominees) Limited, as nominee for the common depositary, for the accounts of Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking, *societe anonyme* ("Clearstream"). Any 144A Global Notes representing Dollar Notes (the "Dollar 144A Global Notes") will be deposited with a custodian for The Depository Trust Company ("DTC") and registered in the name and Cede & Co., as nominee of DTC.

Notes sold outside the United States pursuant to Regulation S under the U.S. Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the "Reg S Global Note" and, together with the 144A Global Note, the "Global Notes").

Ownership of interests in the Global Notes ("Book-Entry Interests") will be limited to persons that have accounts with DTC or persons that may hold interests through such participants, including through Euroclear and Clearstream, as applicable. Ownership of interests in the Book-Entry Interests and transfers thereof will be subject to the restrictions on transfer and certification requirements summarized below and described more fully under "Notice to investors." In addition, transfers of Book-Entry Interests between participants in DTC, participants in Euroclear or participants in Clearstream, as applicable, will be effected by DTC, Euroclear or Clearstream pursuant to customary procedures and subject to the applicable rules and procedures established by DTC, Euroclear or Clearstream and their respective participants.

Book-Entry Interests in a 144A Global Note, or the "144A Book-Entry Interests," may be transferred to a person who takes delivery in the form of Book-Entry Interests in a Reg S Global Note, or the "Reg S Book-Entry Interests," only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S under the U.S. Securities Act.

Any Book-Entry Interest that is transferred will, upon transfer, cease to be a Book-Entry Interest in the Global Note from which it was transferred and will become a Book-Entry Interest in the Global Note to which it was transferred. Accordingly, from and after such transfer, it will become subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in the Global Note to which it was transferred.

If definitive Notes in registered form ("Definitive Registered Notes") are issued, they will be issued only in minimum denominations of € 100,000 or $200,000 and integral multiples of €1,000 or $1,000, respectively, in excess thereof as the case may be, upon receipt by the Registrar of instructions relating thereto and any certificates, opinions and other documentation required by the Indenture. It is expected that such instructions will be based upon directions received by Euroclear, Clearstream or DTC, as applicable, from the participant that owns the relevant Book-Entry Interest. Definitive Registered Notes issued in exchange for a Book-Entry Interest will, except as set forth in the Indenture or as

otherwise determined by the Issuer in compliance with applicable law, be subject to, and will have a legend with respect to, the restrictions on transfer summarized below and described more fully under "Notice to investors."

Subject to the restrictions on transfer referred to above, Notes issued as Definitive Registered Notes may be transferred or exchanged, in whole or in part, in denominations of €100,000 or $200,000 in principal amount and integral multiples of €1,000 or $1,000, respectively, in excess thereof. In connection with any such transfer or exchange, the Indenture will require the transferring or exchanging holder, among other things, to furnish appropriate endorsements and transfer documents, to furnish information regarding the account of the transferee at Euroclear, Clearstream or DTC, where appropriate, to furnish certain certificates and opinions, and to pay any taxes, duties and governmental charges in connection with such transfer or exchange. Any such transfer or exchange will be made without charge to the holder of the Notes, other than any transfer taxes or similar governmental charges payable in connection with such transfer or exchange.

Notwithstanding the foregoing, the Issuer is not required to register the transfer of any Definitive Registered Notes:

(1) for a period of 15 calendar days prior to any date fixed for the redemption of the Notes;

(2) for a period of 15 calendar days immediately prior to the date fixed for selection of Notes to be redeemed in part;

(3) for a period of 15 calendar days prior to the record date with respect to any interest payment date; or

(4) which the holder of the Notes has tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer or an Asset Sale Offer.

Paying agent and registrar for the Notes

The Issuer will maintain one or more paying agents (each, a "Paying Agent") for the Notes. The initial Paying Agent will be The Bank of New York Mellon, London Branch in London.

The Issuer will also maintain both a registrar (the "Registrar") and a transfer agent (the "Transfer Agent") in Luxembourg. The initial Registrar and the initial Transfer Agent will be The Bank of New York Mellon (Luxembourg) S.A. The Registrar will maintain a register reflecting record ownership of the Global Notes and any Definitive Registered Notes outstanding from time to time, and the Transfer Agent will facilitate transfers of any Definitive Registered Notes on behalf of the Issuer.

The Issuer may change any Paying Agent, the Registrar or the Transfer Agent without prior notice to the holders of the Notes. For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and its rules so require, the Issuer will publish a notice of any change of Paying Agent, Registrar or Transfer Agent in a newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by such rules, post such notice on the official website of the Luxembourg Stock Exchange.

Note Guarantees

The Notes offered hereby will be guaranteed by the Senior Guarantor and the Subordinated Guarantors. The Senior Guarantor will be the Parent. The Subordinated Guarantors comprise all of the Parent's current Subsidiaries (other than the Issuer) that are borrowers or guarantors under the RBL Facility. The Note Guarantees will be joint and several obligations of the Guarantors. The obligations of the Subordinated Guarantors under the Subordinated Note Guarantees will be subordinated in right of payment to the Subordinated Guarantors' obligations under the RBL Facility, and may be subordinated in right of payment to the Subordinated Guarantors' future senior obligations. See "—Brief description of the Notes and the Note Guarantees."

The obligations of the Guarantors will be contractually limited under the applicable Note Guarantees to reflect limitations under applicable law with respect to maintenance of share capital, corporate benefit, financial assistance, fraudulent conveyance and other legal restrictions applicable to the Guarantors and their respective shareholders, directors and general partners. For a description of such limitations, see "Risk factors—Risks relating to the Notes and the Group's structure—Each Note Guarantee will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit its validity and enforceability" and "Certain insolvency law considerations and limitations on validity and enforceability of guarantees—Germany—Limitation on enforcement."

Note Guarantees release

The Note Guarantee of a Subordinated Guarantor will be automatically and unconditionally released and discharged without any further action by the Issuer, the relevant Subordinated Guarantor or the Trustee, and such

Subordinated Guarantor's obligations under the Note Guarantee, the Indenture, the Intercreditor Agreement and any Additional Intercreditor Agreement will terminate and be of no further force and effect:

(1) in connection with any sale or other disposition of all or substantially all of the properties or assets of that Subordinated Guarantor (including by way of merger, amalgamation or consolidation) to a Person that is not (either before or after giving effect to such transaction) the Parent or a Restricted Subsidiary of the Parent, if the sale or other disposition does not violate the provisions set forth below under "—Repurchase at the option of holders—Asset sales";

(2) in connection with any sale or other disposition of the Capital Stock of that Subordinated Guarantor (or Capital Stock of any Parent Holdco of such Guarantor (other than the Parent)) (whether by direct sale or through a holding company) to a Person that is not (either before or after giving effect to such transaction) the Parent or a Restricted Subsidiary of the Parent, if the sale or other disposition does not violate the provisions set forth below under "—Repurchase at the option of holders—Asset sales" and as a result of such disposition such Subordinated Guarantor no longer qualifies as a Subsidiary of the Parent;

(3) if the Parent designates such Subordinated Guarantor (or any parent entity thereof) as an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture;

(4) upon repayment in full of the Notes or upon Legal Defeasance or Covenant Defeasance as described below under the caption "—Legal defeasance and covenant defeasance" or upon satisfaction and discharge of the Indenture as described under the caption "—Satisfaction and discharge";

(5) upon the liquidation or dissolution of such Guarantor; *provided* that no Default or Event of Default has occurred and is continuing;

(6) as described under "—Amendment, supplement and waiver";

(7) as a result of a transaction permitted by "—Certain covenants—Merger, consolidation or sale of assets—The Guarantors";

(8) as described in the fourth paragraph of the covenant described below under "—Certain covenants—Limitation on guarantees of indebtedness by restricted subsidiaries"; or

(9) in connection with certain enforcement actions taken by the creditors under the Intercreditor Agreement or any Additional Intercreditor Agreement.

Subordination of the Subordinated Note Guarantees and the Shareholder Loan

On the Issue Date, the Trustee shall enter into the Intercreditor Agreement with the Issuer, the agents and security trustee under the RBL Facility, as described under "Description of certain financing arrangements—Intercreditor Agreement." The Subordinated Note Guarantees will be subordinated in right of payment to outstanding obligations under the Senior Debt of the Subordinated Guarantors, including obligations under the RBL Facility. Furthermore, the Shareholder Loan will be subordinated in right of payment to outstanding obligations under the Senior Debt and the Subordinated Guarantee of L1E Funding GmbH. In addition, the payment on each Subordinated Note Guarantee or the Shareholder Loan will be subject to provisions in the Intercreditor Agreement relating to payment blockage, restrictions on enforcement, turnover, release and other customary senior debt protections. See "Description of certain financing arrangements—Intercreditor Agreement" and "Certain relationships and related party transactions—Transactions with Related Parties—Shareholder Loan".

The Proceeds Loan

The Issuer will loan the proceeds of the Offering issued on the Issue Date to DEA Norge pursuant to one or more proceeds loans (the "Proceeds Loan") issued under one or more proceeds loan agreements (the "Proceeds Loan Agreement") to be dated as of the Issue Date.

The Proceeds Loan will be denominated in euro in an aggregate principal amount no less than the aggregate principal amount of the Notes issued on the Issue Date. The Proceeds Loan will bear interest at a rate at least equal to the interest rate applicable to the Notes. Interest on the Proceeds Loan will be payable semi-annually, in arrear on or prior to each interest payment date applicable to the Notes. The Proceeds Loan Agreement will provide that DEA Norge will pay the Issuer interest and principal that becomes payable on the Notes, as well as any additional amounts due thereunder. The Proceeds Loan Agreement will have the same maturity as the Notes.

The Proceeds Loan Agreement will provide that all payments made pursuant thereto will be made by DEA Norge on a timely basis in order to ensure that the Issuer can satisfy its payment obligations under the Notes and the Indenture. See "Description of certain financing arrangements—Domination and/or profit and loss transfer agreements." See "Corporate structure and certain financing arrangements."

Additional amounts

All payments made by or on behalf of the Issuer under or with respect to the Notes or any of the Guarantors with respect to any Note Guarantee will be made free and clear of and without withholding or deduction for, or on account of, any present or future Taxes unless the withholding or deduction for, or on account of, such Taxes is then required by law. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of (1) any jurisdiction in which the Issuer or any Guarantor is then incorporated, organized or resident for tax purposes or any political subdivision thereof or therein or (2) any jurisdiction from or through which payment is made by or on behalf of the Issuer or any Guarantor under or with respect to the Notes or any Note Guarantee (including the jurisdiction of any Paying Agent) or any political subdivision thereof or therein (each, a "Tax Jurisdiction") will at any time be required to be made from any payments made by the Issuer under or with respect to the Notes or any of the Guarantors with respect to any Note Guarantee, including payments of principal, redemption price, purchase price, interest or premium, the Issuer or the relevant Guarantor, as applicable, will pay such additional amounts (the "Additional Amounts") as may be necessary in order that the net amounts received in respect of such payments by each holder of Notes after such withholding or deduction (including any such withholding or deduction from such Additional Amounts) will equal the respective amounts that would have been received in respect of such payments in the absence of such withholding or deduction; *provided, however,* that no Additional Amounts will be payable with respect to:

(1) any Taxes, to the extent such Taxes would not have been imposed but for the existence of any present or former connection between the holder (or between a fiduciary, settler, beneficiary, member or shareholder of, or possessor of a power over, the relevant holder, if the relevant holder is an estate, nominee, trust, partnership, limited liability company or corporation) or the beneficial owner of the Notes and the relevant Tax Jurisdiction (including being a resident of such jurisdiction for Tax purposes), other than the mere acquisition or holding of such Note, the enforcement of rights under such Note or under a Note Guarantee or the receipt of any payments in respect of such Note or a Note Guarantee;

(2) any Taxes, to the extent such Taxes were imposed as a result of the presentation of a Note for payment (where presentation is required) more than 30 days after the relevant payment is first made available for payment to the holder (except to the extent that the holder would have been entitled to Additional Amounts had the Note been presented on the last day of such 30-day period);

(3) any estate, inheritance, gift, sales, transfer, personal property or similar Taxes;

(4) Taxes withheld, deducted or imposed on or with respect to a payment made to a holder or beneficial owner of Notes who would have been able to avoid such withholding, deduction or imposition by presenting the relevant Notes to another Paying Agent in a member state of the European Union;

(5) any Taxes payable other than by deduction or withholding from payments under, or with respect to, the Notes or with respect to any Note Guarantee;

(6) any Taxes, to the extent such Taxes are imposed, withheld or deducted by reason of the failure of the holder or beneficial owner of Notes to comply with any reasonable written request of the Issuer, addressed to the holder and made at least 60 days before any such withholding or deduction is to be made, to satisfy any certification, identification, information or other reporting requirements, whether required by statute, treaty, regulation or administrative practice of a Tax Jurisdiction, as a precondition to exemption from, or reduction in the rate of deduction or withholding of, Taxes imposed by the Tax Jurisdiction (including, without limitation, a certification that the holder or beneficial owner is not resident in the Tax Jurisdiction), but in each case, only to the extent the holder or beneficial owner is legally entitled to satisfy such requirement;

(7) any Taxes imposed pursuant to Sections 1471 through 1474 of the United States Internal Revenue Code of 1986, as amended (the "Code"), any current or future regulations or official interpretations thereof, any similar law or regulation adopted pursuant to an intergovernmental agreement between a non-U.S. jurisdiction and the United States with respect to the foregoing or any agreements entered into pursuant to section 1471(b)(1) of the Code;

(8) any Tax that is imposed on or with respect to any payment made to any holder who is a fiduciary or partnership or an entity that is not the sole beneficial owner of such payment, to the extent that a beneficiary or settlor (for tax purposes) with respect to such fiduciary, a member of such partnership or the beneficial owner of such payment

would not have been entitled to the Additional Amounts had such beneficiary, settlor, member or beneficial owner been the actual holder of the applicable Note; or

(9) any combination of items (1) through (8) above.

In addition to the foregoing, the Issuer and the Guarantors will also pay and indemnify the holders of Notes for any present or future stamp, issue, registration, court or documentary taxes, or any other excise or property taxes, charges or similar levies (including penalties, interest and any other reasonable expenses related thereto), which are levied by any Tax Jurisdiction on the execution, delivery, issuance, registration or enforcement of any of the Notes, the Indenture or any Note Guarantee or any other document referred to therein, (except for any such taxes, charges or levies imposed or levied as a result of a transfer after the Issue Date), or on the receipt of any payments with respect thereto (limited solely in the case of taxes, charges or levies attributable to the receipt of any payments with respect thereto, to any taxes, charges or levies that are not excluded under clauses (1) through (4) or (6) through (8) above or any combination thereof).

If the Issuer or any Guarantor, as the case may be, becomes aware that it will be obligated to pay Additional Amounts with respect to any payment under or with respect to the Notes or any Note Guarantee, the Issuer or the relevant Guarantor, as the case may be, will deliver to the Trustee on a date that is at least 30 days prior to the date of that payment (unless the obligation to pay Additional Amounts arises less than 30 days prior to that payment date, in which case the Issuer or the relevant Guarantor shall notify the Trustee promptly thereafter) an Officer's Certificate stating the fact that Additional Amounts will be payable and the amount estimated to be so payable. The Officer's Certificate must also set forth any other information reasonably necessary to enable any Paying Agent to pay Additional Amounts to holders on the relevant payment date. The Trustee shall be entitled to rely solely on such Officer's Certificate as conclusive proof that such payments are necessary.

The Issuer or the relevant Guarantor will make all withholdings and deductions for, or on account of, Taxes required by law and will remit the full amount deducted or withheld to the relevant Tax authority in accordance with applicable law. The Issuer or the relevant Guarantor will use its reasonable efforts to obtain Tax receipts from each Tax authority evidencing the payment of any Taxes so deducted or withheld. The Issuer or the relevant Guarantor will furnish to the Trustee (or to a holder upon written request), within a reasonable time after the date the payment of any Taxes so deducted or withheld is made, certified copies of Tax receipts evidencing payment by the Issuer or the Guarantor, as the case may be, or if, notwithstanding such entity's efforts to obtain receipts, receipts are not obtained, other evidence of payments (reasonably satisfactory to the Trustee) by such entity.

Whenever in the Indenture or in this "Description of Notes" there is mentioned, in any context, the payment of amounts based upon the principal amount of the Notes or of principal, interest or any other amount payable under, or with respect to, any of the Notes or any Note Guarantee, such mention shall be deemed to include mention of the payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The above obligations will survive any termination, defeasance or discharge of the Indenture or any transfer by a holder or beneficial owner of its Notes, and will apply, *mutatis mutandis*, to any jurisdiction in which any successor Person to the Issuer or any Guarantor is incorporated, organized, engaged in business for tax purposes or resident for tax purposes or any political subdivision thereof or therein or any jurisdiction from or through which such Person makes any payment on the Notes (or any Note Guarantee) or any political subdivision thereof or therein.

Optional redemption

Except as otherwise described below, the Notes will not be redeemable at the Issuer's option prior to maturity. The Parent and any Restricted Subsidiary may, however, acquire, or cause to be acquired, the Notes by means other than a redemption, whether pursuant to a tender offer, open market purchase or otherwise, so long as the acquisition does not violate the terms of the Indenture.

Prior to April 15, 2019, the Issuer may, at its option, on any one or more occasions, redeem up to 35% of the aggregate principal amount of the Notes (including any Additional Notes issued after the Issue Date) at a redemption price equal to 107.500% of the principal amount, plus accrued and unpaid interest thereon to the redemption date, subject to the right of the holders on the relevant record date to receive interest due on the relevant interest payment date, with all or a portion of the net proceeds of one or more Equity Offerings; *provided* that at least 65% of the aggregate principal amount of the Notes issued under the Indenture remains outstanding immediately after the occurrence of such redemption; and *provided, further,* that such redemption shall occur within 180 days of the date of the closing of any such Equity Offering.

In addition, at any time prior to April 15, 2019, the Issuer may also redeem, in whole or in part, the Notes at a redemption price equal to 100% of the principal amount of Notes to be redeemed, plus the Applicable Premium in respect

of, and accrued and unpaid interest to the redemption date, subject to the rights of the holders on the relevant record date to receive interest due on the relevant interest payment date.

Except pursuant to the preceding two paragraphs and except pursuant to "—Redemption for changes in taxes," the Notes will not be redeemable at the Issuer's option prior to April 15, 2019.

On or after April 15, 2019, the Issuer may on any one or more occasions redeem all or a part of the Notes at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest, if any, on the Notes redeemed, to the applicable date of redemption, if redeemed during the twelve-month period beginning on April 15 of the years indicated below, subject to the rights of holders of Notes on the relevant record date to receive interest on the relevant interest payment date:

Year	Redemption price
2019	103.750%
2020	101.875%
2021 and thereafter	100.000%

All redemptions of the Notes will be made upon not less than 10 days' nor more than 60 days' prior notice, except that a redemption notice may be made more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture. Unless the Issuer defaults in the payment of the redemption price, interest will cease to accrue on the Notes or portions thereof called for redemption on the applicable redemption date.

Notice of any redemption including, without limitation, upon an Equity Offering may, at the Issuer's discretion, be subject to one or more conditions precedent, including, but not limited to, completion of the related Equity Offering. If such redemption is subject to the satisfaction of one or more conditions precedent, the related notice shall describe each such condition and, if applicable, shall state that, in the Issuer's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied or waived (*provided* that in no event shall such date of redemption be delayed to a date later than 60 days after the date on which such notice of delay was sent), or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied or waived by the redemption date, or by the redemption date so delayed.

Redemption for changes in taxes

The Issuer may redeem the Notes, in whole but not in part, at its discretion at any time upon giving not less than 10 nor more than 60 days' prior notice to the holders of the Notes (which notice will be irrevocable and given in accordance with the procedures described in "—Selection and notice"), at a redemption price equal to 100% of the aggregate principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed by the Issuer for redemption (a "Tax Redemption Date") and all Additional Amounts (if any) then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise (subject to the right of holders of the Notes on the relevant record date to receive interest due on an interest payment date that is prior to the Tax Redemption Date and Additional Amounts (if any) in respect thereof), if on the next date on which any amount would be payable in respect of the Notes or Note Guarantee, the Issuer or a Guarantor is or would be required to pay Additional Amounts (but, in the case of a Guarantor, only if the payment giving rise to such requirement cannot be made by the Issuer or another Guarantor without the obligation to pay Additional Amounts), and the Issuer or Guarantor cannot avoid any such payment obligation by taking reasonable measures available to it (including, for the avoidance of doubt, the appointment of a new Paying Agent where such appointment would be reasonable), and the requirement arises as a result of:

(1) any amendment to, or change in, the laws or treaties (or any regulations or rulings promulgated thereunder) of a relevant Tax Jurisdiction which change or amendment has not been publicly announced before the Issue Date and becomes effective on or after the Issue Date (or, if the applicable Tax Jurisdiction became a Tax Jurisdiction on a date after the Issue Date, such later date); or

(2) any amendment to, or change in, an official position, or the introduction of an official position, regarding the interpretation, administration or application of such laws, regulations, treaties or rulings (including by virtue of a holding, judgment or order by a court of competent jurisdiction or a change in published administrative practice) which amendment, change or introduction has not been publicly announced before the Issue Date and becomes effective on or after the Issue Date (or, if the applicable Tax Jurisdiction became a Tax Jurisdiction on a date after the Issue Date, such later date).

The Issuer will not give any such notice of redemption earlier than 60 days prior to the earliest date on which the Issuer or Guarantor would be obligated to make such payment or withholding if a payment in respect of the Notes or Note

Guarantees was then due, and the obligation to pay Additional Amounts must be in effect at the time such notice is given. Prior to the publication or, where relevant, mailing of any notice of redemption of the Notes pursuant to the foregoing, the Issuer will deliver to the Trustee an opinion of independent tax counsel of recognized standing reasonably acceptable to the Trustee, to the effect that there has been such amendment or change or introduction which would entitle the Issuer to redeem the Notes under this provision of the Indenture. In addition, before the Issuer publishes or mails notice of redemption of the Notes as described above, it will deliver to the Trustee an Officer's Certificate to the effect that the obligation to pay Additional Amounts cannot be avoided by the Issuer or Guarantor taking reasonable measures available to it.

The Trustee will accept and shall be entitled to rely on such Officer's Certificate and opinion of counsel as sufficient evidence of the existence and satisfaction of the conditions precedent as described above, in which event it will be conclusive and binding on the holders of the Notes. Redemptions described herein and under the caption "—Optional Redemption" may be subject to applicable depositary notice requirements.

Mandatory redemption

The Issuer will not be required to make mandatory redemption or sinking fund payments with respect to the Notes. However, under certain circumstances, the Issuer may be required to offer to purchase the Notes as described under the captions "—Repurchase at the option of holders—Change of control" and "—Asset sales."

Repurchase at the option of holders

Change of control

If a Change of Control occurs, each holder of Notes will have the right to require the Issuer to repurchase all or any part (in integral multiples of €1,000 or $1,000, as the case may be; *provided* that Notes of €100,000 or $200,000, as the case may be, or less may only be redeemed in whole and not in part) of that holder's Notes pursuant to an offer (the "Change of Control Offer") on the terms set forth in the Indenture. In the Change of Control Offer, the Issuer will offer a payment in cash (the "Change of Control Payment") equal to 101% of the aggregate principal amount of Notes repurchased plus accrued and unpaid interest on the Notes repurchased to the date of purchase (the "Change of Control Payment Date"), subject to the rights of holders of Notes on the relevant record date to receive interest due on the relevant interest payment date. Within 30 days following any Change of Control, the Issuer will mail a notice to each holder (with a copy to the Trustee) or otherwise deliver a notice (with a copy to the Trustee) in accordance with the procedures described under "—Selection and notice," describing the transaction or transactions that constitute the Change of Control and offering to repurchase Notes on the Change of Control Payment Date specified in the notice, which date will be no earlier than 10 days and no later than 60 days from the date such notice is mailed or delivered, pursuant to the procedures required by the Indenture and described in such notice.

On the Change of Control Payment Date, the Issuer will, to the extent lawful:

(1) accept for payment all Notes or portions of Notes properly tendered pursuant to the Change of Control Offer;

(2) deposit with the Principal Paying Agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and

(3) deliver or cause to be delivered to the Principal Paying Agent the Notes properly accepted.

The Principal Paying Agent will promptly mail or cause to be delivered to each holder of Notes properly tendered the Change of Control Payment for such Notes, and the Trustee will promptly authenticate and mail (or cause to be transferred by book entry) to each holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any; *provided* that each such new Note will be in a principal amount of € 100,000 or $200,000, as the case may be, or an integral multiple of € 1,000 or $1,000 in excess thereof, as the case may be. Any Note so accepted for payment will cease to accrue interest on and after the Change of Control Payment Date unless the Issuer defaults in making the Change of Control Payment. The Issuer will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

The provisions described herein that require the Issuer to make a Change of Control Offer following a Change of Control will be applicable whether or not any other provisions of the Indenture are applicable. Except as described above with respect to a Change of Control, the Indenture will not contain provisions that permit the holders of the Notes to require that the Issuer repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

The Issuer will not be required to make a Change of Control Offer upon a Change of Control if (1) a third party makes the Change of Control Offer in the manner, at the time and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes properly tendered and not withdrawn under the Change of Control Offer, or (2) notice of redemption of all outstanding Notes has been given pursuant to the Indenture as described above under the caption "—Optional redemption," unless and until there is a default in payment of the applicable redemption price.

The occurrence of certain events that would constitute a Change of Control could constitute a mandatory prepayment under the RBL Facility and the UniCredit Facilities. Future debt of the Issuer or its Subsidiaries may also contain descriptions of certain change of control events that, if they occurred, would constitute a default under such debt or require such debt to be repurchased. In addition, the exercise by the holders of the Notes of their right to require the Issuer to purchase the Notes could cause a default under, or require a repurchase of, other debt, even if the Change of Control itself does not, due to the financial effect of the purchase on the Issuer. If a Change of Control Offer is made, there can be no assurance that the Issuer will have sufficient funds or other resources to pay the Change of Control Payment for all the Notes that might be delivered by holders thereof seeking to accept the Change of Control Offer and to repurchase any other debt that may be required to be repaid following a change of control. See "Risk factors—Risks relating to the Notes and our structure—We may not be able to obtain the funds required to repurchase the Notes upon a change of control."

A Change of Control Offer may be made in advance of a Change of Control, and conditioned upon the occurrence of such Change of Control, if a definitive agreement is in place for the Change of Control at the time of making the Change of Control Offer.

The definition of Change of Control includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of "all or substantially all" of the properties or assets of the Parent and its Restricted Subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of the Notes to require the Issuer to repurchase its Notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the properties or assets of the Issuer and its Restricted Subsidiaries may be uncertain.

The provisions under the Indenture relating to the Issuer's obligation to make an offer to repurchase the Notes as a result of a Change of Control may be waived or modified with the consent of the holders of a majority in aggregate principal amount of the Notes.

If and for so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market and the rules of the Luxembourg Stock Exchange so require, the Issuer will publish notices relating to the Change of Control Offer in a leading newspaper of general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by such rules, post such notices on the official website of the Luxembourg Stock Exchange (*www.bourse.lu*).

Asset sales

The Parent will not, and will not permit any of its Restricted Subsidiaries to, consummate an Asset Sale unless:

(1) the Parent (or any of its Restricted Subsidiaries, as the case may be) receives consideration at the time of the Asset Sale at least equal to the Fair Market Value of the assets or Equity Interests issued or sold or otherwise disposed of; and

(2) at least 75% of the consideration received in the Asset Sale by the Parent or such Restricted Subsidiary is in the form of cash or Cash Equivalents. For purposes of this provision, each of the following will be deemed to be cash:

  (a) any liabilities, as shown on the most recent consolidated balance sheet, of the Parent or any Restricted Subsidiary of the Parent (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes or any Note Guarantee) that are assumed by the transferee of any such assets pursuant to an agreement that releases the Parent or such Restricted Subsidiary from further liability or indemnifies the Parent or such Restricted Subsidiary against further liabilities;

  (b) any securities, notes or other obligations received by the Parent or any Restricted Subsidiary of the Parent from such transferee that are converted by the Parent or such Restricted Subsidiary into cash or Cash Equivalents within 180 days following the closing of the Asset Sale, to the extent of the cash or Cash Equivalents received in that conversion;

  (c) with respect to any Asset Sale of oil and gas properties by the Parent or any Restricted Subsidiary of the Parent, the costs and expenses related to the exploration, development, completion or production of such oil and gas properties and activities related thereto agreed to be assumed by the transferee (or an Affiliate thereof);

  (d) any Capital Stock or other assets of the kind referred to in clauses (3) or (4) of the next paragraph of this covenant;

  (e) Indebtedness (other than Subordinated Obligations) of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Sale, to the extent that the Parent and each other Restricted Subsidiary of the Parent are released from any Guarantee of such Indebtedness in connection with such Asset Sale;

  (f) consideration consisting of Indebtedness of the Issuer or any Restricted Subsidiary received from Persons who are not the Issuer or any Restricted Subsidiary;

  (g) accounts receivable of a business retained by the Parent or any Restricted Subsidiary of the Parent, as the case may be, following the sale of such business; or

  (h) any Designated Non-Cash Consideration received by the Parent or any Restricted Subsidiary of the Parent in such Asset Sales having an aggregate Fair Market Value, taken together with all other Designated Non-Cash Consideration received pursuant to this clause (h) that is at that time outstanding, not to exceed the greater of (x) $250.0 million and (y) 3.3% of Consolidated Total Assets at the time of the receipt of such Designated Non-Cash Consideration (with the Fair Market Value of each item of

Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value).

Within 365 days after the receipt of any Net Proceeds from an Asset Sale, the Parent or one of its Restricted Subsidiaries may apply such Net Proceeds (at the option of the Issuer or such Restricted Subsidiary):

(1) to purchase the Notes pursuant to an offer to all holders of Notes at a purchase price equal to at least 100% of the principal amount thereof, plus accrued and unpaid interest to the date of purchase (a "Notes Offer");

(2) to repurchase, prepay, redeem or repay Indebtedness of the Parent or any of its Restricted Subsidiaries that is not contractually subordinated in right of payment to the Notes or a Note Guarantee; *provided* that the Parent (or the applicable Restricted Subsidiary of the Parent) may repurchase, prepay, redeem or repay Indebtedness that is Public Indebtedness only if the Parent (or the applicable Restricted Subsidiary of the Parent) makes (at such time or subsequently in compliance with this covenant) an offer to all Holders of the Notes to purchase their Notes in accordance with the provisions set forth below for an Asset Sale Offer for an aggregate principal amount of Notes at least equal to the proportion that (x) the total aggregate principal amount of Notes outstanding bears to (y) the sum of the total aggregate principal amount of Notes outstanding plus the total aggregate principal amount outstanding of such Public Indebtedness;

(3) to invest in Additional Assets;

(4) to make a capital expenditure; or

(5) to enter into a binding commitment to apply the Net Proceeds pursuant to clause (2), (3) or (4) of this paragraph; *provided* that such binding commitment shall be treated as a permitted application of the Net Proceeds from the date of such commitment until the earlier of (x) the date on which such repayment, investment or expenditure is consummated, and (y) the 180th day following the expiration of the aforementioned 365-day period.

Pending the final application of any Net Proceeds, the Parent or any Restricted Subsidiary of the Parent may temporarily reduce revolving credit borrowings or otherwise invest the Net Proceeds in any manner that is not prohibited by the Indenture. Any Net Proceeds from Asset Sales that are not applied or invested pursuant to the second paragraph of this covenant will constitute "Excess Proceeds."

When the aggregate amount of Excess Proceeds exceeds $50.0 million, within 10 Business Days thereof, the Issuer will make an offer (an "Asset Sale Offer") to all holders of Notes and may make an offer to all holders of other Indebtedness that is *pari passu* with the Notes or any Note Guarantees to purchase, prepay or redeem with the proceeds of sales of assets the maximum principal amount of Notes and such other *pari passu* Indebtedness (plus all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith) that may be purchased, prepaid or redeemed out of the Excess Proceeds. The offer price for the Notes in any Asset Sale Offer will be equal to at least 100% of the principal amount, plus accrued and unpaid interest, if any, to the date of purchase, prepayment or redemption, subject to the rights of holders of Notes on the relevant record date to receive interest due on the relevant interest payment date, and will be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer, the Parent or any of its Restricted Subsidiaries may use those Excess Proceeds for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount of Notes and other *pari passu* Indebtedness tendered into (or to be prepaid or redeemed in connection with) such Asset Sale Offer exceeds the amount of Excess Proceeds or if the aggregate amount of Notes tendered pursuant to a Notes Offer exceeds the amount of the Net Proceeds so applied, the Trustee, a Paying Agent or the Registrar will select the Notes and such other *pari passu* Indebtedness, if applicable, to be purchased on a *pro rata* basis (or, in the case of Notes issued in global form as discussed under "Book-entry, delivery and form," based on a method that most nearly approximates a *pro rata* selection unless otherwise required by applicable law or applicable stock exchange or depositary requirements, based on the amounts tendered or required to be prepaid or redeemed. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds will be reset at zero.

Notwithstanding the foregoing, in connection with any tender offer for the Notes, if holders of Notes of not less than 90% in aggregate principal amount of the outstanding Notes validly tendered do not withdraw such Notes in such tender offer and the Issuer, or any third party making such a tender offer in lieu of the Issuer, purchases all of the Notes validly tendered and not withdrawn by such holders, the Issuer or such third party will have the right upon not less than 10 nor more than 60 days' prior notice, given not more than 30 days following such tender offer expiration date, to redeem the Notes that remain outstanding in whole, but not in part, following such purchase, at a price equal to the price offered to each other holder of Notes in such tender offer, plus, to the extent not included in the tender offer payment, accrued and unpaid interest, if any, thereon, to, but excluding such redemption date.

The Issuer will comply with the requirements of Rule 14e-1 under the U.S. Exchange Act and any other applicable securities laws and regulations to the extent those laws and regulations are applicable in connection with each repurchase of

Notes pursuant to a Change of Control Offer, an Asset Sale Offer or a Notes Offer. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control, Asset Sale or Notes Offer provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control, Asset Sale or Notes Offer provisions of the Indenture by virtue of such compliance.

Selection and notice

If less than all of the Notes are to be redeemed at any time, the Trustee, a Paying Agent or the Registrar will select Notes for redemption on a *pro rata* basis (or, in the case of Notes issued in global form as discussed under "Book-Entry, Delivery and Form," based on a method that most nearly approximates a *pro rata* selection) unless otherwise required by law or applicable stock exchange or depositary requirements.

No Notes of €100,000 or $200,000, as the case may be, or less can be redeemed in part. Notices of redemption will be mailed by first class mail at least 10 days but not more than 60 days before the redemption date to each holder of Notes to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note will state the portion of the principal amount of that Note that is to be redeemed. A new Note in principal amount equal to the unredeemed portion of the original Note will be issued in the name of the holder of Notes upon cancellation of the original Note. A notice of redemption shall state whether the redemption is conditioned on any events and, if so, a detailed explanation of such conditions. Subject to the satisfaction of any conditions precedent set forth in a notice of redemption, Notes called for redemption become due on the date fixed for redemption. On or after the redemption date, interest ceases to accrue on Notes or portions of Notes called for redemption.

None of the Trustee, the Paying Agent, the Transfer Agent or the Registrar shall be liable for any such selections made by them in accordance with the provisions described in the three preceding paragraphs.

For Notes which are represented by global certificates held on behalf of DTC, Euroclear or Clearstream, as applicable, notices may be given by delivery of the relevant notices to DTC, Euroclear or Clearstream, as applicable, in accordance with its applicable procedures for communication to entitled account holders in substitution for any required mailing. So long as any Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market and the rules of the Luxembourg Stock Exchange so require, any notice to the holders of the Notes (whether represented by global certificates or held in definitive form) shall also be published in a newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by such rules, posted on the official website of the Luxembourg Stock Exchange and, in connection with any redemption, the Issuer will notify the Luxembourg Stock Exchange of any change in the principal amount of Notes outstanding.

Certain covenants

Restricted payments

The Parent will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly:

(1) declare or pay any dividend or make any other payment or distribution on account of the Parent's or any of its Restricted Subsidiaries' Equity Interests (including, without limitation, any such payment or distribution made in connection with any merger, amalgamation or consolidation involving the Parent or any of its Restricted Subsidiaries) or to the direct or indirect holders of the Parent's or any of its Restricted Subsidiaries' Equity Interests in their capacity as such (other than dividends or distributions payable in Equity Interests (other than Disqualified Stock) of the Parent or in Subordinated Shareholder Debt and other than dividends or distributions payable to the Parent or a Restricted Subsidiary of the Parent);

(2) repurchase, redeem or otherwise acquire or retire for value (including, without limitation, any such purchase, redemption, acquisition or retirement made in connection with any merger, amalgamation or consolidation involving the Issuer) any Equity Interests of the Parent or any Parent Holdco;

(3) make any principal payment on or with respect to, or repurchase, redeem, defease or otherwise acquire or retire for value, prior to the Stated Maturity thereof, any Indebtedness of the Issuer or any Guarantor that is expressly contractually subordinated in right of payment to the Notes or to any Note Guarantee (excluding any intercompany Indebtedness between or among the Parent and/or any of its Restricted Subsidiaries), except (i) a

payment of principal at the Stated Maturity thereof or (ii) the repurchase, redemption or other acquisition of Indebtedness in anticipation of satisfying a sinking fund obligation, principal installment or scheduled maturity, in each case due within one year of the date of such repurchase, redemption or other acquisition;

(4) make any payment on or with respect to, or repurchase, redeem, defease or otherwise acquire for value any Subordinated Shareholder Debt; or

(5) make any Restricted Investment;

(all such payments and other actions set forth in clauses (1) through (5) above being collectively referred to as "Restricted Payments"), unless, at the time of and after giving effect to such Restricted Payment:

(1) no Default or Event of Default has occurred and is continuing or would occur as a consequence of such Restricted Payment;

(2) the Parent would, at the time of such Restricted Payment and after giving *pro forma* effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter reference period, have been permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described below under the caption "—Incurrence of indebtedness and issuance of preferred stock"; and

(3) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Parent and its Restricted Subsidiaries since the Issue Date (including Restricted Payments permitted below by clauses (1) and (15) of the next succeeding paragraph, but excluding all other Restricted Payments permitted by the next succeeding paragraph), is equal to or less than the sum, without duplication, of:

(a) 50% of the Consolidated Net Income of the Parent for the period (taken as one accounting period) from the beginning of the fiscal quarter commencing immediately prior to the Issue Date to the end of the Parent's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit); *plus*

(b) 100% of the aggregate net cash proceeds received, the Fair Market Value of marketable securities received and the Fair Market Value of other property or assets received by the Parent (or, in the case of Subordinated Shareholder Debt, L1E Funding or the Parent) since the Issue Date as a contribution to its common capital or from the issue or sale of Equity Interests (other than Disqualified Stock and Excluded Contributions) or Subordinated Shareholder Debt or from the issue or sale of convertible or exchangeable Disqualified Stock or convertible or exchangeable debt securities of the Parent that have been converted into or exchanged for such Equity Interests (other than Equity Interests (or Disqualified Stock or debt securities) or Subordinated Shareholder Debt, in each case, sold to a Subsidiary of the Parent) (except, in each case, to the extent such proceeds or property or assets or marketable securities are used to make a Restricted Payment in reliance on clause (2) or (5) of the next paragraph of this covenant); *plus*

(c)

(i) to the extent that any Restricted Investment that was made after the Issue Date is (x) sold, disposed of or otherwise cancelled, liquidated or repaid, 100% of the aggregate amount received in cash and the Fair Market Value of the marketable securities and other property received by the Parent or any Restricted Subsidiary, or (y) made in an entity that subsequently becomes a Restricted Subsidiary, 100% of the Fair Market Value of the Restricted Investment of the Parent and its Restricted Subsidiaries as of the date such entity becomes a Restricted Subsidiary; *plus*

(ii) to the extent that any Unrestricted Subsidiary of the Parent designated as such after the Issue Date is redesignated as a Restricted Subsidiary or is merged, amalgamated or consolidated with or into the Parent or a Restricted Subsidiary, or all or substantially all of the properties or assets of such Unrestricted Subsidiary are transferred to the Parent or a Restricted Subsidiary, the Fair Market Value of the property received by the Parent or Restricted Subsidiary or the Parent's Restricted Investment in such Subsidiary as of the date of such redesignation, merger, amalgamation, consolidation or transfer of properties or assets, to the extent such Investments reduced the Restricted Payments capacity under this clause (c) and were not previously repaid or otherwise reduced; *plus*

(d) 100% of any dividends or distributions received in cash by the Parent or a Restricted Subsidiary after the Issue Date from an Unrestricted Subsidiary, to the extent that such dividends or distributions were not otherwise included in the Consolidated Net Income of the Parent for such period.

The preceding provisions will not prohibit:

(1) the payment of any dividend or the consummation of any irrevocable redemption within 60 days after the date of declaration of the dividend or giving of the redemption notice, as the case may be, if at the date of declaration or notice, the dividend or redemption payment would have complied with the provisions of the Indenture;

(2) the making of any Restricted Payment in exchange for, or out of the net cash proceeds of the substantially concurrent sale (other than to a Subsidiary of the Issuer) of, Equity Interests of the Parent (other than Disqualified Stock), Subordinated Shareholder Debt or from the substantially concurrent contribution of common equity capital (other than an Excluded Contribution) to the Parent or L1E Funding; *provided* that the amount of any such net cash proceeds, or Fair Market Value of property or assets or of marketable securities, from such sale of Equity Interests or such contribution that are utilized for any such Restricted Payment will be excluded from clause (3)(b) of the preceding paragraph;

(3) the repurchase, redemption, defeasance or other acquisition or retirement for value of Indebtedness of the Issuer or any Guarantor that is contractually subordinated to the Notes or to any Note Guarantee with the net cash proceeds from a substantially concurrent incurrence of Permitted Refinancing Indebtedness for the purpose of such repurchase, redemption, defeasance or other acquisition or retirement for value;

(4) the payment of any dividend (or, in the case of any partnership or limited liability company, any similar distribution) by a Restricted Subsidiary of the Parent to the holders of its Equity Interests (other than the Parent or any Restricted Subsidiary) on no more than a *pro rata* basis;

(5) the defeasance, repurchase, redemption or other acquisition or retirement for value of any Equity Interests of the Parent or any Restricted Subsidiary of the Parent held by any of the Parent's (or any of its Restricted Subsidiaries') current or former officers, directors, employees or consultants pursuant to any equity subscription agreement, stock option agreement, restricted stock grant, shareholders' agreement or similar agreement; *provided* that the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests may not exceed $2.0 million in any calendar year (with unused amounts in any calendar year being permitted to be carried over into succeeding calendar years) and *provided*, *further*, that such amount in any calendar year may be increased by an amount not to exceed (A) the cash proceeds from the sale of Equity Interests of the Parent or a Restricted Subsidiary received by the Parent or a Restricted Subsidiary during such calendar year, in each case to members of management, directors or consultants of the Parent, any of its Restricted Subsidiaries or any of its direct or indirect parent companies, to the extent the net cash proceeds from the sale of Equity Interests have not otherwise been applied to the making of Restricted Payments pursuant to clause (3)(b) of the preceding paragraph or clause (2) of this paragraph and (B) the cash proceeds of key man life insurance policies;

(6) the defeasance, repurchase, redemption or other acquisition or retirement for value of any Equity Interests of the Parent or any Restricted Subsidiary of the Parent held by any of the Parent's (or any of its Restricted Subsidiaries') current or former directors or employees in connection with the exercise or vesting of any equity compensation (including, without limitation, stock options, restricted stock and phantom stock) in order to satisfy the Parent's or such Restricted Subsidiary's tax withholding obligation with respect to such exercise or vesting;

(7) repurchases of Subordinated Obligations at a purchase price not greater than (i) 101% of the principal amount of such Subordinated Obligations and accrued and unpaid interest thereon in the event of a Change of Control or (ii) 100% of the principal amount of such Subordinated Obligations and accrued and unpaid interest thereon in the event of an Asset Sale, in each case plus accrued interest, in connection with any change of control offer or asset sale offer required by the terms of such Indebtedness, but only if:

(a) in the case of a Change of Control, the Issuer has first complied with and fully satisfied its obligations under the provisions described under "—Repurchase at the option of holders—Change of control"; or

(b) in the case of an Asset Sale, the Issuer has complied with and fully satisfied its obligations in accordance with the covenant under the heading, "—Repurchase at the option of holders—Asset sales";

(8) the repurchase, redemption or other acquisition for value of Capital Stock of the Parent or any of its Restricted Subsidiaries representing fractional shares of such Capital Stock in connection with a merger, consolidation, amalgamation or other combination involving the Parent or any of its Restricted Subsidiaries or any other transaction permitted by the Indenture;

(9) the repurchase of Equity Interests deemed to occur upon the exercise of stock options or warrants to the extent such Equity Interests represent a portion of the exercise price of those stock options or warrants;

(10) the declaration and payment of regularly scheduled or accrued dividends to holders of any class or series of Disqualified Stock of the Parent or any Restricted Subsidiary of the Parent issued on or after the Issue Date in accordance with the Fixed Charge Coverage Ratio test described below under the caption "—Incurrence of indebtedness and issuance of preferred stock";

(11) payments of cash, dividends, distributions, advances or other Restricted Payments by the Parent or any of its Restricted Subsidiaries to allow the payment of cash in lieu of the issuance of fractional shares upon (x) the exercise of options or warrants or (y) the conversion or exchange of Capital Stock of any such Person;

(12) (a) advances or loans to any future, present or former officer, director, employee or consultant of the Parent or a Restricted Subsidiary to pay for the purchase or other acquisition for value of Equity Interests of the Parent (other than Disqualified Stock), or any obligation under a forward sale agreement, deferred purchase agreement or deferred payment arrangement pursuant to any management equity plan or stock option plan or any other management or employee benefit or incentive plan or other agreement or arrangement; *provided* that the total aggregate amount of Restricted Payments made under this subclause (a) does not exceed $1.0 million in any calendar year or (b) advances, grants or loans in relation to any management equity plan or stock option plan or any other management or employee benefit or incentive plan or unit trust, whether made directly to any such plan or trust or to the trustees of any such plan or trust, to pay for the purchase or other acquisition for value of Equity Interests of the Parent (other than Disqualified Stock); *provided* that the total aggregate amount of Restricted Payments made under this subclause (b) does not exceed $2.0 million in any calendar year;

(13) Restricted Payments that are made with Excluded Contributions;

(14) so long as no Default or Event of Default has occurred and is continuing or would be caused thereby, other Restricted Payments in an aggregate amount not to exceed the greater of (a) $300.0 million and (b) 4.0% of Consolidated Total Assets;

(15) so long as no Default or Event of Default has occurred and is continuing or would be caused thereby, following the Initial Public Offering of the Capital Stock of the Parent or any Parent Holdco, the declaration or payment of dividends or distributions, or the making of any cash payments, advances, loans or expense reimbursements on the Capital Stock of the Parent or any Parent Holdco; *provided* that the aggregate amount of all such dividends or distributions under this clause (15) shall not exceed in any fiscal year the greater of (a) 6% of the net cash proceeds received by the Parent from one or more Public Equity Offerings or contributed to the equity (other than through the issuance of Disqualified Stock or through an Excluded Contribution) of the Parent or contributed to the Parent or L1E Funding as Subordinated Shareholder Debt and (b) an amount equal to the greater of (i) 5% of the Market Capitalization and (ii) 5% of the IPO Market Capitalization, *provided* that in the case of this subclause (b), after giving *pro forma* effect to the payment of any such dividend or making of any such distribution, the Consolidated Leverage Ratio of the Parent would not exceed 2.5 to 1.0; and *provided*, *further*, that in each case, if such Public Equity Offering was of Capital Stock of a Parent Holdco, the net proceeds of any such dividend are used to fund a corresponding dividend in equal or greater amount on the Capital Stock of such Parent Holdco;

(16) any dividends, distributions or other payments to any Parent Holdco or Unrestricted Subsidiary to the extent that such dividends, distributions or payments are made in order to carry out group contributions under the tax laws or regulations of an applicable jurisdiction; and

(17) Permitted Parent Payments.

The amount of all Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment (or, in the case of a dividend, on the date of declaration) of the asset(s) or securities proposed to be transferred or issued by the Parent or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The Fair Market Value of any cash Restricted Payment shall be its face amount. The Parent, in its sole discretion, may classify any Investment or other Restricted Payment as being made in part under one of the provisions of this covenant (or, in the case of any Investment, the clauses of Permitted Investments) and in part under one or more other such provisions (or, as applicable, clauses). Unsecured Indebtedness shall not be deemed to be subordinate or junior to secured Indebtedness by virtue of its nature as unsecured Indebtedness.

Incurrence of indebtedness and issuance of preferred stock

The Parent will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to

(collectively, "incur") any Indebtedness (including Acquired Debt), and the Parent will not issue any Disqualified Stock and will not permit any of its Restricted Subsidiaries to issue any shares of preferred stock; *provided, however,* that the Parent may incur Indebtedness (including Acquired Debt) or issue Disqualified Stock or preferred stock and the Issuer and any other Guarantor may incur Indebtedness (including Acquired Debt) or issue preferred stock, if the Fixed Charge Coverage Ratio for the Parent's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock or preferred stock is issued, as the case may be, would have been at least 2.25 to 1.0, determined on a *pro forma* basis (including a *pro forma* application of the net proceeds therefrom), as if the additional Indebtedness had been incurred or the Disqualified Stock or the preferred stock had been issued, as the case may be, at the beginning of such four-quarter reference period.

The first paragraph of this covenant will not prohibit the incurrence of any of the following items of Indebtedness or issuances of Disqualified Stock or preferred stock (collectively, "Permitted Debt"):

(1) the incurrence by the Parent and any Restricted Subsidiary of additional Indebtedness under Credit Facilities in an aggregate principal amount at any one time outstanding under this clause (1) not to exceed the greater of (a) $2,500.0 million; (b) $250.0 million *plus* amounts permitted to be drawn at such time under all Borrowing Base Facilities of the Parent and its Restricted Subsidiaries; and (c) $250.0 million *plus* 30% of Consolidated Total Assets, *plus* in the case of any refinancing of any Indebtedness permitted under this clause (1) or any portion thereof, the aggregate amount of fees, costs and expenses (including underwriting commissions paid as discounts) incurred in connection with such refinancing;

(2) the incurrence by the Parent and its Restricted Subsidiaries of the Existing Indebtedness;

(3) the incurrence by the Issuer of Indebtedness represented by the Notes to be issued on the date of the Indenture and the incurrence by any Guarantor of a Note Guarantee at any time;

(4) the incurrence by the Parent or any of its Restricted Subsidiaries of Indebtedness:

(a) incurred for the purpose of financing all or any part of the purchase price, lease expense, charter expense, rental payments or cost of design, development, construction, transportation, installation, migration, improvement or any other capital expenses in relation to, any FPSO used or useful in the Oil and Gas Business; or

(b) represented by Capital Lease Obligations, mortgage financings or purchase money obligations or other Indebtedness, in each case, incurred for the purpose of financing all or any part of the purchase price, lease expense, charter expense, rental payments or cost of design, development, construction, transportation, installation, migration, drydocking or improvement of property, plant or equipment or other capital assets used in the business of the Parent or any of its Restricted Subsidiaries and any other capital expenses or operating expenses in relation thereto (including any reasonably related fees or expenses incurred in connection therewith), in an aggregate principal amount, including all Permitted Refinancing Indebtedness incurred to extend, renew, refund, refinance, replace, exchange, defease or discharge any Indebtedness incurred pursuant to this clause (4)(b), not to exceed the greater of (x) $150.0 million and (y) 2.0% of Consolidated Total Assets at any time outstanding,

in each case, whether such Indebtedness is incurred for the charter of, leasing of or direct purchase of or the purchase of the Capital Stock of any Person owning such property, plant or equipment or other capital assets (including any Indebtedness deemed to be incurred in connection with such purchase) (it being understood that any such Indebtedness may be incurred after the acquisition or purchase or the design, development, construction, transportation, installation, migration, drydocking, incurrence of expenses or the making of any improvement with respect to any such property, plant or equipment or other capital assets);

(5) the incurrence by the Parent or any of its Restricted Subsidiaries of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to extend, renew, refund, refinance, replace, exchange, defease or discharge any Indebtedness (other than intercompany Indebtedness) that was permitted by the Indenture to be incurred under the first paragraph of this covenant or clauses (2), (3) or (14) of this paragraph or this clause (5);

(6) the incurrence by the Parent or any of its Restricted Subsidiaries of intercompany Indebtedness between or among the Parent and any of its Restricted Subsidiaries; *provided, however*, that:

(a) if the Issuer or any Guarantor is the obligor on such Indebtedness and the payee is not the Issuer or a Guarantor, such Indebtedness must be ((i) except in respect of the intercompany current liabilities incurred in the ordinary course of business in connection with the cash management operations of the

Parent and its Restricted Subsidiaries and (ii) only to the extent legally permitted) subordinated to the prior payment in full in cash of all Obligations then due with respect to the Notes, in the case of the Issuer, or the Note Guarantee, in the case of a Guarantor; and

(b) (i) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than the Parent or a Restricted Subsidiary of the Parent and (ii) any sale or other transfer of any such Indebtedness to a Person that is not either the Issuer or a Restricted Subsidiary of the Parent will be deemed, in each case, to constitute an incurrence of such Indebtedness by the Parent or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (6);

(7) the issuance by any of the Parent's Restricted Subsidiaries to the Parent or to any of its Restricted Subsidiaries of shares of preferred stock; *provided, however,* that:

(a) any subsequent issuance or transfer of Equity Interests that results in any such preferred stock being held by a Person other than the Parent or a Restricted Subsidiary of the Parent; and

(b) any sale or other transfer of any such preferred stock to a Person that is not either the Parent or a Restricted Subsidiary of the Parent,

will be deemed, in each case, to constitute an issuance of such preferred stock by such Restricted Subsidiary that was not permitted by this clause (7);

(8) the incurrence by the Parent or any of its Restricted Subsidiaries of Hedging Obligations in the ordinary course of business and not for speculative purposes, including in connection with any commodities marketing activities or any permitted Oil and Gas Business activities;

(9) the Guarantee by the Parent or any of its Restricted Subsidiaries of Indebtedness of the Parent or any of its Restricted Subsidiaries that was permitted to be incurred by another provision of this covenant; *provided* that if the Indebtedness being Guaranteed is subordinated to or *pari passu* with the Notes or a Note Guarantee, as applicable, then the Guarantee shall be subordinated or *pari passu*, as applicable, to the same extent as the Indebtedness Guaranteed;

(10) the incurrence by the Parent or any of its Restricted Subsidiaries of Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently drawn against insufficient funds, so long as such Indebtedness is covered within 30 Business Days of receiving notice;

(11) the incurrence by the Parent or any of its Restricted Subsidiaries of Indebtedness in respect of self-insurance obligations or captive insurance companies or consisting of the financing of insurance premiums in the ordinary course of business;

(12) the incurrence by the Parent or any of its Restricted Subsidiaries of Indebtedness arising from agreements of the Parent or any of its Restricted Subsidiaries providing for indemnification, obligations in respect of earnouts or other adjustment of purchase price or, in each case, similar obligations, in each case, incurred or assumed in connection with the disposition of any business, assets or Capital Stock of a Subsidiary; *provided* that the maximum aggregate liability in respect of all such Indebtedness shall at no time exceed the gross proceeds, including the Fair Market Value of non-cash proceeds (measured at the time received and without giving effect to any subsequent changes in value), actually received by the Parent and its Restricted Subsidiaries in connection with such disposition;

(13) the incurrence by the Parent or any of its Restricted Subsidiaries of Indebtedness in respect of (A) letters of credit, bid, performance, appeal, surety and similar bonds, completion guarantees, judgments, advance payments, customs, value added tax or other tax or similar instruments issued for the account of the Parent and any of its Restricted Subsidiaries in the ordinary course of business (in each case, other than an obligation for money borrowed), including Guarantees and obligations of the Parent or any of its Restricted Subsidiaries with respect to letters of credit or similar instruments supporting such obligations or in respect of self-insurance and workers compensation obligations or (B) any customary cash management, cash pooling or netting or setting off arrangements with banks or other financial institutions;

(14) Indebtedness or preferred stock of a Person outstanding on the date on which such Person becomes a Restricted Subsidiary or is acquired by the Parent or any of its Restricted Subsidiaries or merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Parent or any of its Restricted Subsidiaries in accordance with the Indenture and Indebtedness incurred by the Parent or any of its Restricted Subsidiaries, in each case, (a) to provide all or any portion of the funds utilized to

consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by or was merged into the Parent or any of its Restricted Subsidiaries or (b) otherwise in connection with, or in contemplation of, such acquisition); *provided, however,* with respect to this clause (14) that at the time of the acquisition or other transaction pursuant to which such Indebtedness was either deemed to be incurred or was incurred, (x) the Parent would have been able to incur $1.00 of additional Indebtedness pursuant to the first paragraph of this covenant after giving effect to the incurrence of such Indebtedness or issuance of such preferred stock pursuant to this clause (14) or (y) the Fixed Charge Coverage Ratio would not be less than it was immediately prior to giving effect to such acquisition or other transaction;

(15) Guarantees by the Parent or any of its Restricted Subsidiaries of any Management Advances;

(16) Guarantees by the Parent or any of its Restricted Subsidiaries granted to any trustee of any management equity plan or stock option plan or any other management or employee benefit or incentive plan or unit trust scheme approved by the Board of Directors of the Parent, so long as the proceeds of the Indebtedness so Guaranteed are used to purchase Equity Interests of the Parent (other than Disqualified Stock); *provided* that the amount of any net cash proceeds from the sale of such Equity Interests of the Parent will be excluded from clause (3)(b) of the first paragraph of the covenant described above under the caption "—Certain covenants—Restricted payments" and will not be considered to be net cash proceeds from an Equity Offering for purposes of the "Optional redemption" provisions of the Indenture;

(17) Guarantees by the Parent or any of its Restricted Subsidiaries of pension fund obligations of the Parent or any Restricted Subsidiary required by law or regulation;

(18) (a) the incurrence by the Parent or any of its Restricted Subsidiaries of Indebtedness in connection with one or more standby letters of credit, Guarantees, performance bonds or other reimbursement obligations, in each case, issued in the ordinary course of business and not in connection with the borrowing of money or the obtaining of an advance or credit (other than advances or credit for goods and services in the ordinary course of business and on terms and conditions that are customary in the Oil and Gas Business, and other than the extension of credit represented by such letter of credit, Guarantee or performance bond itself); and (b) Indebtedness of the Parent or any Restricted Subsidiary consisting of take-or-pay obligations contained in supply arrangements entered into in the ordinary course of business;

(19) the incurrence by the Parent or any of its Restricted Subsidiaries of Indebtedness through the provision of bonds, Guarantees, letters of credit or similar instruments required by any national or international maritime commission or authority or other governmental or regulatory agencies, including, without limitation, customs authorities; in each case, for vessels owned or chartered by, and in the ordinary course of business of, the Parent or any of its Restricted Subsidiaries at any time outstanding not to exceed the amount required by such governmental or regulatory authority;

(20) the incurrence by the Parent or any of its Restricted Subsidiaries of the Parent of Indebtedness in the form of customer deposits and advance payments received in the ordinary course of business from customers for purchases in the ordinary course of business;

(21) Indebtedness arising as a result of (the establishment of) a fiscal unity for corporate income tax or value added tax purposes of which any Restricted Subsidiary is a member;

(22) Indebtedness of the Issuer and any Guarantor in an aggregate principal amount that, when taken together with any Permitted Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness incurred pursuant to this clause (22) and then outstanding, will not exceed 100% of the Net Proceeds received by the Parent (or L1E Funding or the Parent in the case of Subordinated Shareholder Debt) from the issuance or sale (other than to a Restricted Subsidiary) of Subordinated Shareholder Debt or its Capital Stock (other than, in connection with Disqualified Stock) or otherwise contributed to the equity (other than through the issuance of Disqualified Stock) of the Parent, in each case, subsequent to the Issue Date *provided, however*, that (i) any such Net Proceeds that are so received or contributed shall be excluded for purposes of making Restricted Payments under the first paragraph and clauses (2) and (13) of the second paragraph of the covenant described above under "—Restricted payments" to the extent the Parent and its Restricted Subsidiaries incur Indebtedness in reliance thereon and (ii) any Net Proceeds that are so received or contributed shall be excluded for purposes of incurring Indebtedness pursuant to this clause (22) to the extent the Parent or any of its Restricted Subsidiaries makes a Restricted Payment under the first paragraph and clauses (2) and (13) of the second paragraph of the covenant described above under "—Restricted payments" in reliance thereon; and

(23) the incurrence by the Parent or any of its Restricted Subsidiaries of additional Indebtedness or the issuance of Disqualified Stock by the Parent or preferred stock by any Restricted Subsidiary in an aggregate principal amount

at any time outstanding, including all Permitted Refinancing Indebtedness incurred to extend, renew, refund, replace, exchange, defease or discharge any Indebtedness incurred pursuant to this clause (23), not to exceed the greater of (a) $100.0 million and (b) 1.3% of Consolidated Total Assets determined as of the date of such incurrence or issuance.

For purposes of determining compliance with, and the outstanding principal amount of, any particular Indebtedness, Disqualified Stock or preferred stock incurred or issued pursuant to and in compliance with this covenant:

(1) in the event that an item or portion of an item of proposed Indebtedness, Disqualified Stock or preferred stock meets the criteria of more than one of the categories of Permitted Debt described in clauses (1) through (23) above, or is entitled to be incurred or issued pursuant to the first paragraph of this covenant, the Parent, in its sole discretion, will be permitted to classify such item or portion of such item on the date of its incurrence or issuance and only be required to include the amount and type of such item in one of such clauses and from time to time to reclassify all or a portion of such item, in any manner that complies with this covenant; *provided* that Indebtedness incurred under the RBL Facility outstanding on the Issue Date will be deemed to have been incurred on such date in reliance on the exception provided in clause (1) of the definition of Permitted Debt;

(2) Guarantees of, or obligations in respect of letters of credit relating to, Indebtedness which is otherwise included in the determination of a particular amount of Indebtedness shall not be included; and

(3) Indebtedness, Disqualified Stock or preferred stock permitted by this covenant need not be permitted solely by reference to one provision permitting it but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness, Disqualified Stock or preferred stock, as applicable.

The amount of any Indebtedness, Disqualified Stock or preferred stock outstanding as of any date will be:

(1) in the case of any Indebtedness issued with original issue discount, the amount of the liability in respect thereof determined in accordance with IFRS;

(2) in respect of Hedging Obligations, either (a) zero if such Hedging Obligation is incurred pursuant to clause (8) of the second paragraph of this covenant or (b) the notional amount of such Hedging Obligation if not incurred pursuant to such clause;

(3) the principal amount of the Indebtedness, in the case of any other Indebtedness;

(4) in the case of any preferred stock, (i) if other than Disqualified Stock, the greater of its voluntary or involuntary liquidation preference and its maximum fixed redemption price or repurchase price or (ii) if Disqualified Stock, as specified in the definition thereof; and

(5) in respect of Indebtedness of another Person secured by a Lien on the assets of the specified Person, the lesser of:

(i) the Fair Market Value of such assets at the date of determination; and

(ii) the amount of the Indebtedness of the other Person.

Accrual of interest, accrual of dividends, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness, the reclassification of preferred stock as Indebtedness due to a change in accounting principles and the payment of dividends in the form of additional shares of preferred stock or Disqualified Stock will not be deemed to be an incurrence of Indebtedness or an issuance of preferred stock or Disqualified Stock for purposes of this covenant. The amount of any Indebtedness outstanding as of any date shall be the principal amount or liquidation preference thereof, together with any interest thereon that is more than 30 days past due, in the case of any other Indebtedness.

If at any time an Unrestricted Subsidiary becomes a Restricted Subsidiary, any Indebtedness of such Subsidiary shall be deemed to be incurred by a Restricted Subsidiary of the Parent as of such date (and, if such Indebtedness is not permitted to be incurred as of such date under this "—Incurrence of indebtedness and issuance of preferred stock" covenant, the Parent shall be in Default of this covenant).

For purposes of determining compliance with any U.S. dollar-denominated restriction on the incurrence of Indebtedness, the U.S. dollar-equivalent principal amount of Indebtedness denominated in a different currency shall be utilized, calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred; *provided, however*, that (i) if such Indebtedness denominated in non-U.S. dollar currency is subject to a Currency Exchange Protection Agreement with respect to U.S. dollars, the amount of such Indebtedness expressed in U.S. dollars will be calculated so as to take account of the effects of such Currency Exchange Protection Agreement; and (ii) the U.S. dollar-equivalent of the principal amount of any such Indebtedness outstanding on the Issue Date shall be calculated based on the relevant currency exchange rate in effect on the Issue Date. The principal amount of any refinancing Indebtedness

incurred in the same currency as the Indebtedness being refinanced will be the U.S. dollar-equivalent of the Indebtedness refinanced determined on the date such Indebtedness was originally incurred, except that to the extent that:

(1) such U.S. dollar-equivalent was determined based on a Currency Exchange Protection Agreement, in which case the refinancing Indebtedness will be determined in accordance with the preceding sentence; and

(2) the principal amount of the refinancing Indebtedness exceeds the principal amount of the Indebtedness being refinanced, in which case the U.S. dollar-equivalent of such excess will be determined on the date such refinancing Indebtedness is being incurred.

The principal amount of any Indebtedness incurred to refinance other Indebtedness, if incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Permitted Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

Liens

The Parent will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume or suffer to exist any Lien of any kind securing Indebtedness upon any of its property or assets (whether now owned or hereafter acquired), except (x) Permitted Liens or (y) Liens on property or assets that are not Permitted Liens (the "Initial Lien") if payments due under the Notes and the Indenture are directly secured at least equally and ratably with (or in the case of Subordinated Obligations, prior or senior thereto with the same relative priority as the Notes shall have with respect to such Subordinated Obligations) the obligations secured by the Initial Lien for so long as such obligations are so secured.

Any Lien created for the benefit of the holders pursuant to this covenant will provide by its terms that such Lien will be automatically and unconditionally released and discharged upon the release and discharge of the Initial Lien other than as a consequence of an enforcement action with respect to the assets subject to such Lien.

Anti-Layering

The Issuer and the Senior Guarantor will not incur or suffer to exist Indebtedness that is contractually subordinated in right of payment to any other Indebtedness of the Issuer or the Senior Guarantor unless such Indebtedness is also contractually subordinated in right of payment to the Notes or the Senior Note Guarantee.

The Subordinated Guarantors will not incur or suffer to exist Indebtedness that is contractually subordinated in right of payment to any other Indebtedness of any Subordinated Guarantor unless such Indebtedness is also pari passu with or contractually subordinated in right of payment to the applicable Subordinated Note Guarantee and, if such Subordinated Guarantor is DEA Norge, the Proceeds Loans.

Notwithstanding the foregoing, no Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness of the Issuer or any Guarantor solely by virtue of being unsecured, by virtue of being secured with different collateral or by virtue of being secured on a junior priority basis or by virtue of the application of waterfall, enforcement or other payment-ordering provisions affecting different tranches of Indebtedness under or contained in Credit Facilities.

Dividend and other payment restrictions affecting subsidiaries

The Parent will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions on its Capital Stock to the Parent or any of its Restricted Subsidiaries, or with respect to any other interest or participation in, or measured by, its profits, or pay any Indebtedness owed to the Parent or any of its Restricted Subsidiaries;

(2) make loans or advances to the Parent or any of its Restricted Subsidiaries; or

(3) sell, lease or transfer any of its properties or assets to the Parent or any of its Restricted Subsidiaries,

provided that (x) the priority of any preferred stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (y) the subordination of (including the application of any standstill period to) loans or advances made to the Parent or any Restricted Subsidiary to other Indebtedness incurred by the Parent or any Restricted Subsidiary, shall not be deemed to constitute such an encumbrance or restriction.

However, the preceding restrictions will not apply to encumbrances or restrictions existing under or by reason of:

(1) agreements governing Existing Indebtedness and Credit Facilities as in effect on the Issue Date and any amendments, restatements, modifications, renewals, supplements, increases, refundings, replacements or refinancings of those agreements; *provided* that the amendments, restatements, modifications, renewals, supplements, increases, refundings, replacements or refinancings are not materially more restrictive, taken as a whole, with respect to such dividend and other payment restrictions than those contained in those agreements on the Issue Date or will not adversely affect in any material respect the Issuer's ability to make principal or interest payments on the Notes as they become due (in each case, as determined in good faith by a responsible accounting or financial officer of the Parent);

(2) the Indenture, the Notes (including Additional Notes), the Note Guarantees, the Intercreditor Agreement and any Additional Intercreditor Agreement;

(3) applicable law, rule, regulation or order or the terms of any license, authorization, approval, concession or permit or similar restriction;

(4) any instrument governing Indebtedness or Capital Stock of a Person acquired by the Parent or any of its Restricted Subsidiaries as in effect at the time of such acquisition (except to the extent such Indebtedness or Capital Stock was incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired; *provided* that, in the case of Indebtedness, such Indebtedness was permitted by the terms of the Indenture to be incurred;

(5) customary non-assignment and similar provisions in contracts, leases and licenses (including, without limitation, licenses of intellectual property) entered into in the ordinary course of business;

(6) purchase money obligations for property (including Capital Stock) acquired in the ordinary course of business, Capital Lease Obligations and mortgage financings that impose restrictions on the property purchased or leased of the nature described in clause (3) of the preceding paragraph;

(7) agreements for the sale or other disposition of assets, including without limitation an agreement for the sale or other disposition of the Capital Stock or assets of a Restricted Subsidiary, that restricts distributions by the applicable Restricted Subsidiary pending the sale or other disposition;

(8) Permitted Refinancing Indebtedness; *provided* that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are not materially more restrictive, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced or will not adversely affect in any material respect the Issuer's ability to make principal or interest payments on the Notes as they become due (in each case, as determined in good faith by a responsible accounting or financial officer of the Parent);

(9) Liens permitted to be incurred under the provisions of the covenant described above under the caption "—Liens" that limit the right of the debtor or the security provider to dispose of the assets subject to such Liens;

(10) provisions limiting the disposition or distribution of assets or property in, or transfer of Capital Stock of, joint venture agreements, asset sale agreements, sale-leaseback agreements, stock sale agreements and other similar agreements (including agreements entered into in connection with a Restricted Investment), which limitations are applicable only to the assets, property or Capital Stock that are the subject of such agreements;

(11) agreements governing other Indebtedness of the Parent or any of its Restricted Subsidiaries permitted to be incurred in accordance with the covenant described under the caption "—Incurrence of indebtedness and issuance of preferred stock," and any amendments, restatements, modifications, renewals, supplements, increases, refundings, replacements or refinancings of those agreements; *provided* that any such encumbrances or restrictions contained in such Indebtedness are not materially more restrictive taken as a whole than customary in comparable financings in such jurisdictions as such Indebtedness is being incurred or will not adversely affect in any material respect the ability to make principal or interest payments on the Notes as they become due (in each case, as determined in good faith by a responsible accounting or financial officer of the Parent);

(12) supermajority voting requirements existing under corporate charters, bylaws, stockholders agreements, joint venture agreements and similar documents and agreements;

(13) customary provisions restricting subletting or assignment of any lease governing a leasehold interest;

(14) Hedging Obligations permitted from time to time under the Indenture;

(15) restrictions on cash or other deposits or net worth imposed by customers or suppliers or required by insurance, surety or bonding companies, in each case under contracts entered into in the ordinary course of business;

(16) unless otherwise permitted by any of the foregoing clauses (1) to (15), encumbrances or restrictions contained in agreements for the financing of all or any part of the purchase price, lease expense, charter expense, rental payments or cost of design, development, construction, transportation, installation, migration, drydocking or improvement of any FPSO used or useful in the Oil and Gas Business, *provided* that any such encumbrance or restriction contained in such agreements will not adversely affect in any material respect the Issuer's ability to make principal or interest payments on the Notes as they become due (in each case, as determined in good faith by a responsible accounting or financial officer of the Parent); and

(17) any agreement that extends, renews, refinances or replaces the agreements containing the encumbrances or restrictions in the foregoing clauses (1) through (16), or in this clause (17); *provided* that the terms and conditions of any such encumbrances or restrictions are not materially more restrictive taken as a whole with respect to such dividend and other payment restrictions than those under or pursuant to the agreement so extended, renewed, refinanced or replaced or will not adversely affect in any material respect the ability to make principal or interest payments on the Notes as they become due (in each case, as determined in good faith by a responsible accounting or financial officer of the Parent).

Limitation on Changes to Profit Pooling Agreement

The Parent will not, and will not permit any other party to any of the Profit Pooling Agreements to, terminate, amend, modify, supplement or waive any right under any Profit Pooling Agreement in a manner that would materially adversely affect the Holders (including by materially and adversely affecting the ability of the Issuer or the Guarantors to make principal and interest payments on the Notes) or enter into any agreement that would have the same effect.

Merger, consolidation or sale of assets

The Parent and the Issuer

Neither the Parent nor the Issuer will, directly or indirectly (i) consolidate, amalgamate or merge with or into another Person (whether or not the Parent or the Issuer is the surviving corporation) or (ii) in the case of the Parent, sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the properties or assets of the Parent and its Restricted Subsidiaries, taken as a whole, in one or more related transactions, to another Person, unless:

(1) either: (a) the Parent or the Issuer is the surviving corporation; or (b) the Person formed by or surviving any such consolidation, amalgamation or merger (if other than the Parent or the Issuer, as the case may be) or to which such sale, assignment, transfer, lease, conveyance or other disposition has been made is an entity organized or existing under the laws of any member state of the European Union, Switzerland, Norway, Canada, Australia, Japan, any state of the United States or the District of Columbia;

(2) the Person formed by or surviving any such consolidation, amalgamation or merger (if other than the Parent or the Issuer, as the case may be) or the Person to which such sale, assignment, transfer, conveyance, lease or other disposition has been made assumes all the obligations of the Parent or the Issuer, as the case may be, under the Notes or on the Senior Guarantee, as applicable, and the Indenture pursuant to a supplemental indenture in a form reasonably acceptable to the Trustee;

(3) immediately after such transaction or transactions, no Default or Event of Default exists;

(4) the Parent or the Issuer, as the case may be, or the Person formed by or surviving any such consolidation, amalgamation or merger (if other than the Parent or the Issuer, as the case may be), or to which such sale, assignment, transfer, conveyance, lease or other disposition has been made would, on the date of such transaction after giving *pro forma* effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter reference period (i) be permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described above under the caption "—Incurrence of indebtedness and issuance of preferred stock" or (ii) have a Fixed Charge Coverage Ratio not less than it was immediately prior to giving effect to such transaction;

(5) each Guarantor (unless it is the other party to the transactions described above, in which case clause (2) shall apply) shall have by supplemental indenture confirmed that its Guarantee shall apply to such Person's obligations in respect of the Indenture and the Notes and shall continue to be in effect; and

(6) the Parent or the Issuer shall have delivered to the Trustee an Officer's Certificate and an opinion of counsel, each stating that such consolidation, amalgamation, merger or disposition and such supplemental indenture (if any) comply with this covenant; *provided* that in giving an opinion of counsel, counsel may rely on an Officer's Certificate as to any matters of fact.

The surviving entity will succeed to, and be substituted for, and may exercise every right and power of, the Parent or the Issuer (or with respect to the Parent, the guarantee of such obligations), as the case may be, under the Indenture, but, in the case of a lease of all or substantially all of its properties or assets, the Issuer will not be released from the obligation to pay the principal of and interest and premium, if any, on the Notes.

Subordinated Guarantors

A Subordinated Guarantor (other than any Subordinated Guarantor whose Note Guarantee is to be released in accordance with the terms of the Note Guarantee and the Indenture as described under "—Note Guarantees release") may not sell or otherwise dispose of all or substantially all of its properties or assets to, or consolidate with or merge with or into (whether or not such Subordinated Guarantor is the surviving Person), another Person, other than the Issuer, the Parent or another Subordinated Guarantor, unless:

(1) immediately after giving effect to that transaction, no Default or Event of Default exists; and

(2) either:

   (a) such Subordinated Guarantor is the surviving entity;

   (b) the Person acquiring the property in any such sale or other disposition or the Person formed by or surviving any such consolidation, amalgamation or merger (if other than the Issuer, the Parent or another Subordinated Guarantor) unconditionally assumes, pursuant to a supplemental indenture substantially in the form specified in the Indenture, all the obligations of such Guarantor under such Indenture, its Note Guarantee, the Intercreditor Agreement and any Additional Intercreditor Agreement on the terms set forth therein; or

   (c) the Net Proceeds of such sale or other disposition are applied in accordance with the provisions of the Indenture described under the caption "—Repurchase at the option of holders—Asset sales."

Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the properties or assets of a Person.

Clauses (3) and (4) of the first paragraph of this covenant and clause (1) of the third paragraph of this covenant will not apply to any merger, consolidation or amalgamation of the Parent or any Restricted Subsidiary with or into an Affiliate solely for the purpose of reincorporating the Issuer, the Parent, such Subordinated Guarantor or such Restricted Subsidiary in another jurisdiction. Nothing in the Indenture will prevent and this covenant will not apply to (i) any Restricted Subsidiary consolidating or amalgamating with, merging or liquidating into or disposing of all or part of its properties or assets to the Issuer, the Parent or any Subordinated Guarantor, (ii) the Issuer, the Parent or any Subordinated Guarantor merging or liquidating into a Restricted Subsidiary for the purpose of reincorporating the Issuer, the Parent or such Subordinated Guarantor in another jurisdiction, and (iii) any Restricted Subsidiary consolidating or amalgamating with, merging with or into or disposing of all or part of its properties or assets to another Restricted Subsidiary.

Transactions with affiliates

The Parent will not, and will not permit any of its Restricted Subsidiaries to, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate of the Parent (each, an "Affiliate Transaction") involving aggregate payments or consideration in excess of $5.0 million, unless:

(1) the Affiliate Transaction is on terms that are no less favorable to the Parent or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Parent or such Restricted Subsidiary with an unrelated Person (as determined in good faith by a responsible accounting or financial officer of the Parent);

(2) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of $10.0 million, the Parent delivers to the Trustee a resolution of the Board of Directors of the Parent set forth in an Officer's Certificate certifying that such Affiliate Transaction complies with this covenant and that such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors of the Parent; and

(3) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of $20.0 million, the Parent delivers to the Trustee a written opinion of an investment banking firm of international standing or other recognized independent expert with experience appraising the terms and conditions of the type of transaction or series of related transactions for which an opinion is required stating that the Affiliate Transaction or series of related Affiliate Transactions is (i) fair to the Parent or such Restricted Subsidiary from a financial or commercial point of view or (ii) on terms not materially less favorable than might have been obtained in a comparable transaction at such time on an arms' length basis from a Person who is not an Affiliate of the Parent; *provided*, that, for the avoidance of doubt, the liability of such investment banking firm or other recognized independent expert in giving such opinion may be limited to the amount of its fees in respect of such engagement.

The following items will not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of the prior paragraph:

(1) transactions between or among the Parent and/or its Restricted Subsidiaries;

(2) Management Advances and Permitted Parent Payments;

(3) the incurrence of any Subordinated Shareholder Debt;

(4) Restricted Payments not prohibited by the provisions of the Indenture described above under the caption "—Restricted payments" and Permitted Investments (other than Permitted Investments as defined in clauses (3), (13) and (23) of the definition thereof);

(5) transactions with a Person (other than an Unrestricted Subsidiary of the Parent) that is an Affiliate of the Parent solely because the Parent owns, directly or through a Restricted Subsidiary, an Equity Interest in, or controls, such Person;

(6) any customary directors' fees, indemnification and similar arrangements (including the payment of directors' and officer's insurance premiums), consultant agreements, employment agreements, collective bargaining agreements, severance agreements, any other compensation or employee benefit plans or arrangements (including stock option, stock appreciation, stock incentive or stock ownership or similar plans) or legal fees (as determined in good faith by a majority of the disinterested members of the Board of Directors of the Parent;

(7) any issuance of Equity Interests (other than Disqualified Stock) of the Parent to Affiliates of the Parent;

(8) transactions with a joint venture or similar entity which would constitute an Affiliate Transaction solely because the Parent owns, directly or through a Restricted Subsidiary, an Equity Interest in, can designate one or more members of the board of, or otherwise controls, such joint venture or similar entity;

(9) transactions pursuant to, or contemplated by any agreement or arrangement in effect on the Issue Date and as described in this Offering Memorandum under the caption "Certain relationships and related party transactions," and transactions pursuant to any amendment, modification, supplement or extension thereto; *provided* that any such amendment, modification, supplement or extension to the terms thereof, taken as a whole, is not materially more disadvantageous to the holders of the Notes than the original agreement or arrangement as in effect on the Issue Date;

(10) (i) transactions with customers, clients, suppliers, purchasers or sellers of goods or services, providers of employees or other labor, oil field service companies, construction companies, engineering companies, other oil and gas exploration and development companies or other suppliers or service providers, in each case, in the ordinary course of business and otherwise in compliance with the terms of the Indenture that are fair to the Parent or any of its Restricted Subsidiaries, in the reasonable determination of the senior management of the Parent, or are on terms at least as favorable as might reasonably have been obtained at such time from an unaffiliated Person and (ii) to the extent constituting Affiliate Transactions, transactions with any governmental agency or entity in connection with the Oil and Gas Business;

(11) payments or other transactions pursuant to any tax sharing agreement or arrangement among the Parent or any of its Restricted Subsidiaries and any other Person with which the Parent or any of its Restricted Subsidiaries files or filed a consolidated tax return or with which the Parent or any of its Restricted Subsidiaries is or was part of a consolidated group for tax purposes or any tax advantageous group contribution made pursuant to applicable legislation; *provided, however*, that such payments, and the value of such transactions, shall not exceed the amount of tax that the Parent or such Restricted Subsidiaries would owe if such Person was not a member of such consolidated or tax advantageous group;

(12) the transfer, pledge or other disposition of all or any portion of Equity Interests of Unrestricted Subsidiaries; and

(13) transactions between the Parent or any Restricted Subsidiary and any Person, a director of which is also a director of the Parent or any direct or indirect parent of the Parent and such director is the sole cause for such Person to be deemed an Affiliate of the Parent or any Restricted Subsidiary; *provided, however,* that such director shall abstain from voting as a director of the Parent or such direct or indirect parent company, as the case may be, on any matter involving such other Person.

Limitation on lines of business

The Parent will not, and will not permit any of its Restricted Subsidiaries to, engage in any business other than the Oil and Gas Business, except to the extent as would not be material to the Parent and its Restricted Subsidiaries taken as a whole.

Limitation on guarantees of indebtedness by Restricted Subsidiaries

The Parent will not permit any Restricted Subsidiary that is not a Guarantor or the Issuer, directly or indirectly, to Guarantee, assume or in any other manner become liable for the payment of any Public Indebtedness of the Parent or the Issuer (other than the Notes) or a Guarantor (other than a Guarantee of the Notes), unless such Restricted Subsidiary simultaneously executes and delivers to the Trustee a supplemental indenture to the Indenture providing for a Guarantee of payment of the Notes by such Restricted Subsidiary which Note Guarantee will be senior in right of payment to or *pari passu* in right of payment with such Restricted Subsidiary's Guarantee of such other Indebtedness unless such other Indebtedness is Senior Debt, in which case the Note Guarantee may be subordinated in right of payment to the Senior Debt of such additional Guarantor.

The foregoing paragraph will not be applicable to any Guarantees of any Restricted Subsidiary:

(1) existing on the date of the Indenture;

(2) that existed at the time such Person became a Restricted Subsidiary if the Guarantee was not incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary;

(3) arising due to the granting of a Permitted Lien; or

(4) given to a bank or trust company having combined capital and surplus and undivided profits of not less than \$250.0 million, whose debt has a rating, at the time such Guarantee was given, of at least "A" or the equivalent thereof by S&P and at least "A2" or the equivalent thereof by Moody's, in connection with the operation of cash management programs established for the Parent's benefit or that of any Restricted Subsidiary.

In addition, notwithstanding anything to the contrary herein:

(1) no Guarantee shall be required if such Guarantee could reasonably be expected to give rise to or result in (A) personal liability for the officers, directors or shareholders of such Restricted Subsidiary, (B) any violation of applicable law that cannot be avoided or otherwise prevented through measures reasonably available to the Parent or such Restricted Subsidiary or (C) any significant cost, expense, liability or obligation (including with respect to any Taxes) other than reasonable out of pocket expenses and other than reasonable expenses incurred in connection with any governmental or regulatory filings required as a result of, or any measures pursuant to clause (B) undertaken in connection with, such Guarantee, which cannot be avoided through measures reasonably available to the Parent or the Restricted Subsidiary; and

(2) each such Guarantee will be limited as necessary to recognize certain defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law.

Future Guarantees granted pursuant to this provision will be released as set forth under "—Note Guarantees release." A Guarantee of a future Guarantor will be deemed to provide by its terms that it shall be automatically and unconditionally released and discharged if at the date of such release either (i) there is no Indebtedness of such Guarantor outstanding which was incurred after the Issue Date and which could not have been incurred in compliance with the Indenture if such Guarantor had not been designated as a Guarantor, or (ii) there is no Indebtedness of such Guarantor outstanding which was incurred after the Issue Date and which could not have been incurred in compliance with the Indenture as at the date of such release if such Guarantor were not designated as a Guarantor as at that date. The Trustee shall take all necessary actions, at the request of the Parent, including the granting of releases or waivers under the Intercreditor Agreement or any Additional Intercreditor Agreement, to effectuate any release of a Note Guarantee in accordance with these provisions, subject to customary protections and indemnifications.

Limitation on Amendments of the Proceeds Loans

The Issuer, the Parent or DEA Norge will not (i) cancel or terminate the Proceeds Loans and/or the Proceeds Loan Agreement(s) prior to the full repayment, redemption, repurchase or cancellation of the Notes; (ii) prepay or otherwise reduce or permit the prepayment or reduction of the Proceeds Loans (except to facilitate a corresponding payment, repurchase or redemption of the Notes and in an amount equal to or less than the amount of such payment, repurchase or redemption plus related fees, costs and expenses) or (iii) amend, modify or alter the Proceeds Loans and/or Proceeds Loan Agreements in any other manner adverse to the holders of the Notes in any material respect. Notwithstanding the foregoing, the Proceeds Loans may be prepaid or reduced to facilitate or otherwise accommodate or reflect a repayment, redemption or repurchase of outstanding Notes as long as the prepayment or reduction of the principal amount of the Proceeds Loans is equal to or less than the amount of the repayment, redemption or repurchase of the outstanding Notes.

Designation of Restricted and Unrestricted Subsidiaries

The Board of Directors of the Parent may designate any Restricted Subsidiary other than the Issuer to be an Unrestricted Subsidiary if that designation would not cause a Default. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate Fair Market Value of all outstanding Investments owned by the Parent and its Restricted Subsidiaries in the Subsidiary designated as an Unrestricted Subsidiary will be deemed to be either (1) a Restricted Investment made as of the time of the designation that will reduce the amount available for Restricted Payments under the covenant described above under the caption "—Restricted payments" or (2) a Permitted Investment under one or more clauses of the definition of Permitted Investments, as determined in good faith by a responsible accounting or financial officer of the Parent. That designation will only be permitted if the Investment would be permitted at that time and if the Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary.

Any designation of a Subsidiary of the Parent (other than the Issuer) as an Unrestricted Subsidiary will be evidenced to the Trustee by filing with the Trustee a copy of a resolution of the Board of Directors of the Parent giving effect to such designation and an Officer's Certificate certifying that such designation complied with the preceding conditions and was permitted by the covenant described above under the caption "—Restricted payments." If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it will thereafter cease to be an Unrestricted Subsidiary for purposes of the indenture and any Indebtedness of such Subsidiary will be deemed to be incurred by a Restricted Subsidiary of the Parent as of such date and, if such Indebtedness is not permitted to be incurred as of such date under the covenant described under the caption "*—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock*," the Parent will be in default of such covenant.

The Board of Directors of the Parent may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary of the Parent; *provided* that such designation will be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of the Parent of any outstanding Indebtedness of such Unrestricted Subsidiary, and such designation will only be permitted if (1) such Indebtedness is permitted under the covenant described under the caption "—Incurrence of indebtedness and issuance of preferred stock," calculated on a *pro forma* basis as if such designation had occurred at the beginning of the four-quarter reference period; and (2) no Default or Event of Default would be in existence following such designation.

Reports

(1) The Issuer will make available, upon request, to any holder of Notes or prospective purchaser of Notes in the United States, in connection with any sale thereof, the information specified in Rule 144A(d)(4) under the U.S. Securities Act, unless the Issuer is subject to Section 13 or 15(d) of the U.S. Exchange Act at or prior to the time of such request.

(2) So long as any Notes are outstanding, the Parent shall furnish to the Trustee (which shall distribute the same to a holder of Notes upon such holder's written request):

(i) within 120 days after the end of the Parent's fiscal years beginning with the first fiscal year ending after the Issue Date, annual reports containing the following information with a level of detail that is substantially comparable and similar in scope to this Offering Memorandum: (a) audited consolidated balance sheet of Parent as of the end of the two most recent fiscal years and audited consolidated income statements and statements of cash flow of Parent for the two most recent fiscal years (and comparative information for the end of the prior fiscal year), including complete notes to such financial statements and the report of the independent auditors on the financial statements; (b) *pro forma* income statement and balance sheet information, together with any explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year as to which such annual report relates, unless the *pro forma* information has been previously provided; *provided* that following a Public Equity Offering on a Recognized Stock Exchange, such *pro forma* financial information will be provided only to the extent required to be disclosed by a Listing Authority and the Recognized Stock Exchange or, in the event Parent is not listed on a Recognized Stock Exchange, to the extent available without unreasonable expense; (c) an operating and financial review of the audited financial statements, including a discussion of the results of operations including a discussion of financial condition and liquidity and capital resources, and a discussion of material commitments and contingencies and critical accounting policies; (d) a description of the business, all material affiliate transactions, Indebtedness and material financing arrangements and all material debt instruments; and (e) material risk factors and material recent developments; *provided* that (following a Public Equity Offering on a Recognized Stock Exchange and for so long as the Listing Authority and Recognized Stock Exchange require annual reports and the Parent is subject to such requirements thereto), any item of disclosure that complies in all material respects with the requirements of the Listing Authority and Recognized Stock Exchange for annual reports with respect to such item will be deemed to satisfy the Parent's obligations under this clause (i) with respect to such item;

(ii) within 60 days after the end of the Parent's first three fiscal quarters of each fiscal year beginning with the first fiscal quarter after the Issue Date, quarterly reports, in each case, containing the following information: (a) an unaudited condensed consolidated balance sheet as of the end of such year to date period and unaudited condensed statements of income and cash flow for the year-to-date period ending on the unaudited condensed balance sheet date, and the comparable prior year period for the Parent, together with condensed note disclosure; (b) *pro forma* income statement and balance sheet information of the Parent, together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the period as to which such report relates; *provided* that following a Public Equity Offering on a Recognized Stock Exchange, such *pro forma* financial information will be provided only to the extent required to be disclosed by a Listing Authority and Recognized Stock Exchange or, in the event the Parent is not listed on the Recognized Stock Exchange, to the extent available without unreasonable expense; (c) an operating and financial review of the unaudited financial statements including a discussion of the consolidated financial condition and results of operations of the Parent and any material change between the current quarterly period and the corresponding period of the prior year; and (d) material recent developments; *provided* that (following a Public Equity Offering on a Recognized Stock Exchange, and for so long as the Listing Authority and Recognized Stock Exchange require interim reports and the Parent is subject to such requirements thereto), any item of disclosure that complies in all material respects with the requirements of the Listing Authority and Recognized Stock Exchange for interim reports with respect to such item will be deemed to satisfy the Parent's obligations under this clause (ii) with respect to such item (and for the avoidance of doubt, quarterly, rather than semi-annual, reports shall be furnished); and

(iii) promptly after the occurrence of any material acquisition, disposition or restructuring of the Parent and its Restricted Subsidiaries, taken as a whole, or any senior executive officer changes at the Parent or changes in auditors of the Parent or other material event that the Parent announces publicly, a report containing a description of such event;

provided, however, that any reports set out in this paragraph delivered to the Trustee via e-mail or other electronic means shall be deemed to have been "furnished" to the Trustee in accordance with the terms of this paragraph.

All financial statements, other than any *pro forma* financial information provided pursuant to clauses (i) and (ii) of the second paragraph of this covenant, shall be prepared in accordance with IFRS on a consistent basis for the periods presented. Except as provided for above, no report need include separate financial statements for the Parent or Subsidiaries of the Parent or any disclosure with respect to the results of operations or any other financial or statistical disclosure not of a type included in this Offering Memorandum.

If the Parent has designated any of its Subsidiaries (other than the Issuer) as Unrestricted Subsidiaries and such Subsidiaries are Significant Subsidiaries, then the quarterly and annual financial information required pursuant to

clauses (i) and (ii) of the second paragraph of this covenant will include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, of the financial condition and results of operations of the Parent and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Parent.

The Parent will also make available copies of all reports required by clauses (i)–(iii) of the second paragraph of this covenant either (i) on the Company's website or (ii) publicly available through substantially comparable means (as determined by an Officer of the Parent in good faith) (it being understood that, without limitation, making such reports available on Bloomberg or another private electronic information service will constitute substantially comparable public availability).

In addition, in the case of furnishing the information pursuant to clauses (i) and (ii) of the second paragraph of this covenant, the Parent will promptly thereafter hold a conference call with holders of the Notes hosted by an Officer of the Parent to discuss the operations of the Parent and its Subsidiaries in respect of the relevant period. The Parent shall satisfy this requirement by providing an invitation by way of notices disseminated via Bloomberg or other private information system or postings on the Parent's website. The Parent will also make available copies of all reports required by clauses (i) and (ii) of the second paragraph of this covenant, if and so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, at the specified office of the Principal Paying Agent in New York.

Suspension of covenants when Notes rated investment grade

If on any date following the Issue Date:

(1) the Notes have achieved Investment Grade Status; and

(2) no Default or Event of Default shall have occurred and be continuing on such date,

then, beginning on that day and continuing until such time, if any, at which the Notes cease to have Investment Grade Status (such period, the "Suspension Period"), the covenants specifically listed under the following captions in this Offering Memorandum will no longer be applicable to the Notes and any related default provisions of the Indenture will cease to be effective and will not be applicable to the Parent and its Restricted Subsidiaries:

(1) "—Repurchase at the option of holders—Asset sales";

(2) "—Certain covenants—Restricted payments";

(3) "—Certain covenants—Incurrence of indebtedness and issuance of preferred stock";

(4) "—Certain covenants—Dividend and other payment restrictions affecting subsidiaries";

(5) "—Certain covenants—Designation of restricted and unrestricted subsidiaries";

(6) "—Certain covenants—Limitation on Changes to Profit Pooling Agreement";

(7) "—Certain covenants—Transactions with affiliates";

(8) "—Certain covenants—Limitation on guarantees of indebtedness by restricted subsidiaries";

(9) clause (4) of the first paragraph of the covenant described under "—Certain covenants—Merger, consolidation or sale of assets"; and

(10) "—Certain covenants—Limitation on lines of business."

Such covenants will not, however, be of any effect with regard to the actions of the Parent and the Restricted Subsidiaries properly taken during the continuance of the Suspension Period; *provided* that (1) with respect to the Restricted Payments made after the date of such reinstatement (a "Reversion Date"), the amount of Restricted Payments will be calculated as though the covenant described under the caption "—Restricted payments" had been in effect prior to, but not during, the Suspension Period and (2) all Indebtedness incurred, or Disqualified Stock or preferred stock issued, during the Suspension Period will be classified to have been incurred or issued pursuant to clause (2) of the second paragraph of the caption "—Incurrence of indebtedness and issuance of preferred stock." Upon the occurrence of a Suspension Period, the amount of Excess Proceeds shall be reset at zero.

The Parent and any Subsidiary will be permitted, without causing a Default or Event of Default or breach of any kind under the Indenture, to honor, comply with or otherwise perform any contractual commitments or obligations entered into during a Suspension Period following a Reversion Date and to consummate the transactions contemplated thereby; *provided*, however, that (a) the Parent and its Subsidiaries did not Incur or otherwise enter into such contractual commitments or obligations in contemplation of the Reversion Date and (b) the Parent reasonably believed that such Incurrence or actions would not cause or result in a Reversion Date. For purposes of clauses (a) and (b) in the preceding sentence, anticipation and reasonable belief may be determined by the Issuer and shall be conclusively evidenced by a board resolution to such effect adopted in good faith by the Board of Directors of the Parent. In reaching their determination, the Board of Directors may, but need not, consult with the Rating Agencies.

The Parent shall notify the Trustee and the holders that the two conditions set forth in the first paragraph under this heading have been satisfied, *provided* that such notification shall not be a condition for the suspension of the covenants set forth above to be effective. The Trustee shall not be obligated to notify holders that the two conditions set forth in the first paragraph under this heading have been satisfied.

There can be no assurance that the Notes will ever achieve or maintain an Investment Grade Status.

Maintenance of listing

The Issuer will use its commercially reasonable efforts to obtain and maintain the listing of the Notes on the Euro MTF Market for so long as such Notes are outstanding; *provided* that if the Issuer is unable to obtain admission to listing of the Notes on the Luxembourg Stock Exchange or if at any time the Issuer determines that it will not so list or maintain such listing, it will use its commercially reasonable efforts to obtain and maintain a listing of such Notes on another recognized stock exchange.

Payments for consent

The Parent will not, and will not permit any Restricted Subsidiary to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any holder of Notes for or as an inducement to any consent, waiver or amendment of any of the terms of the provisions of the Indenture or the Notes unless such consideration is offered to be paid and is paid to all holders of the Notes that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement. Notwithstanding the foregoing, the Parent and its Restricted Subsidiaries shall be permitted, in any offer or payment of consideration for, or as an inducement to, any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes, to exclude holders of Notes in any jurisdiction where the solicitation of such consent, waiver or amendment, including in connection with an offer to purchase for cash, or the payment of the consideration therefor, would require the Parent or any Restricted Subsidiary to file a registration statement, prospectus or similar document under any applicable securities laws (including, but not limited to, the United States federal securities laws and the laws of the European Union or its member states), which the Parent in its sole discretion determines (acting in good faith) (x) would be materially burdensome (it being understood that it would not be materially burdensome to file the consent document(s) used in other jurisdictions, any substantially similar documents or any summary thereof with the securities or financial services authorities in such jurisdiction), or (y) such solicitation would otherwise not be permitted under applicable law in such jurisdiction.

Events of default and remedies

Each of the following is an "Event of Default":

(1) default for 30 days in the payment when due of interest or Additional Amounts, if any, with respect to the Notes (whether or not prohibited by the Intercreditor Agreement or any Additional Intercreditor Agreement);

(2) default in the payment when due (at final maturity, upon redemption or otherwise) of the principal of, or premium, if any, on, the Notes (whether or not prohibited by the Intercreditor Agreement or any Additional Intercreditor Agreement);

(3) failure by the Issuer or any Guarantor to comply with the provisions described under the caption "—Certain covenants—Merger, consolidation or sale of assets";

(4) failure by the Issuer for 30 days after written notice to the Issuer by the Trustee or the holders of at least 25% in aggregate principal amount of the Notes then outstanding to comply with any of the provisions described under the caption "—Repurchase at the option of holders—Change of control" above;

(5) failure by the Issuer or relevant Guarantor for 60 days after written notice to the Issuer by the Trustee or the holders of at least 25% in aggregate principal amount of the Notes then outstanding to comply with any of the other agreements in the Indenture (other than a default in performance, or breach, of a covenant or agreement which is specifically dealt with in clauses (1), (2), (3) or (4)), or the Intercreditor Agreement or any Additional Intercreditor Agreement;

(6) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Parent or any of its Restricted Subsidiaries (or the payment of which is Guaranteed by the Parent or any of its Restricted Subsidiaries), whether such Indebtedness or Guarantee now exists, or is created, after the Issue Date, if that default:

    (a) is caused by a failure to pay principal of such Indebtedness at final maturity thereof after giving effect to any applicable grace periods provided in such Indebtedness and such failure to make any payment has not been waived or the maturity of such Indebtedness has not been extended (a "Payment Default"); or

    (b) results in the acceleration of such Indebtedness prior to its express maturity,

and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates $100.0 million or more;

(7) failure by the Issuer, the Parent or any Significant Subsidiary or group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary, to pay final and non-appealable judgments entered by a court or courts of competent jurisdiction aggregating in excess of $100.0 million (net of any amount with respect to which a reputable and solvent insurance company has acknowledged liability in writing), which judgments are not paid, discharged, stayed or fully bonded for a period of 60 days (or, if later, the date when payment is due pursuant to such judgment);

(8) except as permitted by the Indenture (including with respect to any limitations), any Note Guarantee of a Significant Subsidiary is held in any judicial proceeding to be unenforceable or invalid or ceases for any reason to be in full force and effect, or any Guarantor that is a Significant Subsidiary or any Person acting on behalf of any such Guarantor that is a Significant Subsidiary, denies or disaffirms its obligations under its Note Guarantee; and

(9) certain events of bankruptcy or insolvency described in the Indenture with respect to the Issuer, the Parent or any Significant Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary.

In the case of an Event of Default arising from certain events of bankruptcy or insolvency, with respect to the Issuer or the Parent all then outstanding Notes will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the Trustee or the holders of at least 25% in aggregate principal amount of the then outstanding Notes may, and the Trustee, upon the request of such holders, shall declare all of the then outstanding Notes and accrued and unpaid interest to be due and payable immediately by notice in writing to the Parent or the Issuer and, in case of a notice by holders, also to the Trustee specifying the respective Event of Default and that it is a notice of acceleration.

Subject to certain limitations, holders of a majority in aggregate principal amount of the then outstanding Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from holders of the Notes notice of any continuing Default or Event of Default if it determines that withholding notice is in their interest, except a Default or Event of Default relating to the payment of principal, interest or Additional Amounts or premium, if any.

Subject to the provisions of the Indenture relating to the duties of the Trustee in case an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any holders of Notes unless such holders have offered to the Trustee (and if requested, provided) indemnity and/or security satisfactory to it against any loss, liability or expense. Except (subject to the provisions described under "—Amendment, supplement and waiver") to enforce the right to receive payment of principal, premium, if any, or interest or Additional Amounts when due, no holder of a Note may pursue any remedy with respect to the Indenture or the Notes unless:

(1) such holder has previously given the Trustee notice that an Event of Default is continuing;

(2) holders of at least 25% in aggregate principal amount of the then outstanding Notes have requested the Trustee to pursue the remedy;

(3) such holders have offered the Trustee security and/or indemnity satisfactory to it against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of security and/or indemnity; and

(5) holders of a majority in aggregate principal amount of the then outstanding Notes have not given the Trustee a direction inconsistent with such request within such 60-day period.

The holders of a majority in aggregate principal amount of the Notes then outstanding by notice to the Trustee may, on behalf of the holders of all of the Notes, rescind an acceleration or waive any existing Default or Event of Default and its consequences under the Indenture, if the rescission would not conflict with any judgment or decree, except a continuing Default or Event of Default in the payment of interest or Additional Amounts or premium on, or the principal of, the Notes held by a non-consenting holder (which may be waived with the consent of each holder of Notes affected).

The Indenture will provide that (i) if a Default occurs for a failure to deliver a report or a required certificate in connection with another default (an "Initial Default") then at the time such Initial Default is cured, such Default for a failure

to deliver a report or required certificate in connection with the Initial Default will also be cured without any further action and (ii) any Default or Event of Default for the failure to comply with the time periods prescribed in the covenant entitled "—Certain Covenants—Reports" or otherwise to deliver any notice or certificate pursuant to any other provision of the Indenture shall be deemed to be cured upon the delivery of any such report, notice or certificate, even though such delivery is not within the prescribed period specified in the Indenture.

The Parent is required to deliver to the Trustee annually a statement regarding compliance with the Indenture.

Additional Intercreditor Agreements

The Indenture will provide that, subject to the covenants contained therein, at the request of the Parent, at or prior to any time that the Parent or any of its Restricted Subsidiaries Guarantees or otherwise incurs any Senior Debt that is permitted to be incurred pursuant to the covenants described under the heading "—Certain covenants—Incurrence of indebtedness and issuance of preferred stock" and "—Certain covenants—Liens," the Issuer, any relevant Guarantor and the Trustee may (without the consent of the holders of the Notes), either amend and/or restate the Intercreditor Agreement or enter into with the creditors and/or representatives of creditors with respect to such Senior Debt a subordination agreement or deed (each, an "Additional Intercreditor Agreement"), in either such case on substantially similar terms to the terms of the Intercreditor Agreement (where applicable) with respect to the subordination in right of payment, payment blockage, restrictions on enforcement, turnover, release and other customary senior debt protections (or, in the case of any such terms, terms more favorable to the holders of the Notes).

Such amendment and/or restatement of the Intercreditor Agreement or such entry into an Additional Intercreditor Agreement, as the case may be, will not impose any personal obligations on the Trustee or adversely affect the rights, duties, liabilities or immunities of the Trustee or the holders of Notes under the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement or result in the Trustee or the holders of the Notes being in breach, or otherwise in violation, of the Intercreditor Agreement or any Additional Intercreditor Agreement.

The Indenture will also provide that, at the direction of the Parent and without the consent of the holders of the Notes, the Trustee will, upon the direction of the Parent, from time to time enter into one or more amendments to the Intercreditor Agreement or any Additional Intercreditor Agreement to: (i) cure any ambiguity, omission, defect or inconsistency therein; (ii) increase the amount of Indebtedness of the types covered by the Intercreditor Agreement or any Additional Intercreditor Agreement in a manner not prohibited by the Indenture and in a manner substantially consistent with the ranking and terms of such Intercreditor Agreement or any Additional Intercreditor Agreement; (iii) add Guarantors or other parties (such as representatives of new issuances of Indebtedness) thereto; (iv) make any change necessary or desirable, in the good faith determination of an Officer of the Parent, in order to implement any transactions permitted under the caption "—Certain covenants—Merger, consolidation or sale of assets"; *provided* that any such change does not adversely affect the rights of the holders of the Notes in any material respect; or (v) make any other such change thereto that does not adversely affect the rights of the holders of the Notes in any material respect; *provided* that the Trustee shall not be obligated to enter into any amendment to the extent such amendment imposes any personal obligations on the Trustee or, in the reasonable opinion of the Trustee, adversely affects the Trustee's rights, duties, liabilities or immunities under the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement.

The Parent shall not otherwise direct the Trustee to enter into any amendment or restatement of the Intercreditor Agreement or enter into any Additional Intercreditor Agreement without the consent of the holders of a majority in aggregate principal amount of the Notes then outstanding, except as otherwise permitted as described below under "—Amendment, supplement and waiver."

The Intercreditor Agreement or any Additional Intercreditor Agreement may be discharged at the option of the Parent if at the date of such discharge the Indebtedness of the Parent or any of its Restricted Subsidiaries in respect of Senior Liabilities (as defined in the Intercreditor Agreement or any relevant Additional Intercreditor Agreement) has been discharged or refinanced. The Trustee shall take all necessary actions to effectuate the discharge of the Intercreditor Agreement or any relevant Additional Intercreditor Agreement in accordance with these provisions, subject to customary protections and indemnifications.

Each holder of a Note, by accepting such Note, will be deemed to have:

(1) appointed and authorized the Trustee to give effect to such provisions;

(2) authorized the Trustee to become a party to the Intercreditor Agreement and any Additional Intercreditor Agreements;

(3) agreed to be bound by such provisions and the provisions of the Intercreditor Agreement and any Additional Intercreditor Agreements; and

(4) irrevocably appointed the Trustee to act on its behalf to enter into and comply with such provisions and the provisions of the Intercreditor Agreement and any Additional Intercreditor Agreements.

No personal liability of directors, officers, employees and stockholders

No director, officer, employee or incorporator of the Issuer or any Guarantor or stockholder of the Parent, as such, will have any liability for any obligations of the Issuer or the Guarantors under the Notes, the Indenture or the Note Guarantees or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder of Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes. The waiver may not be effective to waive liabilities under U.S. federal securities laws.

Legal defeasance and covenant defeasance

The Issuer may at any time, at its option, elect to have all of its obligations discharged with respect to the outstanding Notes and all obligations of the Guarantors discharged with respect to their Note Guarantees ("Legal Defeasance") except for:

(1) the rights of holders of outstanding Notes to receive payments in respect of the principal of, or interest (including Additional Amounts) or premium, if any, on, such Notes when such payments are due from the trust referred to below;

(2) the Issuer's obligations with respect to the Notes concerning registration of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust;

(3) the rights, powers, trusts, duties and immunities of the Trustee, and the Issuer's and the Guarantors' obligations in connection therewith; and

(4) the Legal Defeasance and Covenant Defeasance provisions of the Indenture.

In addition, the Issuer may, at its option and at any time, elect to have the obligations of the Issuer and the Guarantors released with respect to certain covenants (including the Issuer's obligation to make Change of Control Offers and Asset Sale Offers) that are described in the Indenture ("Covenant Defeasance") and thereafter any omission to comply with those covenants will not constitute a Default or Event of Default with respect to the Notes. In the event Covenant Defeasance occurs, certain events (not including non-payment or, solely with respect to the Issuer, bankruptcy, receivership, rehabilitation and insolvency events) described under "—Events of default and remedies" will no longer constitute an Event of Default with respect to the Notes. If the Issuer exercises either its Legal Defeasance or Covenant Defeasance option, each Guarantor will be released and relieved of any obligations under its Note Guarantee.

In order to exercise either Legal Defeasance or Covenant Defeasance:

(1) the Issuer must irrevocably deposit with the Trustee (or such other entity designated or appointed as agent by the Trustee for this purpose), in trust, for the benefit of the holders of the Notes, cash in euros and non-callable European Government Obligations or a combination of cash in euros and non-callable European Government Obligations (or in the case of Dollar Notes, U.S. dollars, non-callable U.S. Government Obligations or a combination of cash in U.S. dollars and non-callable U.S. Government Obligations), in amounts as will be sufficient to pay the principal of, or interest (including Additional Amounts) and premium, if any, on, the outstanding Notes on the stated date for payment thereof or on the applicable redemption date, as the case may be, and the Issuer must specify whether the Notes are being defeased to such stated date for payment or to a particular redemption date;

(2) in the case of Legal Defeasance, the Issuer must deliver to the Trustee an opinion of United States counsel reasonably acceptable to the Trustee confirming that (a) the Issuer has received from, or there has been published by, the U.S. Internal Revenue Service a ruling or (b) since the Issue Date, there has been a change in the applicable U.S. federal income tax law, in either case to the effect that, and based thereon such opinion of counsel will confirm that, the holders of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance, the Issuer must deliver to the Trustee an opinion of United States counsel reasonably acceptable to the Trustee confirming that the holders of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be

subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under, any material agreement or instrument (other than the Indenture) to which the Parent or any of its Subsidiaries is a party or by which the Parent or any of its Subsidiaries is bound;

(5) the Issuer must deliver to the Trustee an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of preferring the holders of Notes over the other creditors of the Issuer with the intent of defeating, hindering, delaying or defrauding any creditors of the Issuer or others; and

(6) the Issuer must deliver to the Trustee an Officer's Certificate and an opinion of counsel, subject to customary assumptions and qualifications, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

For the avoidance of doubt, all cash and securities deposited with the Trustee (or such other entity designated or appointed as agent by the Trustee for this purpose) to hold in trust pursuant to this section or "—Satisfaction and discharge" shall not be subject to subordination pursuant to the Intercreditor Agreement or any Additional Intercreditor Agreement.

Amendment, supplement and waiver

Except as provided in the next two succeeding paragraphs, the Indenture, the Notes, the Note Guarantees, the Intercreditor Agreement or any Additional Intercreditor Agreement may be amended or supplemented with the consent of the Issuer and the holders of a majority in aggregate principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), and any existing Default or Event of Default or compliance with any provision of the Indenture, the Notes, the Note Guarantees, the Intercreditor Agreement or any Additional Intercreditor Agreement may be waived with the consent of the holders of a majority in aggregate principal amount of the then outstanding Notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes).

Unless consented to by the holders of at least 90% of the aggregate principal amount of then outstanding Notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), without the consent of the Issuer and each holder of Notes affected, an amendment, supplement or waiver may not (with respect to any Notes held by a non-consenting holder):

(1) reduce the principal amount of Notes whose holders must consent to an amendment, supplement or waiver;

(2) reduce the principal of or change the fixed maturity of any Note or alter the provisions with respect to the redemption or repurchase of the Notes (other than provisions relating to the covenants described above under the caption "—Repurchase at the option of holders");

(3) reduce the rate of or change the time for payment of interest, including default interest, on any Note;

(4) waive a Default or Event of Default in the payment of principal of, or interest, Additional Amounts or premium, if any, on, the Notes (except a rescission of acceleration of the Notes by the holders of a majority in aggregate principal amount of the then outstanding Notes and a waiver of the payment default that resulted from such acceleration);

(5) make any Note payable in money other than that stated in the Notes;

(6) make any change in the provisions of the Indenture relating to waivers of past Defaults or the rights of holders of Notes to receive payments of principal of, or interest, Additional Amounts or premium, if any, on, the Notes (other than as permitted in clause (7) below);

(7) waive a redemption or repurchase payment with respect to any Note (other than a payment required by one of the covenants described above under the caption "—Repurchase at the option of holders");

(8) modify or release any of the Note Guarantees in any material manner adverse to the holders of the Notes, other than in accordance with the terms of the Indenture and the Intercreditor Agreement (or any Additional Intercreditor Agreement);

(9) impair the right of any holder of Notes to institute suit for the enforcement of any payment on or with respect to such holder's Notes or any Note Guarantee in respect thereof;

(10) make any change to the ranking of the Notes or Note Guarantees, in each case in a manner that materially adversely affects the rights of the holders of the Notes; or

(11) make any change in the preceding amendment, supplement and waiver provisions.

Notwithstanding the preceding, without the consent of any holder of Notes, the Issuer, the Guarantors and the Trustee may amend or supplement the Indenture, the Notes, the Note Guarantees, the Intercreditor Agreement or any Additional Intercreditor Agreement for the purposes described under "—Additional Intercreditor Agreements":

(1) to cure any ambiguity, defect or inconsistency;

(2) to provide for uncertificated Notes in addition to or in place of certificated Notes, *provided* that such uncertificated notes are issued in registered form under Section 163(f)(5) of the Code;

(3) to provide for the assumption of the Issuer's or a Guarantor's obligations to holders of Notes and Note Guarantees in the case of a transaction described under "—Certain covenants—Merger, consolidation or sale of assets";

(4) to make any change that would provide any additional rights or benefits to the holders of Notes or that does not adversely affect the legal rights under the Indenture of any such holder in any material respect;

(5) to conform the text of the Indenture, the Notes or the Note Guarantees to any provision of this "Description of Notes" to the extent that such provision in this "Description of Notes" was intended to be a verbatim recitation of a provision of the Indenture, the Notes or the Note Guarantees;

(6) to provide for the issuance of Additional Notes in accordance with the limitations set forth in the Indenture as of the Issue Date;

(7) to allow any Guarantor to Guarantee the Notes or to evidence the release of Note Guarantees pursuant to the terms of the Indenture;

(8) to the extent necessary to provide for the granting of a security interest for the benefit of any Person; *provided* that the granting of such security interest is not prohibited under the Indenture; or

(9) to evidence and provide for the acceptance and appointment of a successor trustee under the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement or to provide for the accession by the Trustee to the Intercreditor Agreement or any Additional Intercreditor Agreement.

In formulating its opinion on such matters, the Trustee shall be entitled to rely absolutely on such evidence as it deems appropriate, including opinions of counsel and Officer's Certificates.

The consent of the holders of Notes is not necessary under the Indenture to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment.

Satisfaction and discharge

The Indenture and the Note Guarantees will be discharged and will cease to be of further effect as to all Notes issued thereunder (except as to surviving rights to transfer or exchange Notes and as otherwise specified in the Indenture), when:

(1) either:

(a) all Notes that have been authenticated, except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has been deposited in trust and thereafter repaid to the Issuer, have been delivered to the Registrar for cancellation; or

(b) all Notes that have not been delivered to the Registrar for cancellation have become due and payable by reason of the mailing of a notice of redemption or otherwise or will become due and payable within one year, and the Issuer or any Guarantor has irrevocably deposited or caused to be so deposited with the Trustee (or such other entity designated or appointed as agent by the Trustee for this purpose) as trust funds in trust solely for the benefit of the holders, cash in euros and non-callable European Government Obligations or a combination of cash in euros and non-callable European Government Obligations (or in the case of Dollar Notes, U.S. dollars, non-callable U.S. Government Obligations or a combination of cash in U.S. dollars and non-callable U.S. Government Obligations), in amounts as will be sufficient,

without consideration of any reinvestment of any interest, to pay and discharge the entire Indebtedness on the Notes not delivered to the Registrar for cancellation for principal, premium, Additional Amounts, if any, and accrued interest to the date of final maturity or redemption;

(2) in the case of clause (1)(b), no Default or Event of Default has occurred and is continuing on the date of the deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit) and the deposit will not result in a breach or violation of, or constitute a default under, any other instrument to which the Issuer or any Guarantor is a party or by which the Issuer or any Guarantor is bound;

(3) the Issuer or any Guarantor has paid or caused to be paid all sums payable by it under the Indenture; and

(4) the Issuer has delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money toward the payment of the Notes at final maturity or on the redemption date, as the case may be.

In addition, the Issuer must deliver an Officer's Certificate and an opinion of counsel to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied; *provided* that any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with the foregoing clauses (1), (2), (3) and (4)).

Listing

Application will be made to list the Notes on the Official List of the Luxembourg Stock Exchange and for admission and trading on the Euro MTF Market. There can be no assurance that the application will be accepted. The listing agent is The Bank of New York Mellon (Luxembourg) S.A.

Judgment currency

Any payment on account of an amount that is payable in euros or U.S. dollars, as the case may be (the "Required Currency"), which is made to or for the account of any holder or the Trustee in lawful currency of any other jurisdiction (the "Judgment Currency"), whether as a result of any judgment or order or the enforcement thereof or the liquidation of the Issuer or any Guarantor, shall constitute a discharge of the Issuer's or the Guarantor's obligation under the Indenture and the Notes or Note Guarantee, as the case may be, only to the extent of the amount of Required Currency with such holder or the Trustee, as the case may be, could purchase in the London foreign exchange markets with the amount of the Judgment Currency in accordance with normal banking procedures at the rate of exchange prevailing on the first Business Day following receipt of the payment in the Judgment Currency. If the amount of Required Currency that could be so purchased is less than the amount of the Required Currency originally due to such holder or the Trustee, as the case may be, the Issuer and the Guarantors shall indemnify and hold harmless the holder or the Trustee, as the case may be, from and against all loss or damage arising out of, or as a result of, such deficiency. This indemnity shall constitute an obligation separate and independent from the other obligations contained in the Indenture or the Notes, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any holder or the Trustee from time to time and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due hereunder or under any judgment or order.

Concerning the Trustee

The Issuer shall deliver written notice to the Trustee within 30 days of becoming aware of the occurrence of a Default or an Event of Default. If the Trustee becomes a creditor of the Issuer or any Guarantor, the Indenture will limit the right of the Trustee to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in other transactions; *however*, if it has actual knowledge that it has acquired any conflicting interest, it must eliminate such conflict within 90 days or resign as Trustee.

The holders of a majority in aggregate principal amount of the then outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, subject to certain exceptions. In case an Event of Default occurs and is continuing, the Trustee will be required, in the exercise of its rights or powers, to use the degree of care of a prudent man in the conduct of his own affairs. Subject to such provisions, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any holder of Notes, unless such holder has offered to the Trustee (and if requested, provided) security and/or indemnity satisfactory to it against any loss, liability or expense.

The Issuer and the Guarantors jointly and severally will indemnify the Trustee for certain claims, liabilities and expenses incurred without gross negligence, fraud or willful misconduct on its part, arising out of or in connection with its duties.

Additional information

Anyone who receives this Offering Memorandum may, following the Issue Date, obtain a copy of the Indenture, the Security Document, the Intercreditor Agreement or any Additional Intercreditor Agreement without charge by writing to DEA Finance SA, 1-3, Boulevard de la Foire, L-1528 Luxembourg, care of Neil Toyer.

So long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market and the rules of the Luxembourg Stock Exchange shall so require, copies, current and future, of all of the Parent's annual audited consolidated financial statements and the Parent's unaudited consolidated interim financial statements may be obtained, free of charge, during normal business hours at the offices of the Paying Agents in London.

Consent to jurisdiction and service of process

The Indenture will provide that each of the Issuer and the Guarantors will appoint CT Corporation System as its agent for service of process in any suit, action or proceeding with respect to the Indenture, the Notes and the Note Guarantees brought in any competent U.S. federal or New York state court located in the City of New York and will submit to such non-exclusive jurisdiction.

Enforceability of judgments

Since all of the assets of the Issuer and the Guarantors are outside the United States, any judgment obtained in the United States against the Issuer or any Guarantor may not be collectable within the United States. See "Service of process and enforcement of civil liabilities."

Prescription

Claims against the Issuer or any Guarantor for the payment of principal or Additional Amounts, if any, on the Notes will not be permitted ten years after the applicable due date for payment thereof. Claims against the Issuer or any Guarantor for the payment of interest on the Notes will not be permitted six years after the applicable due date for payment of interest.

Certain definitions

Set forth below are certain defined terms used in the Indenture. Reference is made to the Indenture for a full disclosure of all defined terms used therein, as well as any other capitalized terms used herein for which no definition is provided.

"*Acquired Debt*" means, with respect to any specified Person:

(1) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Restricted Subsidiary of, such specified Person; and

(2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"*Additional Assets*" means:

(1) any property or assets used or useful in the Oil and Gas Business;

(2) the Capital Stock of a Person that becomes a Restricted Subsidiary as a result of the acquisition of such Capital Stock by the Parent or any of its Restricted Subsidiaries; or

(3) Capital Stock constituting a Minority Interest in any Person that at such time is a Restricted Subsidiary;

provided, however, that any such Restricted Subsidiary described in clause (2) or (3) is primarily engaged in the Oil and Gas Business.

"*Affiliate*" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control," as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise. For purposes of this definition, the terms "controlling," "controlled by" and "under common control with" have correlative meanings.

"*Applicable Premium*" means, with respect to any Note at any time (other than any future Dollar Note, which shall use a treasury rate in lieu of the Bund Rate), the greater of (a) 1.0% of the principal amount of such Note and (b) the excess of:

(1) the present value at such time of (i) the redemption price of the Note on April 15, 2019 (such redemption price being set forth in the table appearing under the caption "—Optional Redemption"), plus (ii) all required interest payments due on the Note through April 15, 2019 (excluding accrued but unpaid interest to the redemption date) discounted back to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30- day months) at a rate equal to the Bund Rate as of such time plus 50 basis points; over

(2) the then outstanding principal amount of the Note,

as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer may engage. For the avoidance of doubt, the calculation of the Applicable Premium shall not be a duty or obligation of the Trustee or the Paying Agent.

"*Asset Sale*" means:

(1) the sale, lease, conveyance or other disposition of any assets or rights (including by way of a Production Payment but excluding an operating lease entered into in the ordinary course of the Oil and Gas Business); *provided* that the sale, lease, conveyance or other disposition of all or substantially all of the properties or assets of the Parent and its Restricted Subsidiaries taken as a whole will be governed by the provisions of the Indenture described above under the caption "—Repurchase at the option of holders—Change of control" and/or the provisions described above under the caption "—Certain covenants—Merger, consolidation or sale of assets" and not by the provisions described under the caption "—Repurchase at the option of holders—asset sales"; and

(2) the issuance of Equity Interests in any of the Parent's Restricted Subsidiaries or the sale by the Parent or its Restricted Subsidiaries of Equity Interests in any of the Parent's Subsidiaries.

Notwithstanding the preceding, none of the following items will be deemed to be an Asset Sale:

(1) any single transaction or series of related transactions that involves assets having a Fair Market Value less than the greater of (a) $50.0 million and (b) 0.65% Consolidated Total Assets;

(2) a transfer or other disposition of assets or Equity Interests between or among the Parent and/or its Restricted Subsidiaries;

(3) an issuance or sale of Equity Interests by a Restricted Subsidiary of the Parent to the Parent or to a Restricted Subsidiary of the Parent;

(4) the sale, lease or other disposition of products, services, Hydrocarbons or mineral products inventory or accounts receivable or other assets in the ordinary course of business;

(5) the abandonment, farm-in, farm-out, carry, lease or sublease of any oil and gas properties or the forfeiture or other disposition of such properties, in each case in the ordinary course of business;

(6) the disposition of assets to a Person who is providing services (the provision of which have been or are to be outsourced by the Parent or any Restricted Subsidiary to such Person) related to such assets;

(7) any sale or other disposition of damaged, unserviceable, worn-out or obsolete assets in the ordinary course of business;

(8) the sale or other disposition of cash or Cash Equivalents or other financial assets in the ordinary course of business;

(9) for purposes of the covenant described above under the heading "—Repurchase at the option of holders—Asset sales" only, the making of a Permitted Investment or a disposition subject to the covenant described above under the caption "—Certain covenants—Restricted payments";

(10) the sale or other disposition (whether or not in the ordinary course of business) of crude oil and natural gas properties; *provided* that at the time of such sale or other disposition such properties do not have associated with them any proved reserves;

(11) any Asset Swap;

(12) granting of Liens not prohibited by the covenant described under the caption "—Certain covenants—Liens";

(13) the licensing or sublicensing of intellectual property, including, without limitation, licenses for seismic data or other general intangibles and licenses, leases or subleases of other property, in the ordinary course of business and which do not materially interfere with the business of the Parent and its Restricted Subsidiaries taken as a whole;

(14) a surrender or waiver of contract rights, oil and gas leases or the settlement, release or surrender of contract, tort or other claims of any kind;

(15) dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;

(16) any sale or other disposition of any oil and gas properties or interests therein to any governmental authority that is (i) a result of a relinquishment to, or a compulsory or involuntary acquisition by, such authority or (ii) made in connection with acquiring, renewing or retaining, as applicable, any other oil and gas properties or interests awarded by such governmental authority; *provided* that any cash or Cash Equivalents received in connection with any such sale or other disposition must be applied in accordance with the covenant described under "—Repurchase at the option of holders—Asset sales";

(17) foreclosure, condemnation or any similar action with respect to any property or other assets; and

(18) any Production Payments and Reserve Sales; *provided* that any such Production Payments and Reserve Sales, other than incentive compensation programs on terms that are reasonably customary or shall become customary in the Oil and Gas Business for geologists, geophysicists and other providers of technical services to the Parent or a Restricted Subsidiary, shall have been created, incurred, issued, assumed or Guaranteed in connection with the financing of, and within 60 days after the acquisition of, the property that is subject thereto.

"*Asset Swap*" means any substantially contemporaneous (and in any event occurring within 180 days of each other) purchase and sale or exchange (including, without limitation, by way of any farm-out, farm-in, lease, sublease or any

other contractual transfer of rights) of any assets or properties or interests therein (including, for the avoidance of doubt, Capital Stock in companies owning such assets or properties or interests therein or otherwise primarily engaged, directly or indirectly, in the Oil and Gas Business) used or useful in the Oil and Gas Business between the Parent or any of its Restricted Subsidiaries and another Person; *provided* that the Fair Market Value of the properties or assets or interests therein traded or exchanged (including, without limitation, by way of any farm-out, farm-in, lease, sublease or any other contractual transfer of rights) by the Parent or such Restricted Subsidiary (together with any cash) is reasonably equivalent (as determined in good faith by a responsible accounting or financial officer of the Parent) to the Fair Market Value of the properties or assets or interests therein (including, without limitation, by way of any farm-out, farm-in, lease, sublease or any other contractual transfer of rights) (together with any cash) to be received by the Parent or such Restricted Subsidiary, and *provided further* that any net cash received must be applied in accordance with the provisions described above under the caption "—Repurchase at the option of holders—asset sales" if then in effect.

"*Bank Credit Facilities*" means any Credit Facility that does not constitute Public Indebtedness.

"*Beneficial Owner*" has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the U.S. Exchange Act, except that in calculating the beneficial ownership of any particular "person" (as that term is used in Section 13(d)(3) of the U.S. Exchange Act), such "person" will be deemed to have beneficial ownership of all securities that such "person" has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only after the passage of time. The terms "Beneficial Ownership," "Beneficially Owns" and "Beneficially Owned" have a corresponding meaning.

"*Board of Directors*" means:

(1) with respect to a corporation, the board of directors of the corporation or any committee thereof duly authorized to act on behalf of such board;

(2) with respect to a partnership, the board of directors of the general partner of the partnership;

(3) with respect to a limited liability company, the managing member or members or any controlling committee of managing members thereof; and

(4) with respect to any other Person, the board or committee of such Person serving a similar function.

"*Borrowing Base Facilities*" means a Credit Facility that does not constitute Public Indebtedness and the available borrowing amount for which is determined on a basis substantially consistent with customary terms for oil and gas secured reserve based loan transactions and has a lender group that includes one or more commercial financial institutions which engage in oil and gas reserve based lending in the ordinary course of their respective businesses.

"*Bund Rate*" means, with respect to any relevant date, the rate per annum equal to the equivalent yield to maturity as of such date of the Comparable German Bund Issue, assuming a price for the Comparable German Bund Issue (expressed as a percentage of its principal amount) equal to the Comparable German Bund Price for such relevant date, where:

(1) "*Comparable German Bund Issue*" means (i) for the purposes of the Applicable Premium, the German Bundesanleihe security selected by any Reference German Bund Dealer as having a fixed maturity most nearly equal to the period from such redemption date to April 15, 2019, and that would be utilized at the time of selection and in accordance with customary financial practice, in pricing new issues of euro denominated corporate debt securities in a principal amount approximately equal to the then outstanding principal amount of the Notes and of a maturity most nearly equal to April 15, 2019; *provided*, *however*, that, if the period from such redemption date to April 15, 2019, is less than one year, a fixed maturity of one year shall be used; and (ii) for the purposes of the Applicable Premium, the German Bundesanleihe security selected by any Reference German Bund Dealer as having a fixed maturity most nearly equal to the period from such redemption date to April 15, 2019, and that would be utilized at the time of selection and in accordance with customary financial practice, in pricing new issues of euro denominated corporate debt securities in a principal amount approximately equal to the then outstanding principal amount of the Notes and of a maturity most nearly equal to April 15, 2019; *provided*, *however*, that, if the period from such redemption date to April 15, 2019, is less than one year, a fixed maturity of one year shall be used;

(2) "*Comparable German Bund Price*" means, with respect to any relevant date, the average of all Reference German Bund Dealer Quotations for such date (which, in any event, must include at least two such quotations), after excluding the highest and lowest such Reference German Bund Dealer Quotations, or if the Issuer obtains fewer than four such Reference German Bund Dealer Quotations, the average of all such quotations;

(3) "*Reference German Bund Dealer*" means any dealer of German Bundesanleihe securities appointed by the Issuer; and

(4) "*Reference German Bund Dealer Quotations*" means, with respect to each Reference German Bund Dealer and any relevant date, the average as determined by the Issuer of the bid and offered prices for the Comparable German Bund Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Issuer by such Reference German Bund Dealer at 3:30 p.m. Frankfurt, Germany, time on the third business day in Frankfurt preceding the relevant date.

"*Business Day*" means each day that is not a Saturday, Sunday or other day on which banking institutions in London, Hamburg, Luxembourg or New York or another place of payment under the Indenture are authorized or required by law to close.

"*Calculation Date*" has the meaning given in the definition of "Fixed Charge Coverage Ratio."

"*Capital Lease Obligation*" means, at the time any determination is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance sheet prepared in accordance with IFRS, and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty.

"*Capital Stock*" means:

(1) in the case of a corporation, corporate stock;

(2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(3) in the case of a partnership or limited liability company, partnership interests (whether general or limited) or, membership interests; and

(4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person,

but excluding from all of the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

"*Cash Equivalents*" means:

(1) securities issued or directly and fully guaranteed or insured by the government of the United States of America, a member state of the European Union, Switzerland, Norway, Canada, Australia or Japan (including, in each case, any agency or instrumentality thereof), as the case may be, the payment of which is backed by the full faith and credit of the United States, the relevant member state of the European Union, Switzerland, Norway, Canada, Australia or Japan, as the case may be, having maturities of not more than fifteen months from the date of acquisition, the long-term debt of which is rated at the time of acquisition thereof is at least "BBB" or the equivalent thereof by S&P, or "Baa2" or the equivalent thereof by Moody's or the equivalent rating category of another internationally recognized rating agency;

(2) certificates of deposit, time deposits, eurodollar time deposits, money market deposits, overnight bank deposits or bankers' acceptances (and similar instruments) having maturities of not more than fifteen months from the date of acquisition thereof issued by any commercial bank, the long-term debt of which is rated at the time of acquisition thereof at least "BBB" or the equivalent thereof by S&P, or "Baa2" or the equivalent thereof by Moody's or the equivalent rating category of another internationally recognized rating agency, and having combined capital and surplus in excess of $250.0 million;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (1) and (2) entered into with any financial institution meeting the qualifications specified in clause (2) above;

(4) commercial paper rated at the time of acquisition thereof at least "A-2" or the equivalent thereof by S&P or "P-2" or the equivalent thereof by Moody's, or carrying an equivalent rating by an internationally recognized rating agency, if both of the two named rating agencies cease publishing ratings of investments, and in any case maturing within one year after the date of acquisition thereof;

(5) in the case of any Restricted Subsidiary of the Parent located outside the United States, Canada and the European Union, any substantially similar investment to the kinds described in clauses (2) and (3) of this definition obtained in the ordinary course of business and (i) with the highest ranking obtainable in the applicable jurisdiction, (ii) with any bank, trust company or similar entity, which would rank, in terms of combined capital and surplus and undivided profits or the ratings on its long-term debt, among the top five banks in such jurisdiction or (iii) with any bank, trust company or similar entity in Egypt; and

(6) interests in any investment company or money market fund which invests 95% or more of its assets in instruments of the type specified in clauses (1) through (4) above.

"*Change of Control*" means the occurrence of any of the following:

(1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Parent and its Restricted Subsidiaries taken as a whole to any "person" (as that term is used in Section 13(d) of the U.S. Exchange Act) other than one or more Permitted Holders;

(2) the adoption of a plan relating to the liquidation or dissolution of the Parent or the Issuer; or

(3) the consummation of any transaction (including, without limitation, any merger or consolidation), the result of which is that any "person" (as defined above) other than one or more Permitted Holders becomes the Beneficial Owner, directly or indirectly, of more than 50% of the Voting Stock of the Parent, measured by voting power rather than number of shares.

"*Clearstream*" means Clearstream Banking, *société anonyme* and its successors.

"*Consolidated Cash Flow*" means, with respect to any specified Person for any period, the Consolidated Net Income of such Person for such period *plus* the following, without duplication:

(1) an amount equal to any extraordinary loss plus any net loss realized by such Person or any of its Restricted Subsidiaries in connection with a sale of assets (together with any related provision for taxes and any related non-recurring charges relating to any premium or penalty paid, write-off of deferred financing costs or other financial recapitalization charges in connection with redeeming or retiring any Indebtedness prior to its Stated Maturity) to the extent deducted in calculating such Consolidated Net Income; *plus*

(2) taxes based on income or profits of such Person and its Restricted Subsidiaries for such period to the extent deducted in calculating such Consolidated Net Income; *plus*

(3) the Fixed Charges of such Person and its Restricted Subsidiaries for such period to the extent deducted in calculating such Consolidated Net Income; *plus*

(4) depreciation, depletion, amortization (including, without limitation, amortization of intangibles and deferred financing fees but excluding amortization of prepaid cash expenses that were paid in a prior period), impairment and other non-cash charges and expenses (including, without limitation, write downs and impairment of property, plant, equipment and intangible and other long lived assets and the impact of purchase accounting on the Parent and its Restricted Subsidiaries for such period), of such Person and its Restricted Subsidiaries (excluding any such non-cash expense to the extent that it represents an accrual of or reserve for cash expenses in any future period or amortization of a prepaid cash expense that was paid in a prior period) for such period to the extent deducted in calculating such Consolidated Net Income; *plus*

(5) any expenses, charges or other costs related to the issuance of any Capital Stock, or any Permitted Investment, acquisition, disposition, recapitalization or listing or the incurrence of Indebtedness permitted to be incurred under the covenant described above under the caption "—Certain covenants—Incurrence of indebtedness and issuance of preferred stock" (including any refinancing thereof) whether or not successful, including (i) such fees, expenses or charges related to any incurrence of Indebtedness issuance and (ii) any amendment or other modification of any incurrence, in each case to the extent deducted in calculating such Consolidated Net Income; *plus*

(6) any foreign currency translation losses (including losses related to currency remeasurements of Indebtedness); *plus*

(7) the amount of any minority interest expense consisting of subsidiary income attributable to Minority Interests of third parties in any non-wholly owned Restricted Subsidiary in such period or any prior period, except to the

extent of dividends declared or paid on, or other cash payments in respect of, Equity Interests held by such parties; *plus*

(8) if such Person accounts for its oil and natural gas operations using successful efforts or a similar method of accounting, consolidated exploration and abandonment expense and write-offs of the Parent and its Restricted Subsidiaries; *plus*

(9) the proceeds of any business interruption insurance received or that become receivable during such period to the extent the associated losses arising out of the event that resulted in the payment of such business interruption insurance proceeds were included in computing Consolidated Net Income; *plus*

(10) any income or charge attributable to a post-employment benefit scheme other than the current service costs and any past service costs and curtailments and settlements attributable to the scheme; *plus*

(11) payments received or that become receivable with respect to expenses that are covered by the indemnification provisions in any agreement entered into by such Person in connection with an acquisition to the extent such expenses were included in computing Consolidated Net Income; *minus*

(12) non-cash items increasing such Consolidated Net Income for such period (other than any non-cash items increasing such Consolidated Net Income pursuant to clauses (1) through (10) of the definition of Consolidated Net Income), other than items that were accrued in the ordinary course of business; and *minus*

(13) the sum of (a) the amount of deferred revenues that are amortized during such period and are attributable to reserves that are subject to Volumetric Production Payments and (b) amounts recorded in accordance with IFRS as repayments of principal and interest pursuant to Dollar-Denominated Production Payments,

in each case, on a consolidated basis and determined in accordance with IFRS.

"*Consolidated Leverage*" means, as of any date of determination, with respect to any specified Person, the total amount of Indebtedness under Credit Facilities of such Person and its Restricted Subsidiaries on a consolidated basis (excluding Hedging Obligations and excluding letters of credit), *less* cash and Cash Equivalents of such specified Person on that date of determination.

"*Consolidated Leverage Ratio*" means, as of any date of determination, with respect to any specified Person, the ratio of (a) the Consolidated Leverage of such Person on such date to (b) the Consolidated Cash Flow of the Person for the four most recent fiscal quarters ending immediately prior to such date for which internal financial statements are available. For purposes of calculating the Consolidated Cash Flow for such period:

(1) acquisitions that have been made by the specified Person or any of its Restricted Subsidiaries, including through mergers or consolidations, or any Person or any of its Restricted Subsidiaries acquired by the specified Person or any of its Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Restricted Subsidiaries, during the four-quarter reference period or subsequent to such reference period, and on or prior to the date of determination, or that are to be made on the date of determination, will be given *pro forma* effect as if they had occurred on the first day of the four-quarter reference period; *provided*, that the *pro forma* calculation may give effect to anticipated acquisitions which have not yet occurred but which have become subject to a definitive purchase agreement or contract, where the Indebtedness to be Incurred is to finance such acquisitions in whole or in part and such Indebtedness, if Incurred prior to the completion of any such acquisition, is funded into escrow and released to the Parent or any Restricted Subsidiary only in connection with the completion of such acquisition;

(2) the Consolidated Cash Flow attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of on or prior to the date of determination (including transactions giving rise to the need to calculate such Consolidated Leverage Ratio) will be excluded;

(3) any Person that is a Restricted Subsidiary on the date of determination will be deemed to have been a Restricted Subsidiary at all times during such four-quarter reference period; and

(4) any Person that is not a Restricted Subsidiary on the date of determination will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter reference period.

For purposes of this definition, whenever *pro forma* effect is to be given to a transaction, the *pro forma* calculation shall be determined in good faith by a responsible accounting or financial officer of the Parent and may include Pro Forma Cost Savings. In determining the amount of Indebtedness in respect of borrowed money outstanding on any date of

determination, *pro forma* effect will be given to any incurrence, repayment, repurchase, defeasance or other acquisition, retirement or discharge of Indebtedness in respect of borrowed money on such date. Any undrawn amounts under revolving credit Indebtedness shall be deemed not to be outstanding.

"*Consolidated Net Income*" means, with respect to any specified Person for any period, the aggregate of the net income (loss) of such Person and its Restricted Subsidiaries for such period, on a consolidated basis (excluding the net income (loss) of any Unrestricted Subsidiaries), determined in accordance with IFRS; *provided* that:

(1) the net income (but not loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting will be included only to the extent of the amount of dividends or similar distributions paid in cash to the specified Person or a Restricted Subsidiary of the Person;

(2) solely for the purpose of determining the amount available for Restricted Payments under clause (c)(i) of the first paragraph under the caption "—Certain covenants—Restricted payments," any net income (but not loss) of any Restricted Subsidiary (other than any Guarantor) will be excluded if such Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Restricted Subsidiary, directly or indirectly, to such Person (or any Guarantor that holds the Equity Interests of such Restricted Subsidiary, as applicable) by operation of the terms of such Restricted Subsidiary's charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its shareholders (other than (a) restrictions that have been waived or otherwise released, (b) restrictions pursuant to the Notes (including Additional Notes), the Note Guarantees, the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement, (c) contractual restrictions in effect on the Issue Date with respect to the Restricted Subsidiary and other restrictions with respect to such Restricted Subsidiary that taken as a whole, are not materially less favorable to the holders of the Notes than such restrictions in effect on the Issue Date and (d) any restriction listed under clauses (1), (3), (4), (8), (11) or (14) of the second paragraph of the covenant described above under the caption "—Certain covenants—Dividend and other payment restrictions affecting subsidiaries") except that such Person's equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed or that could have been distributed by such Restricted Subsidiary during such period to such Person or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend to another Restricted Subsidiary (other than any Guarantor), to the limitation contained in this clause);

(3) the cumulative effect of a change in accounting principles will be excluded;

(4) income resulting from transfers of assets (other than cash) between such Person or any of its Restricted Subsidiaries, on the one hand, and an Unrestricted Subsidiary, on the other hand, will be excluded;

(5) any gain (loss) realized upon the sale or other disposition of any property, plant or equipment of such Person or its consolidated Restricted Subsidiaries (including pursuant to any sale or leaseback transaction) which is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by a responsible accounting or financial officer of such Person) and any gain (loss) realized upon the sale or other disposition of any Capital Stock of any Person will be excluded;

(6) any "ceiling limitation" or other asset impairment writedowns on oil and gas properties will be excluded;

(7) any unrealized non-cash gains or losses in respect of Hedging Obligations or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value or changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations will be excluded;

(8) any non-cash compensation charge or expense arising from any grant of stock, stock option or other equity-based award will be excluded;

(9) to the extent deducted in the calculation of net income, any non-cash or non-recurring charges associated with any premium or penalty paid, write-off of deferred financing costs or other financial recapitalization charges in connection with redeeming or retiring any Indebtedness prior to its Stated Maturity will be excluded; and

(10) (a) extraordinary, exceptional, unusual or non-recurring gains, losses or charges, (b) any asset impairment charges or the financial impacts of natural disasters (including fire, flood and storm and related events) or (c) any charges, provisions or reserves in respect of any restructurings, redundancy, integration or severance, or other post-employment arrangements, signing, retention or completion bonuses, transaction costs, acquisition costs, business optimization initiatives, system establishment, software or information technology implementation or

development, costs related to governmental investigations and curtailments or modifications to pension or post-retirement benefits schemes, litigation or any asset impairment charges, in each case will be excluded.

"*Consolidated Total Assets*" means the total assets of the Parent and its Subsidiaries on a consolidated basis, as shown on the most recent consolidated balance sheet of (a) if prior to December 31, 2016, the Company and (b) if subsequent to December 31, 2016, the Parent, in each case, prepared in accordance with IFRS, as adjusted to give *pro forma* effect to acquisitions and dispositions made prior to or that are made on the date of determination, *provided*, that the *pro forma* calculation may give effect to anticipated acquisitions which have not yet occurred but which have become subject to a definitive purchase agreement or contract, where the Indebtedness to be Incurred is to finance such acquisitions in whole or in part and such Indebtedness, if Incurred prior to the completion of any such acquisition, is funded into escrow to be released to the Parent or any Restricted Subsidiary in connection with the completion of such acquisition.

"*Contingent Obligations*" means, with respect to any Person, any obligation of such Person Guaranteeing in any manner, whether directly or indirectly, any operating lease, dividend or other obligation that, in each case, does not constitute Indebtedness ("primary obligations") of any other Person (the "primary obligor"), including any obligation of such Person, whether or not contingent:

(1) to purchase any such primary obligation or any property constituting direct or indirect security therefor;

(2) to advance or supply funds:

(a) for the purchase or payment of any such primary obligation; or

(b) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or

(3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof; or

(4) for the avoidance of doubt, any contingent obligations in respect of workers' compensation claims, early retirement or termination obligations, pension fund obligations or contributions, or similar claims, obligations or contributions or social security or wage taxes.

"*continuing*" means, with respect to any Default or Event of Default, that such Default or Event of Default has not been cured or waived.

"*Credit Facilities*" means one or more debt facilities, capital markets indentures, instruments or arrangements incurred by the Parent, any Restricted Subsidiary or any Finance Subsidiary (including the RBL Facility or commercial paper facilities and overdraft facilities) with banks, funds or other institutions or investors, providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables) or letters of credit, notes or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time (and whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or trustees or other banks, funds, institutions or investors and whether provided under the RBL Facility or one or more other credit or other agreements, indentures, financing agreements or otherwise) and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any promissory notes and letters of credit issued pursuant thereto and any Guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other Guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term "Credit Facilities" shall include any agreement or instrument (1) changing the maturity of any Indebtedness incurred thereunder or contemplated thereby, (2) adding Subsidiaries of the Parent as additional borrowers, issuers or guarantors thereunder, (3) increasing the amount of Indebtedness incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions thereof.

"*Currency Exchange Protection Agreement*" means, in respect of any Person, any foreign exchange contract, currency swap agreement, currency option, cap, floor, ceiling or collar agreement or other similar agreement or arrangement designed to protect such Person against fluctuations in currency exchange rates as to which such Person is a party.

"*DEA*" means DEA Deutsche Erdoel AG and its successors and assigns.

"*Default*" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"*Designated Non-Cash Consideration*" means the Fair Market Value of non-cash consideration received by the Parent or one of its Restricted Subsidiaries in connection with an Asset Sale that is so designated as "Designated Non-Cash Consideration" pursuant to an Officer's Certificate, setting forth the basis of such valuation, *less* the amount of cash or Cash Equivalents received in connection with a subsequent sale of such Designated Non-Cash Consideration.

"*Disqualified Stock*" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case, at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, on or prior to the date that is 91 days after the date on which the Notes mature; *provided* that only the portion of Capital Stock which so matures or is mandatorily redeemable, or is so redeemable at the option of the holder thereof prior to such date, will be deemed to be Disqualified Stock. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the Issuer to repurchase or redeem such Capital Stock upon the occurrence of a change of control or an asset sale will not constitute Disqualified Stock if the terms of such Capital Stock provide that the Issuer may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with the covenant described above under the caption "—Certain covenants—Restricted payments." For purposes hereof, the amount of Disqualified Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to the Indenture, and if such price is based upon, or measured by, the Fair Market Value of such Disqualified Stock, such Fair Market Value to be determined as set forth herein.

"*Dollar-Denominated Production Payments*" means production payment obligations recorded as liabilities in accordance with IFRS, together with all undertakings and obligations in connection therewith.

"*Equity Interests*" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"*Equity Offering*" means a sale of Capital Stock (other than to the Parent or any of its Subsidiaries) (1) that is a sale of Capital Stock of the Parent or a Parent Holdco (other than Disqualified Stock) other than offerings registered on Form S-8 (or any successor form) under the U.S. Securities Act or any similar offering in other jurisdictions, or (2) the proceeds of which are contributed as Subordinated Shareholder Debt or to the equity (other than through the issuance of Disqualified Stock) of the Parent or any of its Restricted Subsidiaries.

"*Euroclear*" means Euroclear Bank SA/NV and its successors, as operator of the Euroclear System.

"*European Government Obligations*" means any security that is (1) a direct obligation of Ireland, Belgium, the Netherlands, France, The Federal Republic of Germany or any other country that is a member of the European Monetary Union on the Issue Date, for the payment of which the full faith and credit of such country is pledged or (2) an obligation of a person controlled or supervised by and acting as an agency or instrumentality of any such country the payment of which is unconditionally guaranteed as a full faith and credit obligation by such country, which, in either case under the preceding clause (1) or (2), is not callable or redeemable at the option of the issuer thereof.

"*European Union*" means all members of the European Union as of December 31, 2003. For the avoidance of doubt, all references to a "member" or "member state" of the European Union shall include the United Kingdom.

"*Excluded Contribution*" means net cash proceeds or property or assets received by the Parent after the Issue Date as capital contributions to the equity (other than through the issuance of Disqualified Stock) of the Parent or L1E Funding or from the issuance or sale (other than to a Restricted Subsidiary) of Capital Stock (other than Disqualified Stock) of the Parent or Subordinated Shareholder Debt of L1E Funding or the Parent, in each case, to the extent designated as an Excluded Contribution pursuant to an Officer's Certificate of the Parent.

"*Existing Indebtedness*" means Indebtedness of the Issuer and its Restricted Subsidiaries (other than Indebtedness under the RBL Facility) in existence on the date of the Indenture.

"*Fair Market Value*" means the value that would be paid by a willing buyer to an unaffiliated willing seller in a transaction not involving distress or necessity of either party, as determined in good faith by a responsible accounting or financial officer of the Parent.

"*Finance Subsidiary*" means a wholly owned subsidiary of the Parent that is formed for the purpose of borrowing funds or issuing securities and lending the proceeds to the Issuer or a Guarantor and that conducts no business other than as may be reasonably incidental to, or related to, the foregoing.

"*Fitch*" means Fitch, Inc. or any successor to its ratings business.

"*Fixed Charge Coverage Ratio*" means, with respect to any specified Person for any period, the ratio of the Consolidated Cash Flow of such Person for such period to the Fixed Charges of such Person for such period. In the event that the specified Person or any of its Restricted Subsidiaries incurs, assumes, Guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness (other than ordinary course working capital borrowings) or issues, repurchases or redeems preferred stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "*Calculation Date*"), then the Fixed Charge Coverage Ratio will be calculated giving *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of the Parent) to such incurrence, assumption, Guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, or such issuance, repurchase or redemption of preferred stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter reference period and will also include cost savings reasonably anticipated by management to occur from programs initiated during the relevant period as though the full run-rate effect of such cost savings were realized on the first day of the relevant period; *provided*, *however*, that the *pro forma* calculation of Fixed Charges shall not give effect to (i) any Indebtedness incurred on the Calculation Date (and, for the avoidance of doubt, not reclassified on such Calculation Date) pursuant to the provisions described in the second paragraph under "—Certain covenants—Incurrence of indebtedness and issuance of preferred stock" or (ii) the discharge on the Calculation Date of any Indebtedness to the extent that such discharge results from the application of the proceeds of any Indebtedness incurred pursuant to the provisions described in the second paragraph under "—Certain covenants—Incurrence of indebtedness and issuance of preferred stock."

In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

(1) acquisitions that have been made by the specified Person or any of its Restricted Subsidiaries, including through mergers, consolidations or otherwise (including acquisitions of assets used or useful in the Oil and Gas Business), or any Person or any of its Restricted Subsidiaries acquired by the specified Person or any of its Restricted Subsidiaries, and including any related financing transactions and including increases in ownership of Restricted Subsidiaries, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date or that are to be made on the Calculation Date, will be given *pro forma* effect (including Pro Forma Cost Savings) as if they had occurred on the first day of the four-quarter reference period, *provided*, that the *pro forma* calculation may give effect to anticipated acquisitions which have not yet occurred but which have become subject to a definitive purchase agreement or contract, where the Indebtedness to be Incurred is to finance such acquisitions in whole or in part and such Indebtedness, if Incurred prior to the completion of any such

acquisition, is funded into escrow to be released to the Parent or any Restricted Subsidiary in connection with the completion of such acquisition;

(2) the Consolidated Cash Flow attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded;

(3) the Fixed Charges attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the specified Person or any of its Restricted Subsidiaries following the Calculation Date;

(4) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four-quarter reference period; and

(5) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter reference period.

"*Fixed Charges*" means, with respect to any specified Person for any period, the sum, without duplication, of:

(1) the consolidated interest expense (net of interest income) of such Person and its Restricted Subsidiaries for such period, whether paid or accrued (excluding any interest attributable to Dollar-Denominated Production Payments but including, without limitation, amortization of discount (but not debt issuance costs, commissions, fees and expenses), non-cash interest payments (but excluding any non-cash interest expense attributable to the movement in the mark to market valuation of Hedging Obligations or other derivative instruments and excluding such interest on Subordinated Shareholder Debt), the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings), and net of the effect of all payments made or received pursuant to Hedging Obligations (excluding amortization of fees) in respect of interest rates; *plus*

(2) the consolidated interest expense of such Person and its Restricted Subsidiaries that was capitalized during such period (but excluding such interest on Subordinated Shareholder Debt); *plus*

(3) any interest on Indebtedness of another Person that is secured by a Lien on assets of such Person or one of its Restricted Subsidiaries; to the extent paid in cash by such Person or any of its Restricted Subsidiaries; *plus*

(4) the product of (a) all dividends, whether paid or accrued and whether or not in cash, on any series of Disqualified Stock of such Person or any series of preferred stock of its Restricted Subsidiaries, other than dividends on Equity Interests payable solely in Equity Interests of such Person (other than Disqualified Stock) or to the Person or a Restricted Subsidiary of such Person, *times* (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current statutory tax rate of such Person, expressed as a decimal.

"*FPSO*" means any floating storage and offloading unit, floating storage and production unit, floating production, storage and offloading unit or similar moveable infrastructure (including vessels used or useful in connection with performing seismic surveys) and any related infrastructure in connection with the foregoing.

"*Guarantee*" means a guarantee other than by endorsement of negotiable instruments for collection in the ordinary course of business, direct or indirect, in any manner including, without limitation, by way of a pledge of assets or through letters of credit or reimbursement agreements in respect thereof, of all or any part of any Indebtedness (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to maintain financial statement conditions or otherwise), or entered into for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); *provided, however*, that the term "Guarantee" will not include the endorsements for collection or deposit in the ordinary course of business or any obligation to the extent it is payable only in Capital Stock of the guarantor that is not Disqualified Stock. The term "Guarantee" used as a verb has a corresponding meaning.

"*Guarantors*" means, collectively, the Senior Guarantors and the Subordinated Guarantors.

"*Hedging Obligations*" means, with respect to any specified Person, the obligations of such Person under:

(1) interest rate swap agreements (whether from fixed to floating or from floating to fixed), interest rate cap agreements and interest rate collar agreements, other agreements or arrangements designed to manage interest rates or interest rate risk;

(2) any foreign exchange contract, currency swap agreement, currency option, cap, floor, ceiling or collar agreement or other similar agreement or arrangement designed to protect such Person against fluctuations in currency exchange rates;

(3) any forward contract, commodity futures contract, commodity option agreement, commodity swap agreement, cap, floor, ceiling or collar agreement or other similar agreement or arrangement designed to protect against fluctuations in the price of commodities used, produced, processed or sold by that Person or any of its Restricted Subsidiaries at the time; and

(4) other agreements or arrangements designed to protect such Person against fluctuations in interest rates, commodity prices or currency exchange rates, including Currency Exchange Protection Agreements.

"*Hydrocarbons*" means oil, gas, casing head gas, drip gasoline, natural gasoline, condensate, distillate, liquid hydrocarbons, gaseous hydrocarbons and all constituents, elements or compounds thereof and products refined or processed therefrom.

"*IFRS*" means International Financial Reporting Standards issued by the International Accounting Standards Board and its predecessors as endorsed by the European Union and in effect on the Issue Date, or, solely with respect to the covenant described under the heading "—Certain Covenants—Reports," as in effect from time to time, *provided* that at any date after the Issue Date, the Issuer may make an irrevocable election to establish that "IFRS" shall mean IFRS as in effect on a date that is on or prior to the date of such election (except with respect to the covenant described under the caption "Reports" which shall mean IFRS as in effect from time to time). For the avoidance of doubt, the impact of IFRS 16 Leases and any successor standard thereto shall be disregarded with respect to all ratios, calculations and determinations based upon IFRS to be calculated or made, as the case may be, pursuant to the Indenture and (without limitation) any lease, concession or license of property that would be considered an operating lease under IFRS as of the Issue Date and any guarantee given by the Parent or any Restricted Subsidiary in the ordinary course of business solely in connection with, and in respect of, the obligations of the Parent or any Restricted Subsidiary under any such operating lease shall be accounted for in accordance with IFRS as in the effect on the Issue Date.

"*Indebtedness*" means, with respect to any specified Person, any indebtedness of such Person (excluding accrued expenses and trade payables):

(1) in respect of borrowed money;

(2) evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof);

(3) in respect of bankers' acceptances (or reimbursement obligations in respect thereof except to the extent any such reimbursement obligations relate to trade payables and such obligations are satisfied within 30 days of incurrence);

(4) representing Capital Lease Obligations;

(5) representing the balance deferred and unpaid of the purchase price of any property due more than one year after such property is acquired;

(6) representing any Hedging Obligations;

(7) the principal component of all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided, however,* that the amount of such Indebtedness will be the lesser of (a) the Fair Market Value of such asset at such date of determination and (b) the amount of such Indebtedness of such other Persons; and

(8) the principal component of Indebtedness of other Persons to the extent Guaranteed by such Person (including, with respect to any Production Payment, any warranties or guarantees of production or payment by such Person with respect to such Production Payment, but excluding other contractual obligations of such Person with respect to such Production Payment);

provided that the foregoing indebtedness (other than letters of credit and Hedging Obligations) shall be included in this definition of Indebtedness only if, and to the extent that, the indebtedness would appear as a liability upon a balance sheet of such Person prepared in accordance with IFRS; *provided* that, notwithstanding any consolidation under IFRS, the preceding items shall not constitute "Indebtedness" for purposes hereof if (i) such Indebtedness is incurred by an orphan vehicle whose shares are not owned by such specified Person or any of its Subsidiaries and (ii) such Indebtedness is neither guaranteed by, nor secured by the assets of, such specified Person or any of its Subsidiaries. Notwithstanding the foregoing, indebtedness shall be included in the definition of Indebtedness after deducting any receivable due from another Person (other than the specified Person and its Restricted Subsidiaries) who has an interest in an asset financed with such indebtedness to the specified Person or any Restricted Subsidiary in respect of such other Person's interest in the relevant asset. Subject to clause (8) of the preceding sentence, neither Dollar-Denominated Production Payments nor Volumetric Production Payments shall be deemed to be Indebtedness.

The term "Indebtedness" shall not include:

(1) Subordinated Shareholder Debt;

(2) any lease of property which would be considered an operating lease under IFRS;

(3) for the avoidance of doubt, Contingent Obligations;

(4) any obligation of a Person in respect of a farm-in agreement or similar arrangement whereby such Person agrees to pay all or a share of the drilling, completion or other expenses of an exploratory or development well (which agreement may be subject to a maximum payment obligation, after which expenses are shared in accordance with the working or participation interest therein or in accordance with the agreement of the parties) or perform the drilling, completion or other operation on such well in exchange for an ownership interest in an oil or gas property;

(5) in-kind obligations relating to net oil or natural gas balancing positions arising in the ordinary course of business; or

(6) in connection with the purchase by the Parent or any Restricted Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing.

"*Initial Public Offering*" means the first Public Equity Offering of common stock or common equity interests of the Parent or any Parent Holdco (the "IPO Entity") following which there is a Public Market.

"*Intercreditor Agreement*" means the intercreditor agreement dated on or about the Issue Date made between, among others, the Issuer, the Parent, the Trustee and the facility agents and security trustee under the RBL Facility, as amended, restated or otherwise modified or varied from time to time.

"*Investment Grade Status*" shall occur when the Notes are rated as follows by two of the following three Rating Agencies: Baa3 or better by Moody's, BBB—or better by S&P and/or BBB—or better by Fitch (or, if any such entity ceases to rate the Notes, the equivalent investment grade credit rating from any other "nationally recognized statistical rating organization," as that term is defined for purposes of Section 3(a)(62) of the U.S. Exchange Act, selected by the Issuer as a replacement agency).

"*Investments*" means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the forms of loans (including Guarantees or other obligations, but excluding advances or extensions of credit to customers or suppliers made in the ordinary course of business), advances or capital contributions (excluding endorsements of negotiable instruments and documents in the ordinary course of business, and commission, travel and similar advances to officers, employees and consultants made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as investments on a balance sheet prepared in accordance with IFRS. If the Parent or any Restricted Subsidiary of the Parent sells or otherwise disposes of any Equity Interests of any direct or indirect Subsidiary of the Parent such that, after giving effect to any such sale or disposition, such Person is no longer a Restricted Subsidiary of the Parent, the Parent will be deemed to have made an Investment on the date of any such sale or disposition equal to the Fair Market Value of the Parent's Investments in such Restricted Subsidiary that were not sold or disposed of in an amount determined as provided in the final paragraph of the covenant described above under the caption "—Certain covenants—Restricted payments." The acquisition by the Parent or any Subsidiary of the Parent of a Person that holds an Investment in a third Person will be deemed to be an Investment by the Parent or such Subsidiary in such third Person in an amount equal to the Fair Market Value of the Investments held by the acquired Person in such third Person in an amount determined as provided in the final paragraph of the covenant described above under the caption "—Certain covenants—Restricted payments." Except as otherwise provided in the Indenture, the amount of an Investment will be determined at the time the Investment is

made and without giving effect to subsequent changes in value and, to the extent applicable, shall be determined based on the equity value of such Investment.

"*IPO Entity*" has the meaning given in the definition of "Initial Public Offering."

"*IPO Market Capitalization*" means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity at the time of closing of the Initial Public Offering multiplied by (ii) the price per share at which such shares of common stock or common equity interests are sold in such Initial Public Offering.

"*Issue Date*" means October 5, 2016.

"*L1E Funding*" means L1E Funding GmbH and its successors and assigns.

"*Lien*" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement, any lease in the nature thereof.

"*Listing Authority*" means any nationally recognized listing authority in the United States, United Kingdom or a member state of the European Union.

"*Management Advances*" means loans or advances made to, or Guarantees with respect to loans or advances made to, directors, officers or employees of any Parent or any Restricted Subsidiary:

(1) in respect of travel, entertainment, moving and housing-related (including, but not limited to, customary mortgage loans provided to employees of DEA Norge) and similar expenses incurred in the ordinary course of business;

(2) in respect of moving related expenses incurred in connection with any closing or consolidation of any facility or office; or

(3) in the ordinary course of business and (in the case of this clause (3)) not exceeding $1.0 million in the aggregate outstanding at any time.

"*Market Capitalization*" means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity on the date of the declaration of the relevant dividend multiplied by (ii) the arithmetic mean of the closing prices per share of such common stock or common equity interests for the 30 consecutive trading days immediately preceding the date of declaration of such dividend.

"*Minority Interest*" means the percentage interest represented by any shares of stock of any class of Capital Stock of a Restricted Subsidiary of the Parent that are not owned by the Parent or a Restricted Subsidiary of the Parent.

"*Moody's*" means Moody's Investors Service, Inc. or any successor to its ratings business.

"*Net Proceeds*" means the aggregate cash proceeds received by the Parent or any of its Restricted Subsidiaries in respect of any Asset Sale (including, without limitation, any cash received upon the sale or other disposition of any non-cash consideration or Cash Equivalents received in any Asset Sale), net of the direct costs relating to such Asset Sale, including, without limitation:

(1) all legal, accounting, investment banking, commissions and other fees and expenses incurred, title and recording tax expenses, and all Taxes required to be paid or accrued as a liability under IFRS, as a consequence of such Asset Sale;

(2) all payments made on any Indebtedness which is secured by any assets subject to such Asset Sale, in accordance with the terms of any Lien upon such assets, or which must by its terms, or in order to obtain a necessary consent to such Asset Sale, or by applicable law be repaid out of the proceeds from such Asset Sale;

(3) all distributions and other payments required to be made to holders of Minority Interests in Subsidiaries or joint ventures as a result of such Asset Sale; and

(4) the deduction of appropriate amounts to be provided by the seller as a reserve, in accordance with IFRS, or held in escrow, in either case for adjustment in respect of the sale price or for any liabilities associated with the assets disposed of in such Asset Sale and retained by the Parent or any Restricted Subsidiary after such Asset Sale.

"*Net Working Capital*" means (a) the sum of (i) all current assets of the Parent and its Restricted Subsidiaries except current assets from commodity price risk management activities arising in the ordinary course of business and (ii) the amount of revolving credit borrowings available to be incurred under committed facilities, less (b)(i) all current liabilities of the Parent and its Restricted Subsidiaries, except current liabilities associated with asset retirement obligations relating to oil and gas properties, (ii) included in Indebtedness and (iii) any current liabilities from commodity price risk management activities arising in the ordinary course of business, in each case as set forth in the consolidated financial statements of the Parent prepared in accordance with IFRS (excluding any adjustments made pursuant to IAS 39).

"*Non-Recourse Debt*" means Indebtedness:

(1) as to which neither the Parent nor any of its Restricted Subsidiaries (a) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness), (b) is directly or indirectly liable as a guarantor or otherwise, or (c) constitutes the lender;

(2) no default with respect to which (including any rights that the holders of the Indebtedness may have to take enforcement action against an Unrestricted Subsidiary) would permit upon notice, lapse of time or both any holder of any other Indebtedness of the Parent or any of its Restricted Subsidiaries to declare a default on such other Indebtedness or cause the payment of the Indebtedness to be accelerated or payable prior to its Stated Maturity; and

(3) the explicit terms of which provide there is no recourse to the stock or assets of the Parent or any of its Restricted Subsidiaries, except as contemplated by clause (26) of the definition of Permitted Liens.

"*Note Guarantee*" means the Guarantee by each Guarantor of the Issuer's Obligations under the Indenture and the Notes pursuant to the Indenture.

"*Obligations*" means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

"*Offering Memorandum*" means this offering memorandum dated September 30, 2016.

"*Officer*" means, with respect to any Person, (1) any member of the Board of Directors, the chief executive officer, the president, the chief financial officer, any vice president, the treasurer, any managing director, any responsible accounting or financial officer, the secretary or the equivalent position of any of the foregoing (a) of such Person or (b) if such Person is owned or managed by a single entity, of such entity, or (2) any other Person that the Board of Directors of such Person shall designate for such purpose. The obligations of an "Officer of the Parent" may be exercised by the Officer of any Restricted Subsidiary who has been delegated such authority by the Board of Directors of the Parent.

"*Officer's Certificate*" means a certificate signed on behalf of any Person by one or more Officers of such Person.

"*Oil and Gas Business*" means:

(1) the acquisition, exploration, exploitation, development, production, operation and disposition of interests in oil, natural gas, natural gas liquids, liquefied natural gas and other Hydrocarbon and mineral properties or products produced in association with the foregoing;

(2) the gathering, marketing, distributing, compressing, handling, developing, treating, refining, processing, storing, terminalling, selling and transporting of any production from oil, natural gas, natural gas liquids, liquefied natural gas and other Hydrocarbon and mineral properties (whether or not such properties are owned by the Parent and/or its Subsidiaries) and products produced in association therewith, the construction or contracting with third parties for the construction of infrastructure in support of the same and the marketing of oil, natural gas, other Hydrocarbons and minerals obtained from unrelated Persons;

(3) any other related energy business, including, without limitation, (i) power generation and electrical transmission business, from oil, natural gas and other Hydrocarbons and minerals produced substantially from properties in which the Parent or its Restricted Subsidiaries, directly or indirectly, participates and (ii) providing or sourcing front end studies or other engineering solutions, subsea production equipment or offshore field design for oil and gas companies;

(4) any business relating to oil and gas field seismic mapping, sales, service provision and technology development; and

(5) any business or activity relating to, arising from, or necessary, appropriate or incidental to the activities described in clauses (1), (2), (3) or (4) of this definition.

"*Original Investor*" means any of Alexander Knaster, Mikhail Fridman, Alexey Kuzmichev, German Khan, Andrey Kosogov and Petr Aven and any of Related Person with respect thereof.

"*Parent Holdco*" means any direct or indirect parent company or entity of the Parent.

"*Permitted Business Investments*" means Investments and/or expenditures made in the ordinary course of, and of a nature that is or shall become customary in, the Oil and Gas Business, as a means of actively exploiting, exploring for, acquiring, developing, producing, processing, gathering, marketing, distributing, storing or transporting oil, natural gas or other Hydrocarbons and minerals (including with respect to plugging and abandonment), or in constructing or contracting with third parties for the construction of infrastructure in support of the same, through agreements, transactions, interests or arrangements that permit one to share risks or costs, comply with regulatory requirements regarding local ownership or satisfy other objectives customarily achieved through the conduct of the Oil and Gas Business jointly with third parties, including without limitation:

(1) direct or indirect ownership of crude oil, natural gas, other Hydrocarbon and minerals properties, liquefied natural gas facilities, processing facilities, gathering systems, pipelines, storage facilities or related systems or ancillary real property interests;

(2) Investments in the form of or pursuant to operating agreements, joint ventures, processing agreements, farm-in agreements, farm-out agreements, development agreements, production sharing agreements, area of mutual interest agreements, contracts for the sale, transportation or exchange of crude oil and natural gas and other Hydrocarbons and minerals, participation agreements, unitization agreements, pooling arrangements, joint bidding agreements, service contracts, partnership agreements (whether general or limited), subscription agreements, stock purchase agreements, stockholder agreements and other similar agreements (including for limited liability companies) or other similar or customary agreements, in each case made or entered into with third parties; and

(3) direct or indirect ownership interests in drilling rigs, drill ships, jack-up rigs or tender rigs or other drilling vessels, FPSOs and common processing facilities and in each case related equipment, including, without limitation, transportation equipment.

"*Permitted Holder*" means any Original Investor. Any person or group whose acquisition of beneficial ownership constitutes a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the Indenture will thereafter, together with its Affiliates, constitute an additional Permitted Holder.

"*Permitted Investments*" means:

(1) any Investment in the Parent or in a Restricted Subsidiary of the Parent;

(2) any Investment in cash and Cash Equivalents;

(3) any Investment by the Parent or any Restricted Subsidiary of the Parent in any Person whose primary business is the Oil and Gas Business, if as a result of such Investment:

(a) such Person becomes a Restricted Subsidiary of the Parent; or

(b) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its properties or assets to, or is liquidated into, the Parent or a Restricted Subsidiary of the Parent;

(4) any Investment made as a result of the receipt of non-cash consideration from an Asset Sale that was made pursuant to and in compliance with the covenant described above under the caption "—Repurchase at the option of holders—Asset sales";

(5) any acquisition of assets or Capital Stock solely in exchange for the issuance of Equity Interests (other than Disqualified Stock) of the Parent;

(6) any Investments received in compromise or resolution of (A) obligations of trade creditors or customers that were incurred in the ordinary course of business of the Parent or any of its Restricted Subsidiaries, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer; or (B) litigation, arbitration or other disputes with Persons who are not Affiliates;

(7) Investments represented by Hedging Obligations;

(8) receivables owing to the Parent or any Restricted Subsidiary created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms; *provided, however,* that such trade terms may include such concessionary trade terms as the Parent or any such Restricted Subsidiary deems reasonable under the circumstances;

(9) surety and performance bonds and workers' compensation, utility, lease, tax, performance and similar deposits and prepaid expenses in the ordinary course of business;

(10) Guarantees of Indebtedness not prohibited by the covenant contained under the caption "—Certain covenants—Incurrence of indebtedness and issuance of preferred stock";

(11) guarantees by the Parent or any of its Restricted Subsidiaries of operating leases (other than Capital Lease Obligations) or of other obligations that do not constitute Indebtedness, in each case entered into by any Restricted Subsidiary in the ordinary course of business;

(12) Investments of a Restricted Subsidiary acquired after the Issue Date or of any entity merged into the Parent or any Restricted Subsidiary of the Parent or merged into or consolidated or amalgamated with a Restricted Subsidiary in accordance with the covenant described under "—Certain covenants—Merger, consolidation or sale of assets" to the extent that such Investments were not made in contemplation of or in connection with such acquisition, merger, consolidation or amalgamation and were in existence on the date of such acquisition, merger, consolidation or amalgamation;

(13) Permitted Business Investments;

(14) Investments received as a result of a foreclosure by the Parent or any of its Restricted Subsidiaries with respect to any secured Investment in default;

(15) any Investment existing on, or made pursuant to binding commitments existing on, the Issue Date and any Investment consisting of an extension, modification or renewal of any Investment existing on, or made pursuant to a binding commitment existing on, the Issue Date; *provided* that the amount of any such Investment may be increased (a) as required by the terms of such Investment as in existence on the Issue Date or (b) as otherwise permitted under the Indenture;

(16) Guarantees of performance or other obligations (other than Indebtedness) arising in the ordinary course in the Oil and Gas Business, including obligations under oil and natural gas exploration, development, joint operating, and related agreements and licenses, concessions or operating leases related to the Oil and Gas Business;

(17) Investments in the Notes and any other Indebtedness of the Parent or any Restricted Subsidiary;

(18) Management Advances;

(19) payroll, commission, travel, relocation and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business, in each case to the extent the same constitutes an Investment;

(20) Investments in any Person to the extent such Investments consist of prepaid expenses, negotiable instruments held for collection and lease, utility and workers' compensation, performance and similar deposits made in the ordinary course of business by the Parent or any Restricted Subsidiary;

(21) receivables or working capital loans or other such similar forms of credit support owing to the Parent or any Restricted Subsidiary of the Parent and advances to suppliers, contractors or builders, in each case payable or dischargeable in accordance with such trade terms as the Parent or such Restricted Subsidiary deems reasonable under the circumstances;

(22) (a) loans or grants customary or advisable in the Oil and Gas Business in respect of community development projects or economic development activities, as appropriate for the Parent's regions of operation or consistent with past practice or counterparty requirements and (b) Investments made with funds received by the Parent and its Restricted Subsidiaries from grants or donations from third parties; and

(23) other Investments in any Person having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (23) that are at the time outstanding, not to exceed the greater of (x) $150.0 million and (y) 2.0% of Consolidated Total Assets; *provided* that if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary of the Parent and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary of the Parent pursuant to the covenant described above under the caption "—Certain covenants—Restricted payments," such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (3) of the definition of "Permitted Investments" and not this clause.

"*Permitted Liens*" means, with respect to any Person:

(1) first priority Liens (including, for the avoidance of doubt, Liens that are granted later in time but first priority by virtue of intercreditor arrangements) securing Indebtedness (other than Public Indebtedness) incurred under (a) Credit Facilities pursuant to clause (1) and (b) clause (23) of the second paragraph of the covenant entitled "—Certain covenants—Incurrence of indebtedness and issuance of preferred stock";

(2) Liens in favor of the Parent or any Restricted Subsidiary;

(3) Liens on property of a Person existing at the time such Person is merged with or into or consolidated or amalgamated with the Parent or any Subsidiary of the Parent; *provided* that such Liens were in existence prior to the contemplation of such merger, consolidation or amalgamation and do not extend to any assets other than those of the Person merged into or consolidated or amalgamated with the Parent or the Subsidiary of the Parent;

(4) Liens on property (including Capital Stock) existing at the time of acquisition of the property by the Parent or any Subsidiary of the Parent; *provided* that such Liens were in existence prior to such acquisition, and not incurred in contemplation of, such acquisition;

(5) Liens existing on the Issue Date;

(6) Liens on Capital Stock of and assets of any Restricted Subsidiary that is not a Guarantor that secures Indebtedness of such Restricted Subsidiary or any other Restricted Subsidiary that is not a Guarantor;

(7) Liens for taxes, assessments or governmental charges or claims that (x) are not yet due and payable or (y) that are being contested in good faith by appropriate proceedings;

(8) survey exceptions, easements or reservations of, or rights of others for, licenses, rights of way, gas and oil pipelines, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real property that were not incurred in connection with Indebtedness and that do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;

(9) Liens encumbering property or assets under construction arising from progress or partial payments by a customer of the Parent or its Restricted Subsidiaries relating to such property or assets;

(10) Liens in favor of customs and revenue authorities arising as a matter of law to secure payments of customs duties in connection with the importation of goods;

(11) any attachment, prejudgment or judgment Lien that does not constitute an Event of Default and notices of *lis pendens* and associated rights related to litigation being contested in good faith by appropriate proceedings and for which adequate reserves have been made;

(12) Liens created for the benefit of (or to secure) the Notes (or the Note Guarantees);

(13) Liens to secure any Permitted Refinancing Indebtedness permitted to be incurred under the Indenture; *provided, however,* that:

(a) the new Lien shall be limited to all or part of the same property and assets that secured or, under the written agreements pursuant to which the original Lien arose, could secure the original Lien (plus improvements and accessions to, such property or proceeds or distributions thereof); and

(b) the Indebtedness secured by the new Lien is not increased to any amount greater than the sum of (x) the outstanding principal amount, or, if greater, committed amount, of the Indebtedness extended, renewed, refunded, refinanced, replaced, exchanged, defeased or discharged with such Permitted Refinancing Indebtedness and (y) an amount necessary to pay any fees and expenses, including premiums, related to such extension, renewal, refunding, refinancing, replacement, exchange, defeasance or discharge;

(14) Liens for the purpose of securing (a) all or any part of the purchase price, lease expense, rental payments or cost of design, construction, installation or improvement of, or any other capital expenses in relation to, any FPSO used or useful in the Oil and Gas Business and any Permitted Refinancing Indebtedness in respect thereof permitted to be incurred under the Indenture and (b) the payment of all or a part of the purchase price or lease expense of, or Capital Lease Obligations, mortgage financings or purchase money obligations or other Indebtedness with respect to, or the repair, improvement, construction cost or cost of design, development, transportation, installation, migration or drydocking of property, plant or equipment or other assets used in the ordinary course of business of the Parent or any of its Restricted Subsidiaries;

(15) Liens arising solely by virtue of any statutory or common law provisions relating to banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained or deposited with a depositary institution (including, but not limited to, liens arising under the general terms and conditions of banks or saving banks (*Allgemeine Geschäftsbedingungen der Banken oder Sparkassen*));

(16) Liens on cash, Cash Equivalents or other property arising in connection with the defeasance, discharge or redemption of Indebtedness;

(17) Liens in respect of Production Payments and Reserve Sales, *provided* such Liens are limited to the property that is the subject of such Production Payment and Reserve Sale;

(18) Liens on pipelines and pipeline facilities that arise by operation of law;

(19) Liens arising under oil and gas leases or subleases, assignments, farm-out agreements, farm-in agreements, division orders, agreements for the sale, purchase, exchange, transportation, gathering or processing of Hydrocarbons, unitizations and pooling designations, declarations, orders and agreements, development agreements, partnership agreements, operating agreements, royalties, royalty trusts, working interests, carried working interests, net profit interests, joint interest billing arrangements, joint venture agreements, participation agreements, production sales contracts, area of mutual interest agreements, gas balancing or deferred production agreements, injection, repressuring and recycling agreements, salt water or other disposal agreements, seismic or geophysical permits or agreements, licenses, sublicenses and other agreements which are customary in the Oil and Gas Business; *provided, however*, in all instances that such Liens are limited to the assets that are subject to the relevant agreement, program, order or contract;

(20) any (a) interest or title of a lessor or sublessor under any lease, Liens reserved in oil, gas or other Hydrocarbons, mineral leases for bonus, royalty or rental payments and for compliance with the terms of such leases; (b) restriction or encumbrance that the interest or title of such lessor or sublessor may be subject to (including without limitation, ground leases or other prior leases of the demised premises, mortgages, mechanics' liens, tax liens, and easements); or (c) subordination of the interest of the lessee or sublessee under such lease to any restrictions or encumbrance referred to in the preceding subclause (b);

(21) Liens arising under the Indenture in favor of the Trustee for its own benefit and similar Liens in favor of other trustees, agents and representatives arising under instruments governing Indebtedness permitted to be incurred under the Indenture, *provided, however,* that such Liens are solely for the benefit of the trustees, agents or representatives in their capacities as such and not for the benefit of the holders of the Indebtedness;

(22) Liens securing Hedging Obligations, which obligations are permitted by clause (8) of the second paragraph of the covenant described under "—Certain covenants—Incurrence of indebtedness and issuance of preferred stock";

(23) Liens upon specific items of inventory, receivables or other goods (or the proceeds thereof) of any Person securing such Person's obligations in respect of bankers' acceptances or receivables securitizations issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory, receivables or other goods (or the proceeds thereof);

(24) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of assets entered into in the ordinary course of business;

(25) (i) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any developer, landlord, contractor or other third party on property over which the Parent or any Restricted Subsidiary has easement rights or on any real property leased by the Parent or any Restricted Subsidiary (including those arising from progress or partial payments by a third party relating to such property or assets) and subordination or similar agreements relating thereto and (ii) any condemnation or eminent domain proceedings or compulsory purchase order affecting real property;

(26) Liens (including put and call arrangements) on Capital Stock or other securities of any Unrestricted Subsidiary that secure Indebtedness of such Unrestricted Subsidiary;

(27) pledges of goods, the related documents of title and/or other related documents arising or created in the ordinary course of the Parent or any Restricted Subsidiary's business or operations as Liens only for Indebtedness to a bank or financial institution directly relating to the goods or documents on or over which the pledge exists;

(28) limited recourse Liens in respect of the ownership interests in, or assets owned by, any joint ventures which are not Restricted Subsidiaries securing obligations of such joint ventures;

(29) Liens on any proceeds loan made by the Parent or any Restricted Subsidiary in connection with any future incurrence of Indebtedness permitted under the Indenture and securing that Indebtedness;

(30) Liens created on any asset of the Parent or a Restricted Subsidiary established to hold assets of any stock option plan or any other management or employee benefit or incentive plan or unit trust of the Parent or a Restricted Subsidiary securing any loan to finance the acquisition of such assets;

(31) Liens over treasury stock of the Parent or a Restricted Subsidiary purchased or otherwise acquired for value by the Parent or such Restricted Subsidiary pursuant to a stock buy-back scheme or other similar plan or arrangement;

(32) Liens with respect to Indebtedness of the Parent or any Subsidiary of the Parent with respect to Indebtedness at any one time outstanding that does not exceed the greater of (x) $100.0 million and (y) 1.3% of Consolidated Total Assets as determined on the date of incurrence of such Indebtedness after giving *pro forma* effect to such incurrence and the application of the proceeds therefrom;

(33) the following ordinary course items:

(a) leases or subleases granted to others that do not materially interfere with the ordinary course of business of the Parent and its Restricted Subsidiaries, taken as a whole;

(b) landlords', carriers', warehousemen's, mechanics', materialmen's, repairmen's or the like Liens arising by contract or statute in the ordinary course of business;

(c) pledges or deposits made in the ordinary course of business (i) in connection with leases, tenders, bids, statutory obligations, surety or appeal bonds, government contracts, performance bonds and similar obligations, (ii) in connection with workers' compensation, unemployment insurance and other social security legislation (including, in each case, Liens to secure letters of credit issued to assure payment of such obligations) or (iii) to secure plugging and abandonment obligations;

(d) Liens arising from Uniform Commercial Code financing statement filings under U.S. state law (or similar filings under applicable jurisdictions) regarding operating leases entered into by the Parent and its Restricted Subsidiaries in the ordinary course of business;

(e) Liens on insurance policies and proceeds thereof, or other deposits, to secure insurance premium financings in the ordinary course of business;

(f) leases, licenses, subleases and sublicenses of assets in the ordinary course of business; and

(g) Liens securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities;

(34) Liens pursuant to Section 1136 (alone or in conjunction with Section 1192(1)) of the German Civil Code (*Bürgerliches Gesetzbuch*) which cannot be prohibited;

(35) Liens created or subsisting in order to comply with Section 8a of the German "Altersteilzeitgesetz" or pursuant to Section 7d of the German Social Law Act No. 4 (*Sozialgesetzbuch IV*); and

(36) any extension, renewal, refinancing or replacement, in whole or in part, of any Lien described in the foregoing clauses (2) through (35) (but excluding clauses (14) and (32)); *provided* that any such Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced.

"*Permitted Parent Payments*" means the declaration and payment of dividends or other distributions, or the making of loans, by the Parent or any of its Restricted Subsidiaries to any direct or indirect Parent Holdco of the Parent, or the payment by the Parent or any of its Restricted Subsidiaries in amounts on behalf of any Parent Holdco, in amounts and at times required to pay:

(1) franchise fees and other fees, taxes and expenses required to maintain the corporate existence of any Parent Holdco of the Parent;

(2) general corporate overhead expenses of any Parent Holdco of the Parent to the extent such expenses are attributable to the ownership or operation of the Parent and its Restricted Subsidiaries or related to the proper administration of such Parent Holdco (including, without limitation, accounting, legal, audit, corporate reporting and administrative expenses and payments in respect of services provided by directors, officers, consultants or employees of any such Parent Holdco of the Parent) not to exceed $1.0 million in any 12-month period;

(3) for so long as the Parent or any of its Restricted Subsidiaries is a member of a group for tax purposes with any Parent Holdco of the Parent, payments to that Parent Holdco in respect of an allocable portion of the tax liabilities of such group that is attributable to the Parent or the relevant Restricted Subsidiary ("Tax Payments"); provided that the Tax Payments shall not exceed the lesser of (a) the amount of the relevant tax (including any penalties and interest) that the Parent or the relevant Restricted Subsidiary would owe if they were not part of a group for tax purposes, taking into account any carryovers and carrybacks of tax attributes (such as net operating losses) of the Parent and Restricted Subsidiary from other taxable years and (b) the net amount of the relevant tax that any parent actually owes to the appropriate taxing authority;

(4) obligations of any direct or indirect parent of the Parent in respect of director and officer insurance (including premiums therefor) to the extent relating to the Parent and its Subsidiaries, customary indemnification obligations of any direct or indirect parent of the Parent owing to directors, officers, employees or other Persons under its charter or by-laws or pursuant to written agreements with any such Person to the extent relating to the Parent and its Subsidiaries;

(5) costs (including all professional fees and expenses) incurred by any Parent Holdco of the Parent in connection with reporting obligations under or otherwise incurred in connection with compliance with applicable laws, rules or regulations of any governmental, regulatory or self-regulatory body or stock exchange, the Indenture or any other agreement or instrument relating to Indebtedness of the Parent or any of its Restricted Subsidiaries, including in respect of any reports filed with respect to the U.S. Securities Act, U.S. Exchange Act or the respective rules and regulations promulgated thereunder; and

(6) fees and expenses of any Parent Holdco of the Parent incurred in relation to (i) financing arrangements of the Parent or any of its Restricted Subsidiaries (whether or not completed), (ii) acquisitions or dispositions by the Parent or any of its Restricted Subsidiaries permitted under the Indenture (whether or not completed and (iii) any

public offering or other sale of Capital Stock or Indebtedness (whether or not completed) provided that with respect to this clause 6(iii), (a) where the net proceeds of such offering or sale are intended to be received by or contributed to the Parent or any of its Restricted Subsidiaries; (b) in a prorated amount of such expenses in proportion to the amount of such net proceeds intended to be so received or contributed; or (c) otherwise on an interim basis prior to completion of such offering so long as any Parent Holdco of the Parent will cause the amount of such expenses to be repaid to the Parent or the relevant Restricted Subsidiary out of the proceeds of such offering promptly if completed.

"*Permitted Refinancing Indebtedness*" means any Indebtedness of the Parent or any of its Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to extend, renew, refund, refinance, replace, exchange, defease or discharge other Indebtedness of the Parent or any of its Restricted Subsidiaries (other than intercompany Indebtedness); *provided* that:

(1) the aggregate principal amount (or accreted value, if applicable, or if issued with original issue discount, aggregate issue price) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable, or if issued with original issue discount, aggregate issue price) of the Indebtedness being extended, renewed, refunded, refinanced, replaced, exchanged, defeased or discharged (plus all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith);

(2) such Permitted Refinancing Indebtedness has (a) a final maturity date that is either (i) no earlier than the final maturity date of the Indebtedness being extended, renewed, refunded, refinanced, replaced, exchanged, defeased or discharged or (ii) after the final maturity date of the Notes and (b) has a Weighted Average Life to Maturity that is equal to or greater than the Weighted Average Life to Maturity of the Indebtedness being extended, renewed, refunded, refinanced, replaced, exchanged, defeased or discharged;

(3) if the Indebtedness being extended, renewed, refunded, refinanced, replaced, exchanged, defeased or discharged is expressly contractually subordinated in right of payment to the Notes or the Note Guarantees, as the case may be, such Permitted Refinancing Indebtedness is subordinated in right of payment to the Notes or the Note Guarantees, as the case may be, on terms at least as favorable to the holders of Notes or the Note Guarantees, as the case may be, as those contained in the documentation governing the Indebtedness being extended, renewed, refunded, refinanced, replaced, exchanged, defeased or discharged; and

(4) if the Issuer or any Guarantor was the obligor on the Indebtedness being extended, renewed, refunded, refinanced, replaced, exchanged, defeased or discharged, such Indebtedness is incurred either by the Issuer, a Finance Subsidiary or by a Guarantor.

"*Person*" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

"*Production Payments*" means, collectively, Dollar-Denominated Production Payments and Volumetric Production Payments.

"*Production Payments and Reserve Sales*" means the grant or transfer by the Parent or a Restricted Subsidiary of the Parent to any Person of a royalty, overriding royalty, net profits interest, Production Payment, partnership or other interest in oil and gas properties, reserves or the right to receive all or a portion of the production or the proceeds from the sale of production attributable to such properties where the holder of such interest has recourse solely to such production or proceeds of production, subject to the obligation of the grantor or transferor to operate and maintain, or cause the subject interests to be operated and maintained, in a reasonably prudent manner or other customary standard or subject to the obligation of the grantor or transferor to indemnify for environmental, title or other matters customary in the Oil and Gas Business, including any such grants or transfers pursuant to incentive compensation programs on terms that are reasonably customary in the Oil and Gas Business for geologists, geophysicists and other providers of technical services to the Parent or a Subsidiary of the Parent.

"*Profit Pooling Agreement*" means any of the domination and/or profit and loss transfer agreements between (i) L1E Finance GmbH & Co KG (dominating entity) and L1E Funding GmbH (dominated entity) (ii) L1E Funding GmbH (dominating entity) and L1E Acquisitions GmbH (dominated entity); (iii) L1E Acquisitions GmbH (dominating entity) and DEA (dominated entity); (iv) DEA (dominating entity) and DEA International GmbH (dominated entity); (v) DEA International GmbH (dominating entity) and DEA Nile GmbH (dominated entity); (vi) DEA International GmbH (dominating entity) and DEA Suez GmbH (dominated entity); (vii) DEA (dominating entity) and DEA Speicher GmbH (dominated entity).

"*Pro Forma Cost Savings*" means, without duplication, with respect to any period, reductions in costs and related adjustments that have been actually realized or are projected in good faith by a responsible accounting or financial officer

of the Parent to result from reasonably identifiable and factually supportable actions or events, but only if such reductions in costs and related adjustments are so projected by the Parent to be realized during the consecutive four-quarter reference period commencing after the transaction giving rise to such calculation.

"*Public Equity Offering*" means, with respect to any Person, a bona fide underwritten primary public offering of the ordinary shares or common equity of such Person, either:

(1) pursuant to a flotation on the London Stock Exchange or any other nationally recognized stock exchange or listing authority in the United States, United Kingdom or a member state of the European Union; or

(2) pursuant to an effective registration statement under the U.S. Securities Act (other than a registration statement on Form S-8 or otherwise relating to Equity Interests issued or issuable under any employee benefit plan).

"*Public Indebtedness*" means any capital markets Indebtedness consisting of bonds, debentures, notes or other similar debt securities issued in (x) a public offering or (y) a private placement to institutional investors that is underwritten for resale in accordance with Rule 144A under the U.S. Securities Act (or Rule 144A and Regulation S under the U.S. Securities Act) whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the SEC for public resale. For the avoidance of doubt, the term "Public Indebtedness" shall not be construed to include any Indebtedness issued to institutional investors in a direct placement of such Indebtedness that is not underwritten by an intermediary (it being understood that, without limiting the foregoing, a financing that is distributed to not more than fifteen Persons (*provided* that multiple managed accounts and affiliates of any such Persons shall be treated as one Person for the purposes of this definition) shall be deemed not underwritten), or any commercial bank or similar Indebtedness, receivables financing, Capital Lease Obligation or recourse transfer of any financial asset or any other type of Indebtedness incurred in a manner not customarily viewed as a "securities offering."

"*Public Market*" means any time after:

(1) a Public Equity Offering of the IPO Entity has been consummated; and

(2) at least 10% of the total issued and outstanding shares of share capital or common equity interests of the IPO Entity has been distributed to investors other than the Permitted Holders or their Related Parties or any other direct or indirect shareholders of the Parent as of the Issue Date.

"*Rating Agencies*" means (1) S&P, (2) Moody's, (3) Fitch and (4) if S&P, Moody's, Fitch or any of these shall not make a rating of the Notes available, an internationally recognized securities rating agency or agencies, as the case may be, selected by the Issuer, which shall be substituted for S&P, Moody's, Fitch or any of these, as the case may be.

"*RBL Facility*" means, the senior secured revolving and letter of credit facility agreement dated December 30, 2014, as amended, restated or otherwise modified or varied from time to time, entered into by among others, the L1E Funding GmbH, Citigroup Global Markets Limited, Deutsche Bank AG, Amsterdam Branch, Natixis, Société Générale, London Branch and the Bank of Nova Scotia.

"*Recognized Stock Exchange*" means any nationally recognized stock exchange in the United States, United Kingdom, Germany, the Grand Duchy of Luxembourg or the Channel Islands Securities Exchange.

"*Related Person*" means

(1) any controlling equity holder, majority (or more) owned Subsidiary or partner or member of such Person; or

(2) in the case of an individual, any spouse, family member or relative of such individual, any trust or partnership for the benefit of one or more of such individual and any such spouse, family member or relative, or the estate, executor, administrator, committee or beneficiaries of any thereof;

(3) any trust, corporation, partnership or other Person for which one or more of the Permitted Holders and other Related Persons of any thereof constitute the beneficiaries, stockholders, partners or owners thereof, or Persons beneficially holding in the aggregate a majority (or more) controlling interest therein; or

(4) any investment fund or vehicle managed, sponsored or advised by such Person or any successor thereto, or by any Affiliate of such Person or any such successor.

"*Restricted Investment*" means an Investment other than a Permitted Investment.

"*Restricted Subsidiary*" of a Person means any Subsidiary of the referent Person that is not an Unrestricted Subsidiary. Unless the context requires otherwise, each reference to a Restricted Subsidiary herein is to a Restricted Subsidiary of the Parent.

"*S&P*" means Standard & Poor's Ratings Services and any successor to its ratings business.

"*SEC*" means the U.S. Securities and Exchange Commission.

"*Senior Debt*" means, whether outstanding on the Issue Date or thereafter incurred, all amounts payable by, under or in respect of all other Indebtedness of the Issuer or any Guarantor, including premiums and accrued and unpaid interest (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization relating to the Issuer or such Guarantor at the rate specified in the documentation with respect thereto whether or not a claim for post-filing interest is allowed in such proceeding) and fees relating thereto; *provided*, *however*, that Senior Debt will not include

(a) any Indebtedness incurred in violation of the Indenture;

(b) any obligation of (i) the Parent to any Restricted Subsidiary or (ii) any Guarantor to the Issuer or any Restricted Subsidiary of the Parent;

(c) any liability for taxes owed or owing by the Parent or any Restricted Subsidiary;

(d) any accounts payable or other liability to trade creditors arising in the ordinary course of business (including guarantees thereof or instruments evidencing such liabilities);

(e) any Indebtedness, guarantee or obligation of the Issuer or any Guarantor that is evidenced by an instrument that expressly provides, in the case of the Issuer or a Senior Guarantor, that it is subordinate in right of payment to the Notes or the Senior Note Guarantee, or in the case of any Subordinated Guarantor, that it is subordinate or *pari passu* in right of payment with the Subordinated Note Guarantee of such Subordinated Guarantor; or

(f) any Capital Stock.

"*Senior Guarantors*" means, collectively, L1E Finance GmbH & Co. KG and any other Person that Guarantees the Notes on a senior basis in accordance with the provisions of the Indenture, and their respective successors and assigns, in each case, until such Senior Note Guarantee of such Person has been released in accordance with the provisions of the Indenture.

"*Senior Note Guarantee*" means the Guarantee by each Senior Guarantor of the Issuer's Obligations under the Indenture and the Notes pursuant to the Indenture.

"*Shareholder Loan*" means the $530 million shareholder loan dated December 14, 2015, as amended and restated on September 8, 2016, and as amended, restated or otherwise modified or varied from time to time, entered into between L1E Funding GmbH, as borrower, and L1 Energy Finance (Jersey) Limited, as lender.

"*Significant Subsidiary*" means, at the date of determination, any Restricted Subsidiary that, together with its Subsidiaries which are Restricted Subsidiaries, (i) for the most recent fiscal year, accounted for more than 10% of the consolidated revenues of the Parent or (ii) as of the end of the most recent fiscal year, was the owner of more than 10% of the consolidated assets of the Parent.

"*Stated Maturity*" means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the original documentation governing such Indebtedness, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

"*Subordinated Guarantors*" means, collectively, L1E Funding GmbH; L1E Acquisitions GmbH, DEA Deutsche Erdoel AG, DEA Speicher GmbH, DEA International GmbH, DEA Suez GmbH, DEA Nile GmbH, DEA Norge AS and any other Person that Guarantees the Notes on a subordinated basis in accordance with the provisions of the Indenture and the Intercreditor Agreement or any Additional Intercreditor Agreement, and their respective successors and assigns, in each case, until such Subordinated Note Guarantee of such Person has been released in accordance with the provisions of the Indenture.

"*Subordinated Note Guarantee*" means the Guarantee by each Subordinated Note Guarantor of the Issuer's Obligations under the Indenture and the Notes pursuant to the Indenture.

"*Subordinated Obligation*" means any Indebtedness of the Issuer (whether outstanding on the Issue Date or thereafter incurred) which is subordinate or junior in right of payment to the Notes pursuant to a written agreement or any Indebtedness of a Guarantor (whether outstanding on the Issue Date or thereafter incurred) which is subordinate or junior in right of payment to the Note Guarantee of such Guarantor pursuant to a written agreement, as the case may be.

"*Subordinated Shareholder Debt*" means, collectively, any funds provided to the Parent or L1E Funding GmbH by any Parent Holdco or any Permitted Holder in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, together with any such security, instrument or agreement and any other security or instrument other than Capital Stock issued in payment of any obligation under any Subordinated Shareholder Debt (including, for the avoidance of doubt, the Shareholder Loan); *provided, however,* that such Subordinated Shareholder Debt:

(1) does not (including upon the happening of any event) mature or require any amortization, redemption or other repayment of principal or any sinking fund payment prior to the first anniversary of the Stated Maturity of the Notes (other than through conversion or exchange of such funding into Capital Stock (other than Disqualified Stock) of the Issuer or any funding meeting the requirements of this definition);

(2) does not (including upon the happening of any event) require, prior to the first anniversary of the Stated Maturity of the applicable Notes, payment of cash interest, cash withholding amounts or other cash gross-ups, or any similar cash amounts;

(3) contains no change of control or similar provisions and does not (including upon the happening of any event) accelerate and has no right (including upon the happening of any event) to declare a default or event of default or take any enforcement action or otherwise require any cash payment, in each case, prior to the first anniversary of the Stated Maturity of the Notes;

(4) does not provide for or require any security interest or encumbrance over any asset of the Parent or any of its Subsidiaries and is not guaranteed by any Subsidiary of the Parent;

(5) is subordinated in right of payment to the prior payment in full in cash of the Notes and the Guarantees in the event of any default, bankruptcy, reorganization, liquidation, winding up or other disposition of assets of the Parent;

(6) does not (including upon the happening of any event) restrict the payment of amounts due in respect of the Notes or compliance by Issuer with its obligations under the Notes and the Indenture;

(7) does not (including upon the happening of an event) constitute Voting Stock; and

(8) is not (including upon the happening of any event) mandatorily convertible or exchangeable, or convertible or exchangeable at the option of the holder thereof; in whole or in part, prior to the date on which the Notes mature, other than into or for Capital Stock (other than Disqualified Stock) of the Parent.

"*Subsidiary*" means, with respect to any specified Person:

(1) any corporation, association or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total ordinary voting power of its Voting Stock is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof);

(2) any corporation, association or other business entity of which that Person or one or more of the other Subsidiaries of that Person (or any combination thereof), directly or indirectly, has the right to appoint a majority of the directors, managers or trustees, as applicable, or has the operational control of the corporation, association or other business entity and the financial results of such corporation, association or other business entity are consolidated with the financial results of such Person or one or more of the other Subsidiaries of that Person (or any combination thereof); and

(3) any partnership, joint venture, limited liability company or similar entity of which (a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general and limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof, whether in the form of membership, general, special or limited partnership interests or otherwise, and (b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

"*Tax*" means any tax, duty, levy, impost, assessment or other governmental charge of whatever nature (including penalties, interest and any other additions thereto). "Taxes" and "Taxation" shall be construed to have corresponding meanings.

"*UniCredit Facilities*" means collectively the (i) $50 million revolving loan facility and (ii) $50 million guarantee credit and documentary credit facility, in each case, between DEA as borrower and UniCredit Bank AG as lender, dated April 4, 2016, as amended and restated from time to time.

"*U.S. dollars*" or "*$*" means the lawful currency of the United States of America.

"*U.S. Government Obligations*" means direct obligations of, or obligations guaranteed by, the United States of America, and the payment for which the United States pledges its full faith and credit.

"*Unrestricted Subsidiary*" means any Subsidiary of the Parent other than the Issuer that is designated by the Board of Directors of the Parent as an Unrestricted Subsidiary pursuant to a resolution of the Board of Directors, but only to the extent that such Subsidiary:

(1) has no Indebtedness other than Non-Recourse Debt; and

(2) except as permitted by the covenant described above under the caption "—Certain covenants—Transactions with affiliates," is not party to any agreement, contract, arrangement or understanding with the Parent or any Restricted Subsidiary of the Parent unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to the Parent or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Parent.

All Subsidiaries of an Unrestricted Subsidiary shall also be Unrestricted Subsidiaries.

"*U.S. Exchange Act*" means the United States Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder.

"*U.S. Securities Act*" means the United States Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder.

"*Volumetric Production Payments*" means production payment obligations recorded as deferred revenue in accordance with IFRS, together with all related undertakings and obligations.

"*Voting Stock*" of any specified Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

"*Weighted Average Life to Maturity*" means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

(1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect of the Indebtedness, by (b) the number of years (calculated to the nearest one- twelfth) that will elapse between such date and the making of such payment; by

(2) the then outstanding principal amount of such Indebtedness.

Book-entry, delivery and form

General

The Notes sold outside the United States pursuant to Regulation S under the U.S. Securities Act will initially be represented by a global note in registered form without interest coupons attached (the "Regulation S Global Note"). The Notes sold to qualified institutional buyers, pursuant to Rule 144A, will initially be represented by a global note in registered form without interest coupons attached (the "Rule 144A Global Note" and, together with the Regulation S Global Note, the "Global Notes").

On the closing date the Regulation S Global Note and the Rule 144A Global Note will be deposited with a common depositary for the accounts of Euroclear and Clearstream and registered in the name of the nominee of such common depositary.

Book-Entry Interests will be limited to persons who have accounts with Euroclear and/or Clearstream, or persons who hold interests through such participants. Euroclear and Clearstream will hold interests in the Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositaries. The Book-Entry Interests in (the Regulation S Global Note and the Rule 144A Global Note will be issued only in denominations of €100,000 and integral multiples of €1,000 in excess thereof.

The Book-Entry Interests will not be held in definitive form, except in limited circumstances described below. Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear and Clearstream and their participants. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, holders of Book-Entry Interests will not have the Notes registered in their names, will not receive physical delivery of the Notes in certificated form and will not be considered the registered owners or "holder" of Notes under the Indenture for any purpose.

So long as the Notes are held in global form, Euroclear and/or Clearstream (or their respective nominees) will be considered the holders of Global Notes for all purposes under the Indenture. As such, participants must rely on the procedures of Euroclear and/or Clearstream and indirect participants must rely on the procedures of Euroclear and/or Clearstream and the participants through which they own Book-Entry Interests to exercise any rights of holders under the Indenture.

None of the Issuer, the Guarantors or the Trustee under the Indenture, nor any of their respective agents will have any responsibility or be liable for any aspect of the records relating to the Book-Entry Interests.

Issuance of definitive registered notes

Under the terms of the Indenture, owners of Book-Entry Interests will receive definitive Notes in registered form (the "Definitive Registered Notes"):

- if Euroclear or Clearstream notifies the Issuer that it is unwilling or unable to continue to act as depository and the Issuer does not appoint a successor depository within 120 days;
- if the Issuer, at its option but subject to the rules of either Euroclear or Clearstream, as applicable, notifies the Trustee in writing that it elects to exchange in whole, but not in part, the Global Notes for Definitive Registered Notes; or
- if Euroclear or Clearstream requests an exchange following an event of default under the Indenture.

In such an event, the registrar will issue Definitive Registered Notes, registered in the name or names and issued in any approved denominations, requested by or on behalf of Euroclear or Clearstream or the Issuer, as applicable (in accordance with their applicable customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book-Entry Interests), and such Definitive Registered Notes will bear the restrictive legend referred to in "Notice to investors," unless that legend is not required by the Indenture or applicable law.

Redemption of global notes

In the event any Global Note, or any portion thereof, is redeemed, Euroclear and/or Clearstream, as applicable, will redeem an equal amount of the Book-Entry Interests in such Global Note from the amount received by it in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book-Entry

Interests will be equal to the amount received by Euroclear or Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). The Issuer understands that under existing practices of Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream, will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions), by lot or on such other basis as they deem fair and appropriate; provided, however, that no Book-Entry Interest of less than €100,000 of Notes in principal amount may be redeemed in part.

Payments on global notes

The Issuer will make payments of amounts owing in respect of the Global Notes (including principal, premium, interest, additional interest and additional amounts) to the Principal Paying Agent. The Principal Paying Agent will, in turn, make such payments to to the common depositary or its nominee for Euroclear and Clearstream, which will each distribute such payments to participants in accordance with their respective procedures.

Under the terms of the Indenture, the Issuer and the Trustee will treat the registered holder of the Global Notes (i.e., Euroclear or Clearstream, or their respective nominees) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, neither the Issuer nor the Trustee or any of their respective agents has or will have any responsibility or liability for:

- any aspects of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a Book-Entry Interest, for any such payments made by Euroclear, Clearstream or any participant or indirect participant, or for maintaining, supervising or reviewing the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest; or

- payments made by Euroclear, Clearstream or any participant or indirect participant, or for maintaining, supervising or reviewing the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a Book-Entry Interest; or

- Euroclear, Clearstream or any participant or indirect participant.

Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants, as is now the case with securities held for the accounts of subscribers registered in "street name."

To tender Book-Entry Interests in the change of control offer, the holder of the applicable Global Note must, within the period specified in such offer, give notice of such tender to the Principal Paying Agent and specify the principal amount of Book-Entry Interests to be tendered.

Currency of payments for the global notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Regulation S Global Note and the Rule 144A Global Note, will be paid to holders of interests in such Notes through Euroclear and/or Clearstream in euro.

Action by owners of book-entry interests

Euroclear and Clearstream have advised the Issuer that they will take any action permitted to be taken by a holder of Notes (including the presentation of Notes for exchange as described above) only at the direction of one or more participants to whose account the Book-Entry Interests are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an event of default under the Indenture, each of Euroclear and Clearstream reserves the right to exchange the Global Notes for Definitive Registered Notes in certificated form, and to distribute such Definitive Registered Notes to their respective participants.

Transfers

Transfers between participants in Euroclear and Clearstream will be done in accordance with rules of Euroclear and Clearstream, as applicable, and will be settled in immediately available funds. If a holder requires physical delivery of Definitive Registered Notes for any reason, including to sell the Notes to persons in jurisdictions which require physical delivery of such securities or to pledge such securities, such holder must transfer its interest in the Global Notes in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the provisions of the Indenture.

The Global Notes will bear a legend to the effect set forth in “Notice to investors.” Book-Entry Interests in the Global Notes will be subject to the restrictions on transfer discussed in “Notice to investors.”

Subject to the foregoing and as set forth in “Notice to investors,” Book-Entry Interests may be transferred and exchanged as described under “Description of Notes—Transfer and exchange.” Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in the other Global Note will, upon transfer, cease to be a Book-Entry Interest in the first-mentioned Global Note and become a Book-Entry Interest in the other Global Note, and accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it retains such a Book-Entry Interest.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests in a Global Note only as described under “Description of Notes—Transfer and exchange” and, if required, only if the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such Notes. See “Notice to investors.”

Information concerning Euroclear and Clearstream

All Book-Entry Interests will be subject to the operations and procedures of Euroclear and Clearstream, as applicable. The Issuer provides the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of each settlement system are controlled by that settlement system and may be changed at any time. Neither the Issuer nor the Initial Purchasers are responsible for those operations or procedures.

Euroclear and Clearsteam

The Issuer understands that Euroclear and Clearstream hold securities for participating organizations. They also facilitate the clearance and settlement of securities transactions between their respective participants through electronic book- entry changes in the accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear and Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear and Clearstream participant, either directly or indirectly.

Global clearance and settlement under the book-entry system

The Notes represented by the Global Notes are expected to be admitted to trading on the Euro MTF Market and listed on the Official List of the Luxembourg Stock Exchange. You should be aware that investors will only be able to make and receive deliveries, payments and other communications involving Notes through Euroclear and Clearstream on days when those systems are open for business. Those systems may not be open for business on days when banks, brokers and other institutions are open for business in the United States.

Although Euroclear and Clearstream currently follow the foregoing procedures to facilitate transfers of interests in the Global Notes among participants in Euroclear or Clearstream, as the case may be, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of the Issuer, any Guarantor, the Trustee, the London Paying Agent, the Principal Paying Agent or any of their respective agents will have any responsibility for the performance by Euroclear or Clearstream or their respective participants or indirect participants, of their respective obligations under the rules and procedures governing their operations.

Initial settlement

Initial settlement for the Notes will be made in dollars and euros. Book-Entry Interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional bonds in registered form. Book-Entry Interests will be credited to the securities custody accounts of Euroclear or Clearstream participants on the Business Day following the settlement date against payment for value on the settlement date.

Secondary market trading

The Book-Entry Interests will trade through participants of Euroclear and Clearstream and will settle in same-day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser’s and the seller’s accounts are located to ensure that settlement can be made on the desired value date.

Taxation

Certain United States federal income tax considerations

The following is a discussion of certain U.S. federal income tax consequences of the purchase, ownership and disposition of the Notes, but does not purport to be a complete analysis of all potential tax effects. This discussion is limited to consequences relevant to a U.S. holder (as defined below), except for discussions on FATCA (as defined under "—Foreign Account Tax Compliance Act") and on Additional Notes, and does not address the effects of any U.S. federal tax laws other than U.S. federal income tax laws (such as estate and gift tax laws) or any state, local or non-U.S. tax laws. This discussion is based upon the U.S. Internal Revenue Code of 1986, as amended (the "Code"), Treasury regulations issued thereunder, and judicial and administrative interpretations thereof, each as in effect on the date hereof, and all of which are subject to change, possibly with retroactive effect. No rulings from the U.S. Internal Revenue Service (the "IRS") have been or are expected to be sought with respect to the matters discussed below. There can be no assurance that the IRS will not take a different position concerning the tax consequences of the purchase, ownership or disposition of the Notes or that any such position would not be sustained.

This discussion does not address all of the U.S. federal income tax consequences that may be relevant to a holder in light of such holder's particular circumstances, including the impact of the unearned income Medicare contribution tax, or to holders subject to special rules, such as certain financial institutions, U.S. expatriates, insurance companies, dealers in securities or currencies, traders in securities, U.S. holders whose functional currency is not the U.S. dollar, tax-exempt entities, regulated investment companies, real estate investment trusts, partnerships or other pass through entities and investors in such entities, persons liable for alternative minimum tax, U.S. holders that hold Notes through non-U.S. brokers or other non-U.S. intermediaries and persons holding the Notes as part of a "straddle," "hedge," "conversion transaction" or other integrated transaction. In addition, this discussion is limited to persons who purchase the Notes for cash at original issue and at their "issue price" (i.e., the first price at which a substantial amount of the Notes is sold to the public for cash, excluding to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) and who hold the Notes as capital assets within the meaning of Section 1221 of the Code.

For purposes of this discussion, a "U.S. holder" is a beneficial owner of a Note that is, for U.S. federal income tax purposes, (i) an individual who is a citizen or resident of the United States; (ii) a corporation or any entity treated as a corporation for U.S. federal income tax purposes created or organized in the United States or under the laws of the United States or of any state thereof or the District of Columbia; (iii) any estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) any trust if a court within the United States 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 if a valid election is in place to treat the trust as a U.S. person.

If any entity or arrangement treated as a partnership for U.S. federal income tax purposes holds the Notes, the U.S. tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. A partnership considering an investment in the Notes, and partners in such a partnership, should consult their tax advisors regarding the U.S. federal income tax consequences of the purchase, ownership and disposition of the Notes.

Prospective purchasers of the Notes should consult their tax advisors concerning the tax consequences of holding Notes in light of their particular circumstances, including the application of the U.S. federal income tax considerations discussed below, as well as the application of other federal, state, local, foreign or other tax laws.

Payments of stated interest

Payments of stated interest on the Notes (including any additional amounts paid in respect of withholding taxes and without reduction for any amounts withheld) generally will be taxable to a U.S. holder as ordinary income at the time that such payments are received or accrued, in accordance with such U.S. holder's method of accounting for U.S. federal income tax purposes.

A U.S. holder that uses the cash method of accounting for U.S. federal income tax purposes and receives a payment of stated interest on the Notes will be required to include in income (as ordinary income) the U.S. dollar value of the Euro interest payment (determined based on the spot rate of exchange on the date such payment is received) regardless of whether the payment is in fact converted to U.S. dollars at such time. A cash method U.S. holder will not realize exchange gain or loss with respect to the receipt of such stated interest, but may recognize exchange gain or loss attributable to the actual disposition of the Euros so received.

A U.S. holder that uses the accrual method of accounting for U.S. federal income tax purposes and receives a payment of stated interest on the Notes will be required to include in income (as ordinary income) the U.S. dollar value of the amount of stated interest income in Euro that has accrued with respect to its Notes during an accrual period. The U.S.

dollar value of such Euro denominated accrued stated interest will be determined by translating such amount at the average spot rate of exchange for the accrual period or, with respect to an accrual period that spans two taxable years, at the average spot rate of exchange for the partial period within each taxable year. An accrual basis U.S. holder may elect, however, to translate such accrued stated interest income into U.S. dollars using the spot rate of exchange on the last day of the interest accrual period or, with respect to an accrual period that spans two taxable years, using the spot rate of exchange on the last day of the portion of such accrual period within the applicable taxable year. Alternatively, if the last day of an accrual period is within five business days of the date of receipt of the accrued stated interest, a U.S. holder that has made the election described in the prior sentence may translate such interest using the spot rate of exchange on the date of receipt of the stated interest. The above election will apply to other debt instruments held by an electing U.S. holder and may not be changed without the consent of the IRS. A U.S. holder that uses the accrual method of accounting for U.S. federal income tax purposes will recognize exchange gain or loss with respect to accrued stated interest income on the date such interest is received. The amount of exchange gain or loss recognized will equal the difference, if any, between the U.S. dollar value of the Euro payment received (determined based on the spot rate of exchange on the date such stated interest is received) in respect of such accrual period and the U.S. dollar value of the stated interest income that has accrued during such accrual period (as determined above), regardless of whether the payment is in fact converted to U.S. dollars at such time. Any such exchange gain or loss generally will constitute ordinary income or loss and be treated, for foreign tax credit purposes, as U.S. source income or loss (and generally not as an adjustment to interest income or expense).

Foreign tax credit

Stated interest income on a Note generally will constitute foreign source income and generally will be considered "passive category income" or, in the case of certain U.S. holders, "general category income" in computing the foreign tax credit allowable to U.S. holders under U.S. federal income tax laws. There are significant complex limitations on a U.S. holder's ability to claim foreign tax credits. U.S. holders should consult their tax advisors regarding the creditability or deductibility of any withholding taxes.

Sale, exchange, retirement, redemption or other taxable disposition of Notes

Upon the sale, exchange, retirement, redemption or other taxable disposition of a Note, a U.S. holder generally will recognize gain or loss equal to the difference, if any, between the amount realized upon such disposition (less any amount equal to any accrued but unpaid stated interest, which will be taxable as stated interest income as discussed above to the extent not previously included in income by the U.S. holder) and such U.S. holder's adjusted tax basis in the Note.

If a U.S. holder receives foreign currency on a sale, exchange, retirement, redemption or other taxable disposition of a Note, the amount realized generally will be based on the U.S. dollar value of such foreign currency translated at the spot rate of exchange on the date payment is received or the Note is disposed of. In the case of a Note that is considered to be traded on an established securities market, a cash basis U.S. holder and, if it so elects, an accrual basis U.S. holder, will determine the U.S. dollar value of such foreign currency by translating such amount at the spot rate of exchange on the settlement date of the disposition. The special election available to accrual basis U.S. holders in regard to the disposition of Notes traded on an established securities market must be applied consistently to all debt instruments held by the U.S. holder and cannot be changed without the consent of the IRS. If the Notes are not traded on an established securities market (or the relevant holder is an accrual basis U.S. holder that does not make the special settlement date election), a U.S. holder will recognize exchange gain or loss to the extent that there are exchange rate fluctuations between the disposition date and the settlement date, and such gain or loss generally will constitute U.S. source ordinary income or loss.

A U.S. holder's adjusted tax basis in a Note will, in general, be the cost of such Note to such U.S. holder. The cost of a Note purchased with foreign currency generally will be the U.S. dollar value of the foreign currency purchase price on the date of purchase, calculated at the spot rate of exchange in effect on that date (or in the case of a cash basis or electing accrual basis U.S. holder, the settlement date of the purchase, if the Note is traded on an established securities market).

Any gain or loss in excess of exchange gain or loss (as discussed below) recognized upon the sale, exchange, retirement, redemption or other taxable disposition of a Note generally will be U.S. source gain or loss and generally will be capital gain or loss. Capital gains of non-corporate U.S. holders (including individuals) derived in respect of capital assets held for more than one year generally are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

Gain or loss recognized upon the sale, exchange, retirement, redemption or other taxable disposition of a Note that is attributable to fluctuations in currency exchange rates with respect to the principal amount of such Note generally will be U.S. source ordinary income or loss and generally will not be treated as interest income or expense. Gain or loss attributable to fluctuations in currency exchange rates with respect to the principal amount of a Note generally will equal the difference, if any, between the U.S. dollar value of the U.S. holder's foreign currency purchase price for the Note, determined at the spot rate of exchange on the date the U.S. holder disposes of the Note, and the U.S. dollar value of the U.S. holder's foreign currency purchase price for the Note, determined at the spot rate of exchange on the date the U.S. holder purchased such

Note. In addition, upon the sale, exchange, retirement, redemption or other taxable disposition of a Note, a U.S. holder may realize exchange gain or loss attributable to amounts received with respect to accrued and unpaid stated interest, which will be treated as discussed above under "—Payments of stated interest". However, upon a sale, exchange, retirement, redemption or other taxable disposition of a Note, a U.S. holder will realize any exchange gain or loss (including with respect to accrued interest) only to the extent of total gain or loss realized by such U.S. holder on such disposition.

Information reporting and backup withholding

In general, information reporting requirements will apply to payments of stated interest on the Notes and to the proceeds of the sale or other disposition (including a retirement or redemption) of a Note paid to a U.S. holder unless such U.S. holder is an exempt recipient, and, when required, provides evidence of such exemption. Backup withholding may apply to such payments if the U.S. holder fails to provide a taxpayer identification number or a certification that it is not subject to backup withholding.

Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a U.S. holder's U.S. federal income tax liability provided the required information is timely furnished to the IRS.

Additional Notes

The Issuer may issue Additional Notes, as described under "Description of Notes." These Additional Notes, even if they are treated for non-tax purposes as part of the same series as the original Notes, in some cases may be treated as a separate series for U.S. federal income tax purposes. In such case, the Additional Notes may be considered to have been issued with original issue discount for U.S. federal income tax purposes, which may adversely affect the market value of the original Notes, if the Additional Notes are not otherwise distinguishable from such original Notes.

Tax return disclosure requirements

Individuals that own "specified foreign financial assets" with an aggregate value in excess of certain thresholds generally are required to file an information report (IRS Form 8938) with respect to such assets with their tax returns. The Notes generally will constitute specified foreign financial assets subject to these reporting requirements, unless the Notes are held in an account at certain financial institutions. Under certain circumstances, an entity may be treated as an individual for purposes of these rules. U.S. holders are urged to consult their tax advisors regarding the application of the foregoing disclosure requirements to their ownership of the Notes, including the significant penalties for non-compliance.

Treasury regulations meant to require the reporting to the IRS of certain tax shelter transactions cover certain transactions generally not regarded as tax shelters, including certain foreign currency transactions giving rise to losses in excess of a certain minimum amount, such as the receipt or accrual of interest on or a sale, exchange, retirement, redemption or other taxable disposition of a foreign currency note or foreign currency received in respect of a foreign currency note. U.S. holders should consult their tax advisors to determine the tax return disclosure obligations, if any, with respect to an investment in the Notes, including any requirement to file IRS Form 8886 (Reportable Transaction Disclosure Statement).

Foreign Account Tax Compliance Act

Pursuant to Sections 1471 through 1474 of the Code (provisions commonly known as "FATCA"), a "foreign financial institution" may be required to withhold U.S. tax on certain passthru payments made after December 31, 2018, to the extent such payments are treated as attributable to certain U.S. source payments. Obligations issued on or prior to the date that is six months after the date on which applicable final regulations defining foreign passthru payments are filed generally would be "grandfathered" unless materially modified after such date. Accordingly, if the Issuer is treated as a foreign financial institution, FATCA would apply to payments on the Notes only if there is a significant modification of the Notes for U.S. federal income tax purposes after the expiration of this grandfathering period. However, if Additional Notes are issued after the expiration of the grandfather period in other than a "qualified reopening" (as defined in applicable Treasury regulations) and are not distinguishable from the original Notes, then withholding agents may treat both such original Notes and Additional Notes as subject to withholding under FATCA. Non-U.S. governments have entered into agreements with the United States (and additional non-U.S. governments are expected to enter into such agreements) to implement FATCA in a manner that alters the rules described herein. Holders should consult their own tax advisors on how these rules may apply to their investment in the Notes. In the event any withholding under FATCA is imposed with respect to any payments on the Notes, there generally will be no additional amounts payable to compensate for the withheld amount.

Certain European Union tax considerations

Prospective holders of Notes should consult their own tax advisers concerning the consequences, in their particular circumstances, under European Union directives and other measures, and under the laws of any other taxing jurisdiction, of the ownership of or any dealing in the Notes. Any such dealing would need to comply with the selling restrictions and securities laws generally.

Payments by a Guarantor

If a Guarantor makes any payments in respect of interest on the Notes (or other amounts due under the Notes other than a repayment of amounts subscribed for the Notes) it is possible that such payments may be subject to withholding tax at applicable rates subject to such relief as may be available under the provisions of any applicable double taxation treaty or to any other exemption which may apply.

Certain German Tax Considerations

The following is a general discussion of certain German tax consequences of the acquisition, holding and disposal of the Notes. It does not purport to be a comprehensive description of all German tax considerations that may be relevant to a decision to purchase Notes and, in particular, does not consider any specific facts or circumstances that may apply to a particular purchaser. This summary is based on the tax laws of Germany currently in force and as applied on the date of this Offering Memorandum, which are subject to change, possibly with retroactive or retrospective effect.

PROSPECTIVE PURCHASERS OF THE NOTES ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSAL OF THE NOTES, INCLUDING THE EFFECT OF ANY STATE, LOCAL OR CHURCH TAXES, UNDER THE TAX LAWS OF GERMANY AND ANY COUNTRY OF WHICH THEY ARE RESIDENT OR WHOSE TAX LAWS APPLY TO THEM FOR OTHER REASONS.

Withholding Tax

For German tax residents (*i.e.* persons whose residence, habitual abode, statutory seat or place of effective management and control is located in Germany), interest payments will be subject to German withholding tax (*Kapitalertragsteuer*) if the Notes are held in custody with or administrated by a German branch of a German or non-German bank or financial services institution, a German securities trading company or a German securities trading bank (each, a "Disbursing Agent", *auszahlende Stelle*). The withholding tax rate is 25% (plus solidarity surcharge at a rate of 5.5% thereon, the total withholding being 26.375%). For individual holders of Notes subject to church tax, an electronic information system for church withholding tax purposes applies, with the effect that church tax will be collected by the Disbursing Agent by way of withholding unless the holder has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office (*Bundeszentralamt für Steuern*) in which case the holders will be assessed for church tax.

The same treatment applies to capital gains (*i.e.*, the difference between the proceeds from the disposal, redemption, repayment or assignment after deduction of expenses directly related to the disposal and the cost of acquisition) and interest accrued on the Notes ("Accrued Interest," *Stückzinsen*) derived by an individual holder who is a German tax resident irrespective of any holding period provided that the Notes have been held in a custodial account with the same Disbursing Agent since the time of their acquisition. If interest coupons or interest claims are disposed of separately (*i.e.*, without the Notes), the proceeds from the disposition are subject to withholding tax. The same also applies to proceeds from the redemption of interest coupons or collection of interest claims if the Notes have been disposed of separately.

To the extent that the Notes have not been kept in a custodial account with the same Disbursing Agent since the time of their acquisition, upon their disposal, redemption, repayment or assignment withholding tax applies at a rate of 25% (plus solidarity surcharge at a rate of 5.5% thereon, the total withholding being 26.375%, plus church tax, if applicable) on 30% of the disposal proceeds (plus Accrued Interest, if any), unless the current Disbursing Agent has been provided with evidence of the actual acquisition costs of the Notes by the previous Disbursing Agent or by a statement of a bank or financial services institution within the European Union, the European Economic Area or certain other countries in accordance with Article 17 (2) of the Council Directive 2003/48/EC dated June 3, 2003 on the Taxation of Savings Income in the form of interest payments (*e.g.*, Switzerland or Andorra). If the withholding tax on a disposal, redemption, repayment or assignment of the Notes has been calculated on the basis of 30% of the disposal proceeds (rather than from the actual gain), a German tax resident individual holder may, and in case the actual gain is higher than 30% of the disposal proceeds must, also apply for an assessment on the basis of its actual acquisition costs.

In computing any German withholding tax, the Disbursing Agent generally deducts from the basis of the withholding tax negative investment income realized by the individual holder of the Notes via the Disbursing Agent (*e.g.*,

losses from the sale of other capital investments with the exception of shares). The Disbursing Agent also deducts Accrued Interest on the Notes or other securities paid separately upon the acquisition of the respective security via the Disbursing Agent. In addition, subject to certain requirements and restrictions, the Disbursing Agent credits foreign withholding taxes levied on investment income in a given year regarding securities held by the individual holder in the custodial account with the Disbursing Agent.

Upon the individual holder filing an exemption certificate (*Freistellungsauftrag*) with the Disbursing Agent, the Disbursing Agent will take a maximum annual allowance (*Sparer-Pauschbetrag*) of €801 (€1,602 for married couples and for partners in accordance with the registered partnership law (*Gesetz über die Eingetragene Lebenspartnerschaft*) filing jointly) into account when computing the amount of tax to be withheld from the gross payment to be made by the Disbursing Agent. No withholding tax will be deducted if the holder of the Notes has submitted to the Disbursing Agent a certificate of non-assessment (*Nichtveranlagungsbescheinigung*) issued by the competent tax authorities.

German withholding tax will generally not apply to gains from the disposal, redemption, repayment or assignment of Notes held by a corporate holder who is a German resident (including via a commercial partnership, as the case may be, and provided that in the case of corporations of certain legal forms the status of corporation has been evidenced by a certificate of the competent tax authorities) while ongoing payments, such as interest payments, are subject to withholding tax (irrespective of any deductions of foreign tax and losses incurred). The same may apply where the Notes form part of a trade or business (of an individual or of a commercial partnership) subject to further requirements being met.

Non-residents of Germany are, in general, not subject to German withholding tax on investment income and the solidarity surcharge thereon. However, where the interest or capital gain is subject to German taxation (as outlined below under "*—Taxation of Current Income and Capital Gains—Non-Tax Residents*") and the Notes are held in a custodial account with a Disbursing Agent, withholding tax will be levied under certain circumstances. The withholding tax may be refunded based on an assessment to tax or under an applicable tax treaty (*Doppelbesteuerungsabkommen*).

Taxation of Current Income and Capital Gains

Tax Residents

This subsection "*—Tax Residents*" refers to persons who are tax residents of Germany (*i.e.*, persons whose residence, habitual abode, statutory seat, or place of effective management and control is located in Germany).

Income derived from capital investments under the Notes held by an individual holder who is tax resident in Germany is in general subject to German income tax at a flat-tax rate of 25% (plus solidarity surcharge and church tax, if applicable, thereon) (*Abgeltungsteuer*) if the Notes are held as private investment (*Privatvermögen*). Individual holders who are tax resident in Germany are entitled to a maximum annual allowance (*SparerPauschbetrag*) of €801 (€1,602 for married couples and for partners in accordance with the registered partnership law (*Gesetz über die Eingetragene Lebenspartnerschaft*) filing jointly), whereby actually incurred higher expenses directly attributable to a capital investment are not deductible.

The personal income tax liability of an individual holder who is tax resident in Germany on income from capital investments under the Notes will, in principle, be satisfied by the tax withheld (as described under "*—Withholding Tax*" above). To the extent that withholding tax has not been levied, such as in the case of Notes kept in custody abroad or of no Disbursing Agent being involved in the payment process or if the withholding tax on disposal, redemption, repayment or assignment has been calculated from 30% of the disposal proceeds (rather than the actual gain), the individual holder must include its interest income and capital gains derived from the Notes in its annual tax return and will then also be taxed at a rate of 25% (plus solidarity surcharge and, where applicable, church tax thereon). Further, an individual holder may apply for a taxation of all investment income of a given year at its lower individual tax rate based upon an assessment to tax with any amounts over-withheld being refunded. In each case, the deduction of expenses (other than transaction costs) on an itemized basis is not permitted. Losses incurred with respect to the Notes may only be offset with investment income of the individual holder realized in the same or following assessment periods.

Pursuant to a tax decree issued by the German Federal Ministry of Finance dated January 18, 2016, a bad debt-loss (*Forderungsausfall*) and a waiver of a receivable (*Forderungsverzicht*), to the extent that the waiver does not qualify as a hidden capital contribution, shall not be treated as a disposal. Accordingly, losses suffered upon such bad debt-loss or waiver are not tax-deductible if the Notes are held as private investment (*Privatvermögen*). The same rules should apply according to that tax decree, if the Notes expire worthless so that losses may not be tax- deductible at all. Losses suffered from a sale of Notes will only be recognized according to the view of the tax authorities if the proceeds received in the sale exceed the respective transaction costs.

Where Notes form part of a trade or business or the income from the Notes qualifies as income from the letting and leasing of property, the withholding tax, if any, will not satisfy the personal or corporate income tax liability. Rather, the

income is subject to individual or corporate income tax (plus solidarity surcharge and, where applicable, church tax). Where Notes form part of a trade or business, interest (including Accrued Interest) and capital gains must be taken into account as income. The respective holder must include income and related (business) expenses in the annual tax return and the balance will be taxed at the holder's applicable tax rate. Withholding tax levied, if any, will be credited as advance payment against the personal or corporate income tax liability of the holder or, to the extent exceeding this personal or corporate income tax liability, be refunded. Where Notes form part of a German trade or business the current income and gains from the disposal, redemption, repayment or assignment of the Notes may also be subject to German trade tax (*Gewerbesteuer*). The trade tax liability depends on the municipal trade tax factor (*Gewerbesteuerhebesatz*) applicable to the investor. If the holder is an individual or an individual partner of a partnership, the trade tax may generally be completely or partly credited against the personal income tax pursuant to a lump sum tax credit method.

Non-Tax Residents

This subsection "*—Non-Tax Residents*" refers to persons who are not tax residents of Germany (*i.e.*, persons whose residence, habitual abode, statutory seat, and place of effective management and control is not located in Germany).

Interest and capital gains (which include Accrued Interest) from the disposal, redemption, repayment or assignment of the Notes received by holders who are not tax-resident in Germany are generally not subject to German taxation, unless (i) the Notes form part of the business property of a permanent establishment, including a permanent representative, or a fixed base maintained in Germany by the holder or (ii) the income otherwise constitutes German source income.

Inheritance and Gift Tax

A gratuitous transfer of Notes by reason of death or as a gift will be subject to German inheritance or gift tax if the decedent or donor or the heir, donee or other beneficiary is at the time of the transfer a resident or deemed to be a resident of Germany. If neither the holder nor the recipient is a resident or deemed to be a resident of Germany at the time of the transfer, no German inheritance or gift taxes will be levied unless the Notes are attributable to a German trade or business for which a permanent establishment is maintained or a permanent representative has been appointed in Germany. Exceptions from this rule apply to certain German citizens who previously maintained a residence in Germany.

Other Taxes

No stamp, issue or registration taxes or such duties will be payable in Germany in connection with the issuance, delivery or execution of the Notes. Currently, net assets tax (*Vermögensteuer*) is not levied in Germany.

The proposed Financial Transactions Tax (FTT)

The European Commission has published a proposal for a Directive for a common financial transactions tax ("FTT") in Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain ("Participating Member States"). However, Estonia has since stated that it will not participate.

The proposed FTT has a very broad scope and could, if introduced in its current form, apply to certain dealings in the Notes (including secondary market transactions) under certain circumstances.

Pursuant to the current proposal, the FTT could apply under certain circumstances to persons both within and outside of the Participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a Participating Member State. A financial institution may be, or be deemed to be, "established" in a Participating Member State in a broad range of circumstances, including (i) by transacting with a person established in a Participating Member State or (ii) where the financial instrument which is subject to the dealings is issued in a Participating Member State.

The FTT proposal remains subject to negotiation between the Participating Member States and is the subject of legal challenge. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU member states may decide to participate. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

Certain Luxembourg tax considerations

The comments below are intended as a basic summary of certain withholding tax consequences in relation to the purchase, ownership and disposal of the Notes under Luxembourg law. Persons who are in any doubt as to their tax position should consult a professional tax adviser.

Withholding tax

Under Luxembourg tax law currently in effect and subject to the exception below, there is no Luxembourg withholding tax on payments of interest (including accrued but unpaid interest) or repayments of principal.

In accordance with the law of 23 December 2005, as amended, interest payments made by Luxembourg paying agents to Luxembourg individual residents and to certain residual entities securing interest payments on behalf of Luxembourg individual residents are subject to a 10% withholding tax. Investors should note that, based on the draft bill of law n°7020 introduced into Luxembourg parliament on 26 July 2016, it is foreseen to increase the withholding tax rate from 10% to 20%. Responsibility for withholding such tax will be assumed by the Luxembourg paying agent.

Plan of distribution

Subject to the terms and conditions set forth in a purchase agreement (the "Purchase Agreement") dated September 30, 2016 by and among the Company, the Guarantors and the Initial Purchasers, we have agreed to sell to each Initial Purchaser, and each Initial Purchaser has agreed, severally and not jointly, to purchase from us, together with all other Initial Purchasers, Notes in the aggregate principal amount of €400 million.

The Purchase Agreement provides that the obligations of the Initial Purchasers to pay for and accept delivery of the Notes are subject to, among other conditions, the delivery of certain legal opinions by their counsel.

The Initial Purchasers propose to offer the Notes initially at the price indicated on the cover page hereof. After the initial offering of the Notes, the offering price and other selling terms of the Notes may from time to time be varied by the Initial Purchasers without notice. Sales in the United States may be made through certain affiliates of the Initial Purchasers.

Certain Initial Purchasers are not broker-dealers registered with the SEC and, therefore, may not make sales of any Notes in the United States or to U.S. persons except in compliance with applicable U.S. laws and regulations. To the extent that such Initial Purchasers intend to effect sales of the Notes in the United States, they will do so only through one or more U.S. registered broker-dealers or otherwise as permitted by applicable U.S. law.

Persons who purchase Notes from the Initial Purchasers may be required to pay stamp duty, taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the offering price set forth on the cover page hereof.

The Purchase Agreement provides that we will indemnify and hold harmless the Initial Purchasers against certain liabilities, including liabilities under the U.S. Securities Act, and will contribute to payments that the Initial Purchasers may be required to make in respect thereof. We have agreed, subject to certain limited exceptions, that during the period from the date hereof through and including the date that is 90 days after the date hereof, we will not, and the Guarantors will not, without the prior written consent provided for in the Purchase Agreement, offer, sell, contract to sell or otherwise dispose of any debt securities issued or guaranteed by the Company or any of the Guarantors and having a tenor of more than one year (other than the Notes and Guarantees).

The Notes and the Guarantees have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States except to qualified institutional buyers in reliance on Rule 144A under the U.S. Securities Act and to certain persons in offshore transactions in reliance on Regulation S under the U.S. Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the U.S. Securities Act. Resales of the Notes are restricted as described under "Notice to investors."

Each Initial Purchaser represents warrants and agrees that it:

- has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to us or the Guarantors; and

- has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

No action has been taken in any jurisdiction, including the United States and the United Kingdom, by us or the Initial Purchaser that would permit a public offering of the Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to us or the Notes in any jurisdiction where action for this purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Memorandum nor any other offering material or advertisements in connection with the Notes may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. This Offering Memorandum does not constitute an offer to sell or a solicitation of an offer to purchase in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this Offering Memorandum comes are advised to inform themselves about and to observe any restrictions relating to the offering of the Notes, the distribution of this Offering Memorandum and resale of the Notes. See "Notice to investors."

We and the Guarantors have also agreed that we will not at any time offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any securities under circumstances in which such offer, sale, pledge, contract or disposition would cause the exemption afforded by Section 4(a)(2) of the U.S. Securities Act or the safe harbor of Rule 144A and Regulation S under the U.S. Securities Act to cease to be applicable to the offer and sale of the Notes.

The Notes are a new issue of securities for which there currently is no market. We have applied, through our listing agent, to list the Notes on the Official List of the Luxembourg Stock Exchange and trade the Notes on the Euro MTF Market.

The Initial Purchasers have advised us that they intend to make a market in the Notes as permitted by applicable law. The Initial Purchasers are not obligated, however, to make a market in the Notes, and any market-making activity may be discontinued at any time at the sole discretion of the Initial Purchaser without notice. In addition, any such market-making activity will be subject to the limits imposed by the U.S. Exchange Act. Accordingly, we cannot assure you that any market for the Notes will develop, that it will be liquid if it does develop, or that you will be able to sell any Notes at a particular time or at a price which will be favorable to you. See "Risk factors—Risks relating to the Notes and the Group's structure—There may not be an active trading market for the Notes, in which case your ability to sell the Notes may be limited."

Delivery of the Notes has been made against payment on the Notes on the date specified on the cover page of this Offering Memorandum, which was three business days (as such term is used for purposes of Rule 15c6-1 of the U.S. Exchange Act) following the date of pricing of the Notes ("T+3").

In connection with the offering, Deutsche Bank AG, London Branch (the "Stabilizing Manager"), or persons acting on its behalf, may engage in transactions that stabilize, maintain or otherwise affect the price of the Notes. Specifically, the Stabilizing Manager, or persons acting on its behalf, may bid for and purchase Notes in the open markets to stabilize the price of the Notes. The Stabilizing Manager, or persons acting on its behalf, may also over allot the Offering, creating a syndicate short position, and may bid for and purchase Notes in the open market to cover the syndicate short position. In addition, the Stabilizing Manager, or persons acting on its behalf, may bid for and purchase Notes in market making transactions as permitted by applicable laws and regulations and impose penalty bids. These activities may stabilize or maintain the respective market price of the Notes above market levels that may otherwise prevail. The Stabilizing Manager is not required to engage in these activities, and may end these activities at any time. Accordingly, no assurances can be given as to the liquidity of, or trading markets for, the Notes.

The Initial Purchasers may engage in over-allotment, stabilizing transactions, covering transactions and penalty bids in accordance with Regulation M under the U.S. Exchange Act. Over-allotment involves sales in excess of the offering size, which creates a short position for the relevant Initial Purchaser. Stabilizing transactions permit bidders to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum. Covering transactions involve purchase of the Notes in the open market after the distribution has been completed to cover short positions. Penalty bids permit the Initial Purchaser to reclaim a selling concession from a broker or dealer when the Notes originally sold by that broker or dealer are purchased in a stabilizing or covering transaction to cover short positions.

These stabilizing transactions, covering transactions and penalty bids may cause the price of the Notes to be higher than it would otherwise be in the absence of these transactions. These transactions, if commenced, may be discontinued at any time.

The Initial Purchasers or their respective affiliates from time to time have provided in the past and may provide in the future investment banking, financial advisory, mergers and acquisitions and commercial banking services to us and our affiliates in the ordinary course of business for which they have received or may receive customary fees and commissions. In particular, the Initial Purchasers and/or their affiliates are lenders under our RBL Facility, and Natixis is facility agent under the RBL Facility and may therefore receive a portion of the proceeds of the offering. An affiliate of Société Générale, one of the Initial Purchasers, has provided ratings advisory services to us in connection with this offering. Certain of the Initial Purchasers and/or their affiliates have entered and may from time to time enter into bilateral financings and hedging arrangements with us and our affiliates.

Notice to investors

You are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of any of the Notes offered hereby.

The Notes and the Guarantees have not been and will not be registered under the U.S. Securities Act, or any state securities laws, and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Notes offered hereby are being offered and sold only to qualified institutional buyers (as defined in Rule 144A under the U.S. Securities Act) in reliance on Rule 144A under the U.S. Securities Act and in offshore transactions in reliance on Regulation S under the U.S. Securities Act.

We use the terms "offshore transaction," "U.S. person" and "United States" with the meanings given to them in Regulation S.

Each purchaser of Notes, by its acceptance thereof, will be deemed to have acknowledged, represented to and agreed with us and the Initial Purchasers as follows:

(1) You understand and acknowledge that the Notes and the Guarantees have not been registered under the U.S. Securities Act or any other applicable securities laws and that the Notes are being offered for resale in transactions not requiring registration under the U.S. Securities Act or any other securities laws, including sales pursuant to Rule 144A under the U.S. Securities Act, and, unless so registered, may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the U.S. Securities Act or any other applicable securities laws, pursuant to an exemption therefrom or in any transaction not subject thereto and in each case in compliance with the conditions for transfer set forth in paragraphs (4) and (5) below.

(2) You are not our "affiliate" (as defined in Rule 144 under the U.S. Securities Act) or acting on the Issuer's behalf and you are either:

  (a) a QIB, within the meaning of Rule 144A under the U.S. Securities Act and are aware that any sale of these Notes to you will be made in reliance on Rule 144A under the U.S. Securities Act, and such acquisition will be for your own account or for the account of another QIB; or

  (b) you are purchasing the Notes in an offshore transaction in accordance with Regulation S under the U.S. Securities Act.

(3) You acknowledge that none of the Issuer, the Guarantors, or the Initial Purchasers, nor any person representing any of them, has made any representation to you with respect to us or the offer or sale of any of the Notes, other than the information contained in this Offering Memorandum, which Offering Memorandum has been delivered to you and upon which you are relying in making your investment decision with respect to the Notes. You acknowledge that neither the Initial Purchasers nor any person representing the Initial Purchasers make any representation or warranty as to the accuracy or completeness of this Offering Memorandum. You have had access to such financial and other information concerning us and the Notes as you have deemed necessary in connection with your decision to purchase any of the Notes, including an opportunity to ask questions of, and request information from, us and the Initial Purchasers.

(4) You are purchasing the Notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the U.S. Securities Act or any state securities laws, subject to any requirement of law that the disposition of your property or the property of such investor account or accounts be at all times within your or their control and subject to your or their ability to resell such Notes pursuant to Rule 144A, Regulation S or any other exemption from registration available under the U.S. Securities Act.

(5) You agree on your own behalf and on behalf of any investor account or accounts for which you are purchasing the Notes, and each subsequent holder of the Notes by its acceptance thereof will be deemed to agree, to offer, sell or otherwise transfer such Notes prior to the date (the "Resale Restriction Termination Date") that is one year (in the case of Rule 144A Notes) after the later of the date of the original issue and the last date on which we or any of our affiliates were the owner of such Notes (or any predecessor thereto) only (i) to the Issuer, (ii) pursuant to a registration statement that has been declared effective under the U.S. Securities Act, (iii) for so long as the Notes are eligible pursuant to Rule 144A under the U.S. Securities Act, to a person you reasonably believe is a QIB that purchases for its own account or for the account of a QIB to whom notice is given that the transfer is being made in reliance on Rule 144A under the U.S. Securities Act, (iv) pursuant to offers and sales that occur outside the United States in compliance with Regulation S under the U.S. Securities Act or (v) pursuant to any other available

exemption from the registration requirements of the U.S. Securities Act, subject in each of the foregoing cases to any requirement of law that the disposition of your property or the property of such investor account or accounts be at all times within your or their control and to compliance with any applicable state securities laws, and any applicable local laws and regulations, and further subject to the our and the trustee's rights prior to any such offer, sale or transfer (I) pursuant to clause (v) to require the delivery of an opinion of counsel, certification and/or other information satisfactory to each of them and (II) in each of the foregoing cases, to require that a certificate of transfer in the form appearing in the Indenture is completed and delivered by the transferor to the Trustee. The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date.

Each purchaser acknowledges that each Note will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT.

THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT) OR (B) IT IS ACQUIRING THIS SECURITY IN AN "OFFSHORE TRANSACTION" PURSUANT TO RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, (2) AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED SECURITIES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") WHICH IS [IN THE CASE OF RULE 144A NOTES: ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF THIS SECURITY)] [IN THE CASE OF REGULATION S NOTES: 40 DAYS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE DATE ON WHICH THIS SECURITY WAS FIRST OFFERED TO PERSONS OTHER THAN DISTRIBUTORS (AS DEFINED IN RULE 902 OF REGULATION S)], ONLY (A) TO THE ISSUER, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE U.S. SECURITIES ACT ("RULE 144A"), TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND TO COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS, AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS AND FURTHER SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSE (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM AND (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING IN THE INDENTURE IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

If you purchase Notes, you will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these Notes as well as to holders of these Notes.

(6) You agree that you will give to each person to whom you transfer the Notes notice of any restrictions on the transfer of such Notes.

(7) You acknowledge that until 40 days after the commencement of the offering, any offer or sale of the Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration

requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the U.S. Securities Act.

(8) You acknowledge that the Registrar will not be required to accept for registration or transfer any Notes acquired by you except upon presentation of evidence satisfactory to the Issuer and the Registrar that the restrictions set forth therein have been complied with.

(9) You acknowledge that the Issuer, the Initial Purchasers and others will rely upon the truth and accuracy of your acknowledgements, representations, warranties and agreements and agrees that if any of the acknowledgements, representations, warranties and agreements deemed to have been made by your purchase of the Notes is no longer accurate, it shall promptly notify the initial purchasers. If you are acquiring any Notes as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each such investor account and that you have full power to make the foregoing acknowledgements, representations and agreements on behalf of each such investor account.

(10) You understand that no action has been taken in any jurisdiction (including the United States) by the Issuer or the Initial Purchasers that would result in a public offering of the Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to us or the Notes in any jurisdiction where action for such purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set forth under “Notice to certain other investors.”

Legal matters

The validity of the Notes, the Guarantees and certain other legal matters are being passed upon for us by Latham & Watkins (London) LLP with respect to matters of U.S. federal, New York state, English, and German law. Certain legal matters will be passed upon for the Initial Purchasers by Shearman & Sterling (London) LLP with respect to matters of U.S. federal, New York state, English and German law.

Independent accountants

The Company's consolidated financial statements as of and for the year ended December 31, 2014 and as of and for the short fiscal years ended March 31, 2015 and December 31, 2015, included in this Offering Memorandum and reprinted in the financial section starting on F-1 have been audited by PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, independent auditors, as stated in their auditor's reports appearing herein.

The auditor's reports of PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft on the consolidated financial statements of the Company, as of and for the year ended December 31, 2014 and as of the short fiscal years ended March 31, 2015 December 31, 2015 each make reference to the group management report. The group management reports are neither reprinted nor incorporated by reference in this Offering Memorandum.

Independent petroleum engineers

Estimates of our gas and oil reserves as of December 31, 2014 and 2015 included in this Offering Memorandum were based in part upon a reserve report prepared by independent petroleum engineers, RPS Group Plc. We have included these estimates in reliance on the authority of such firm as an expert in such matters.

Available information

Each purchaser of Notes from an Initial Purchaser will be furnished a copy of this Offering Memorandum and any related amendments or supplements to this Offering Memorandum. Each person receiving this Offering Memorandum and any related amendments or supplements to the Offering Memorandum acknowledges that:

(1) such person has been afforded an opportunity to request from us and to review and has received, all additional information considered by it to be necessary to verify the accuracy and completeness of the information herein;

(2) such person has not relied on the Initial Purchasers or any person affiliated with the Initial Purchasers in connection with its investigation of the accuracy of such information or its investment decision; and

(3) except as provided pursuant to clause (1) above, no person has been authorized to give any information or to make any representation concerning the Notes or each Guarantee offered hereby other than those contained herein and, if given or made, such other information or representation should not be relied upon as having been authorized by either us or the Initial Purchasers.

For so long as any of the Notes remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act, we will, unless we are then subject to Section 13 or 15(d) under the U.S. Exchange Act, make available to any holder or beneficial holder of a Note, or to any prospective purchaser of a Note designated by such holder or beneficial holder, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the U.S. Securities Act upon the written request of any such holder or beneficial owner. Any such request should be directed to DEA Finance SA, 1-3, Boulevard de la Foire, L-1528 Luxembourg, care of Neil Toyer.

Service of process and enforcement of civil liabilities

The Issuer is incorporated under the laws of Luxembourg and the Guarantors are organized under the laws of Germany and Norway.

All of our directors, officers and other executives are neither residents nor citizens of the United States. Furthermore, all of our assets are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon such persons, the Issuer or the Guarantors or to enforce against them, the Issuer or the Guarantors judgments of U.S. courts predicated upon the civil liability provisions of U.S. federal or state securities laws despite the fact that, pursuant to the terms of the Indenture, the Issuer and the Guarantors have appointed, or will appoint, an agent for the service of process in New York. It may be possible for investors to effect service of process within Luxembourg and Germany upon those persons, the Issuer or the Guarantors provided that The Hague Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters of November 15, 1965 and any relevant rules of court applicable in such jurisdictions are complied with. A contractual provision allowing the service of process against a party to a service agent could be overridden by Luxembourg statutory provisions allowing the valid serving of process against a party in accordance with applicable laws at the domicile of the party.

Luxembourg

We have been advised by our Luxembourg counsel that the United States and Luxembourg are not currently bound by a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitral awards rendered in civil and commercial matters. According to such counsel, an enforceable judgment for the payment of monies rendered by any U.S. federal or state court based on civil liability, whether or not predicated solely upon the U.S. securities laws, would not directly be enforceable in Luxembourg. However, a party who received such favorable judgment in a U.S. court may initiate enforcement proceedings in Luxembourg (*exequatur*) by requesting enforcement of the U.S. judgment rendered in civil or commercial matters by the Luxembourg District Court (*Tribunal d'Arrondissement*) pursuant to Section 678 *et seq.* of the New Luxembourg Code of Civil Procedure (*Nouveau Code de Procédure Civile*). The Luxembourg District Court will authorize the enforcement in Luxembourg of the U.S. judgment if it is satisfied that all of the following conditions are met:

- the U.S. court awarding the judgment has jurisdiction to adjudicate the respective matter according to its applicable laws and Luxembourg private international law rules on conflict of jurisdiction;
- the judgment is final and enforceable (*exécutoire*) in the U.S.;
- the U.S. court must have applied the law which is designated by the Luxembourg conflict of laws rules;
- the principles of natural justice have been complied with and the judgment was granted following proceedings where the counterparty had the opportunity to appear, and it appeared, to present a defense;
- the U.S. court must have applied the proper law to the matter submitted to it and the procedure must have been regular in light of the laws of the country of origin;
- the U.S. court has acted in accordance with its own procedural laws;
- the judgment must not have been obtained by fraud (*fraude à la loi*) and must have been granted in accordance with the rights of the defence (due process); and
- the judgment does not contravene Luxembourg public policy as understood under the laws of Luxembourg or has been given in proceedings of a criminal or tax nature.

If an original action is brought in Luxembourg, Luxembourg courts may refuse to apply the designated law amongst others and notably (i) if the choice of such foreign law was not made bona fide, (ii) if the foreign law was not pleaded and proved or (iii) if pleaded and proved, such foreign law was contrary to mandatory Luxembourg laws or incompatible with Luxembourg's international public policy. In an action brought in Luxembourg on the basis of U.S. federal or state securities laws, Luxembourg courts may not have the requisite power to grant the remedies sought. Also, an exequatur may be refused in respect of punitive damages. Further, in the event of any proceedings being brought in a Luxembourg court in respect of a monetary obligation expressed to be payable in a currency other than Euro, a Luxembourg court would have power to give judgment expressed as an order to pay a currency other than Euro. However, enforcement of the judgment against any party in Luxembourg would be available only in Euro and for such purposes all claims or debts would be converted into Euro.

With regards to the enforcement of a judgment through legal proceedings in Luxembourg (including the exequatur of foreign court decisions in Luxembourg), Luxembourg courts as well as a Luxembourg authority (autorité constitutée) may require the prior registration with the Administration de l'Enregistrement et des Domaines in Luxembourg of any document if it was to be produced in a Luxembourg court action or presented to a Luxembourg autorité constituée, as the case may be, in which case either a nominal registration duty of EUR 12 or an ad valorem duty of 0.24% (calculated on the basis of the payment obligation incurred), depending on the nature of the document submitted to registration would become payable. If registration is so required, the Luxembourg courts or the official Luxembourg authority may require that the agreements and/or any judgments obtained in the United States must be translated into French or German.

Subject to the foregoing, purchasers of the Notes may be able to enforce judgments in civil and commercial matters obtained from U.S. federal or state courts in Luxembourg. We cannot, however, assure you that attempts to enforce judgments in Luxembourg will be successful.

Germany

There is doubt as to the enforceability in Germany of civil liabilities based on federal or state securities laws of the United States, either in an original action or in an action to enforce a judgment obtained in U.S. federal or state courts. The United States and the Federal Republic of Germany currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters. The enforceability of final judgments therefore may depend on the laws of the relevant U.S. state and federal laws of the United States. Consequently, a final judgment for payment given by any federal or state court in the United States, whether or not predicated solely upon U.S. federal or state securities laws, would not automatically be enforceable in Germany. A final judgment by a U.S. court, however, may be recognized and enforced in Germany in an action before a court of competent jurisdiction in accordance with the proceedings set forth by the German Code of Civil Procedure (*Zivilprozessordnung*). In such an action, a German court generally will not reinvestigate the merits of the original matter decided by a U.S. court, except as noted below.

German courts would generally recognize and enforce such judgments for payment of money rendered by a federal or state court in the United States based on civil liability upon satisfaction of all of the following conditions set forth in Section 328(1) of the German Code of Civil Procedure (*Zivilprozessordnung*):

- the judgment has become final (res judicata) in accordance with U.S. law;
- pursuant to German law, the courts in the country of the court having rendered the foreign judgment did have jurisdiction;
- process has been duly served on the defendant in a timely fashion to allow for adequate defense unless the defendant did appear in the proceedings and did not recourse to not being notified of the proceedings in a timely fashioin that allowed for adequate defense;
- the judgment is not incompatible with a prior judgment rendered by a German court or by a foreign court which is to be recognized in Germany;
- the proceeding resulting in the judgment to be recognized is not incompatible with a previously pending (*rechtshängig*) proceeding in Germany;
- a recognition of the judgment would not obviously be incompatible with fundamental principles of German law, in particular, the recognition would not be incompatible with the civil rights under the German Constitution (*Grundgesetz*); and
- if reciprocity is ensured (i.e., the courts of the country where the judgment was issued would recognize and enforce a comparable judgment by a German court in equivalent circumstances).

Subject to the foregoing, holders of the Notes may be able to enforce judgments in civil and commercial matters obtained from U.S. courts in Germany. There is some German case law to the effect that reciprocity of the recognition of judgments is ensured in relation to claims for payment of money (*vermögensrechtliche Ansprüche*) with regard to various U.S. states. We cannot, however, assure you that attempts to enforce judgments in Germany will be successful. In addition, the recognition and enforcement of punitive damages are usually denied by German courts as incompatible with the substantial foundations of German law. Moreover, a German court may reduce the amount of damages granted by a U.S. court and recognize damages only to the extent that they are necessary to compensate actual losses or damages. Consequently, judgments awarding monetary damages under civil liabilities provisions of the U.S. federal securities laws may not be enforceable to the extent they provide for a compensation that would qualify as being of a penal or punitive nature. Even if a U.S. judgment is recognised in Germany, it does not necessarily mean that it will be enforced under all circumstances. In particular, the specific kind and type of obligation needs to be enforceable under German law. Also, if

circumstances have arisen after the date on which such foreign judgment became res judicata, a defence against enforcement may arise. The success of enforcement is also affected by possible bankruptcy, insolvency, reorganisation, liquidation or a moratorium, as well as other similar legal circumstances affecting creditors' rights generally.

German civil procedure differs substantially from U.S. civil procedure in a number of respects. In so far as the production of evidence is concerned, U.S. law and the laws of several other jurisdictions based on common law provided for pre-trial discovery, a process by which parties to the proceedings may, prior to trial, compel the production of documents by adverse or third parties and/or the deposition of witnesses. Evidence obtained in this manner may be decisive in the outcome of any proceeding. No such pre-trial discovery process exists under German law.

If the party in whose favour a final U.S. judgment is rendered brings a new suit in a competent court in Germany, such party may submit to the German court the final judgment rendered in the United States. Under such circumstances, a judgment by a federal or state court of the United States will be regarded by a German court only as evidence of the outcome of the dispute to which such judgment relates. A German court may choose to re-hear the dispute and may render a judgment not in line with the judgment rendered by a federal or state court of the United States.

Norway

Norwegian courts will, as a general rule, but subject to the below, not recognize or enforce judgments rendered by a foreign court unless Norway has entered into a bilateral or multilateral treaty with the relevant country or countries regarding the recognition and enforcement of judgments and subject to the provisions of section 19-16 of the Norwegian Dispute Act of 2005 No. 90 (*Tvisteloven*) (the "Dispute Act"). Due to the Lugano Conventions on the Recognition of Judgments in Civil and Commercial Matters (the "Lugano Convention"), Norwegian courts will recognize as a valid judgment, and enforce, any final civil judgment obtained in a foreign court in a state which is a party to the Lugano Convention, without a further reexamination of the merits of the case. The exceptions stated in the Lugano Convention itself will apply. The United States is not a party to the Lugano Convention. As of the date of this Offering Memorandum, there is no such treaty between the United States and Norway in place.

If there is no treaty between Norway and the relevant jurisdiction regarding the recognition and enforcement of judgments, or the relevant treaty is not applicable, a judgment rendered by a foreign court (e.g.,the courts of United States) may nevertheless be recognized and enforced in Norway without reexamination of the merits of the case if the foreign proceedings and the judgment itself fulfill the conditions stated in the Norwegian Enforcement Act of 1992 No. 86 (*Tvangsfullbyrdelsesloven*) and the Dispute Act. Such conditions can include, without limitation:

- the respective parties thereto have submitted the matter in dispute in writing to a court or tribunal in the agreed jurisdiction,
- there is no other mandatory venue for such dispute,
- such judgment obtained is final and enforceable in and pursuant to the laws of the country where it was issued, and
- the acceptance and enforcement of the judgment shall not be in conflict with Norwegian mandatory laws.

Where a Norwegian party has accepted the jurisdiction of a foreign court in a written agreement, any judgment rendered pursuant to that agreement will be enforceable in Norway in accordance with the provisions of sections 4-6 and 19-16 of the Dispute Act. See "Description of Notes—Consent to jurisdiction and service of process."

Notwithstanding the above, Norwegian courts will not recognize or enforce judgments rendered by a foreign court if and to the extent such judgments are found to violate the principle of *ordre public*.

Certain insolvency law considerations and enforcement limitations

The following is a summary of certain limitations on the validity and enforceability of the guarantees being provided for the Notes and a summary of certain insolvency law and other local law considerations in each of the jurisdictions in which the Issuer and the Guarantors are incorporated or organized. It is a summary only and proceedings of bankruptcy or insolvency or similar events could be initiated in any of the jurisdictions in which the Issuer and the Guarantors are incorporated or organized and in the jurisdiction of incorporation or organization of a future Guarantor, as well as other jurisdictions. The application of these various laws in multiple jurisdictions could trigger disputes over which jurisdiction's law should apply and could adversely affect your ability to enforce your rights and to collect payment in full under the Notes and the Guarantees being provided for the Notes. In the event that any one or more of the Issuer, the Guarantors or any of their respective subsidiaries experience financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings. The description below does not purport to be complete or to discuss all of the limitations or considerations that may affect the validity and enforceability of the Notes or the Guarantees being provided for the Notes. Prospective investors should consult their own legal advisors with respect to such limitations and considerations. See "Risk Factors—Risks related to the Notes and the Group's structure—The insolvency laws of Luxembourg, Germany and Norway may not be as favorable to you as insolvency laws of jurisdictions with which you may be familiar and may preclude noteholders from recovering payments due on the Notes."

European Union

The Issuer and the Guarantors are organized under the laws of member states of the European Union.

Pursuant to Council Regulation (EC) No. 1346/2000 on insolvency proceedings, as amended from time to time (the "EU Insolvency Regulation"), the court which shall have jurisdiction to open insolvency proceedings in relation to a company is the court of the member state (other than Denmark) where the company concerned has its "center of main interests" (as that term is used in Article 3(1) of the EU Insolvency Regulation). The determination of where any such company has its "center of main interests" is a question of fact on which the courts of the different member states may have differing and even conflicting views. Furthermore, "center of main interests" is not a static concept and may change from time to time. Although under Article 3(1) of the EU Insolvency Regulation there is a rebuttable presumption that a company would have its "center of main interests" in the member state in which it has its registered office, Preamble 13 of the EU Insolvency Regulation states that the "center of main interests" of a debtor should correspond to the place where the debtor conducts the administration of its interests on a regular basis and "is therefore ascertainable by third parties." The European Court of Justice has ruled in a recent judgment that a debtor company's center of main interests must be determined by attaching greater importance to the place of the company's central administration, as may be established by objective factors which are ascertainable by third parties. Where the bodies responsible for the management and supervision of a company are in the same place as its registered office and the management decisions of the company are taken, in a manner that is ascertainable by third parties, in that place, the presumption, that the center of the company's main interests is located in that place, is irrebuttable. Where a company's central administration is, however, not in the same place as its registered office, the presence of company assets and existence of contracts for the financial exploitation of those assets in a member state other than that in which the registered office is situated cannot be regarded as sufficient factors to rebut the above mentioned presumption, unless a comprehensive assessment of all relevant factors makes it possible to establish, in a manner that is ascertainable by third parties, that the company's actual center of management and supervision and of the management of its interests is located in that other member state. The factors to be taken into account include, in particular, all places in which the debtor company pursues economic activities and all those in which it holds assets, in so far as they are ascertainable by third parties.

If the center of main interests of a company is and will remain located in the state in which it has its registered office, the main insolvency proceedings in respect of the company under the EU Insolvency Regulation would be commenced in such jurisdiction and accordingly a court in such jurisdiction would be entitled to commence the types of insolvency proceedings referred to in Annex A to the EU Insolvency Regulation, with these proceedings governed by the *lex fori concursus, i.e.* the local laws of the court opening such main insolvency proceeding. Insolvency proceedings opened in one member state under the EU Insolvency Regulation are to be recognized in the other member states (other than Denmark), although secondary proceedings may be opened in another member state. If the "center of main interests" of a debtor is in one member state (other than Denmark) under Article 3(2) of the EU Insolvency Regulation, the courts of another member state (other than Denmark) have jurisdiction to open "territorial proceedings" only in the event that such debtor has an "establishment" in the territory of such other member state. The effects of those territorial proceedings are restricted to the assets of the debtor situated in the territory of such other member state. If the company does not have an establishment in any other member state, no court of any other member state has jurisdiction to open territorial proceedings in respect of such company under the EU Insolvency Regulation.

The EU Insolvency Regulation has been replaced by the Regulation (EU) 2015/848 of the European Parliament and of the Council dated May 20, 2015 (the "New EU Insolvency Regulation") which became effective as of June 26,

2015, and which will be applicable to insolvency proceedings opened after June 26, 2017. The EU Insolvency Regulation remains applicable to insolvency proceedings opened before that date.

The New EU Insolvency Regulation includes, among others, specifications regarding the identification of the center of main interests. Pursuant to Article 3(1) of the New EU Insolvency Regulation, in the case of a company or legal person, the center of main interests is presumed to be located in the country of the registered office in the absence of proof to the contrary. That presumption shall only apply if the registered office has not been moved to another member state within the three-month period prior to the request for the opening of insolvency proceedings. Specifically, the presumption of the center of main interests being at the place of the registered office should be rebuttable if the company's central administration is located in another member state than the one where it has its registered office, and where a comprehensive assessment of all the relevant factors establishes, in a manner that is ascertainable by third parties, that the company's actual center of management and supervision and the center of the management of its interests is located in that other member state. In this regard, special consideration should be given to creditors and their perception as to where a debtor conducts the administration of its interests. In the event of a shift in the center of main interests, this may require informing the creditors of the new location from which the debtor is carrying out its activities in due course (e.g.,by drawing attention to the change of address in commercial correspondence or otherwise making the new location public through other appropriate means). Another change under the New EU Insolvency Regulation focuses on the definition of "establishment" as a prerequisite to open "territorial proceedings" (secondary proceedings). From June 26, 2017 onwards, "establishment" will mean any place of operations where a debtor carries out or has carried out in the three-month period prior to the request to open main insolvency proceedings a non-transitory economic activity with human means and assets.

Luxembourg

The Issuer is incorporated under the laws of the Grand Duchy.

Certain Insolvency Law Considerations

The Issuer is incorporated under the laws of the Grand Duchy of Luxembourg and has its registered office in the Grand Duchy of Luxembourg. Accordingly, Luxembourg courts should have, in principle, jurisdiction to open main insolvency proceedings with respect to the Issuer, as an entity having its registered office and central administration (*administration centrale*) and "center of main interests" as used in the EU Insolvency Regulation ("COMI") in the Grand Duchy of Luxembourg, such proceedings to be governed by Luxembourg insolvency laws. According to the EU Insolvency Regulation, there is a rebuttable presumption that a company has its COMI in the jurisdiction in which it has the place of its registered office. As a result, there is a rebuttable presumption that the COMI of the Issuer is in the Grand Duchy of Luxembourg and consequently that any "main insolvency proceedings" (as defined in the EU Insolvency Regulation) would be opened by a Luxembourg court and be governed by Luxembourg law.

However, the determination of where the Issuer has its COMI is a question of fact, which may change from time to time. Preamble 13 of the EU Insolvency Regulation states that the COMI of a debtor should correspond to the place where the debtor conducts the administration of its interests on a regular basis and "is therefore ascertainable by third parties." In the Eurofood IFSC Limited decision by the European Court of Justice ("ECJ"), the ECJ restated the presumption in the EU Insolvency Regulation that the place of a company's registered office is presumed to be its COMI and stated that the presumption can only be rebutted if "factors which are both objective and ascertainable by third parties enable it to be established that an actual situation exists which is different from that which locating it at the registered office is deemed to reflect."

Under Luxembourg insolvency laws, the following types of insolvency proceedings may be opened against the Issuer:

- bankruptcy proceedings (*faillite*), the opening of which may be requested by the Issuer, by any of its creditors or by Luxembourg courts ex officio. The directors of the Issuer have the obligation to file for bankruptcy within one month in case it is in a state of cessation of payment (*cessation des paiements*). Following such a request, the Luxembourg courts having jurisdiction may open bankruptcy proceedings, if the Issuer (i) is in a state of cessation of payments (*cessation des paiements*) and (ii) has lost its commercial creditworthiness (*ébranlement de crédit*). If a Luxembourg court finds that these conditions are satisfied, it may also open ex officio bankruptcy proceedings, absent a request made by the Issuer or a creditor. The main effects of such proceedings are (i) the suspension of all measures of enforcement against the relevant Luxembourg entity, except, subject to certain limited exceptions, for enforcement by secured creditors and (ii) the payment of the Issuer's creditors in accordance with their ranking upon the realization of the Issuer's assets;

- controlled management proceedings (*gestion contrôlée*), the opening of which may only be requested by the relevant Luxembourg entity and not by its creditors and under which a court may order provisional suspension of payment including a stay of enforcement of claims by secured creditors; and

- proceedings concerning voluntary arrangement with creditors (*concordat préventif de la faillite*), the obtaining of which is requested by the Issuer only after having received a prior consent from a majority of its creditors holding 75% at least of the claims against the Issuer. The obtaining of such voluntary arrangement with creditors will trigger a provisional stay on enforcement of claims by creditors.

In addition to these proceedings, the ability of the holders of Notes to receive payment on the notes may be affected by a decision of the Luxembourg Commercial District Court (*Tribunal d'arrondissement siégeant en matière commerciale*) to grant a suspension on payments (*sursis de paiements*) or to put the relevant Luxembourg entity into judicial liquidation (*liquidation judiciaire*). Judicial liquidation proceedings may be opened at the request of the public prosecutor against companies pursuing an activity violating criminal laws or that are in serious breach or violation of the commercial code or the Companies Act. The management of such liquidation proceedings will generally follow similar rules as those applicable to bankruptcy proceedings.

The Issuer's liabilities in respect of the Notes will, in the event of a liquidation of the Issuer following bankruptcy or judicial liquidation proceedings, rank after the cost of liquidation (including any debt incurred for the purpose of such liquidation) and those of the Issuer's debts that are entitled to priority under Luxembourg law. For example, preferential debts under Luxembourg law include, among others:

- remuneration owed to employees;
- employee's contributions to social security;
- certain amounts owed to the Luxembourg Inland Revenue;
- value-added tax and other taxes and duties owed to the Luxembourg Customs and Excise Agency; and
- employer's contributions to social security.

For the avoidance of doubt, the above list is not exhaustive.

Luxembourg insolvency laws may also affect transactions entered into or payments made by the Issuer during the period before bankruptcy, the so- called "hardening period" (*période suspecte*), which is a maximum of six months, as from the date on which the Luxembourg Commercial District Court formally adjudicates a person bankrupt, and, as for specific payments and transactions, during an additional period of ten days before the commencement of such period, preceding the judgment declaring bankruptcy, except that in certain specific situations the court may set the start of the hardening period at an earlier date, if the bankruptcy judgment was preceded by another insolvency proceedings (e.g., a suspension of payments or controlled management proceedings) under Luxembourg law.

In particular:

- pursuant to article 445 of the Luxembourg Code of Commerce (*Code de Commerce*), specified transactions (such as, in particular, the granting of a security interest for existing debts; the payment of debts which have not fallen due, whether payment is made in cash or by way of assignment, sale, set-off or by any other means; the payment of debts which have fallen due by any means other than in cash or by bill of exchange; the sale of assets or entering into transactions generally without consideration or with substantially inadequate consideration) entered into during the suspect period (or the ten days preceding it) will be set aside or declared null and void, if so requested by the insolvency receiver; article 445 does not apply for set-off arrangements subject to the Luxembourg Collateral Law.

- pursuant to article 446 of the Luxembourg code of commerce, payments made for matured debts for consideration, as well as other transactions concluded during the suspect period, are subject to cancellation by the Luxembourg Commercial District Court upon proceedings instituted by the insolvency receiver if they were concluded with the knowledge of the bankrupt's cessation of payments; article 446 does not apply for set-off arrangements subject to the Luxembourg Collateral Law, such as Luxembourg law pledges over shares or receivables or bank accounts.

- regardless of the hardening period, article 448 of the Luxembourg Code of Commerce and article 1167 of the Luxembourg Civil Code (*action paulienne*) give the insolvency receiver (acting on behalf of the creditors) the right to challenge any fraudulent payments and transactions, including the granting of security with an intent to defraud, made prior to the bankruptcy.

In principle, a bankruptcy order rendered by a Luxembourg court does not result in automatic termination of contracts except for intuitu personae contracts, that is, contracts for which the identity of the company or its solvency were

crucial. The contracts, therefore, subsist after the bankruptcy order. However, the insolvency receiver may choose to terminate certain contracts so as to avoid worsening the financial situation of the company. As of the date of adjudication of bankruptcy, no interest on any unsecured claim will accrue vis-à-vis the bankruptcy estate. Insolvency proceedings may therefore have a material adverse effect on a Luxembourg company's business and assets and the Luxembourg company's respective obligations under the notes.

The bankruptcy receiver decides whether or not to continue performance under ongoing contracts (i.e., contracts existing before the bankruptcy order). The bankruptcy receiver may elect to continue the business of the debtor, provided the bankruptcy receiver obtains the authorization of the court and such continuation does not cause any prejudice to the creditors. However, two exceptions apply:

- the parties to an agreement may contractually agree that the occurrence of a bankruptcy constitutes an early termination or acceleration event; and
- *intuitu personae* contracts (i.e., contracts whereby the identity of the other party constitutes an essential element upon the signing of the contract) are automatically terminated as of the bankruptcy judgment since the debtor is no longer responsible for the management of the company. Parties can agree to continue to perform under such contracts.

The bankruptcy receiver may elect not to perform the obligations of the bankrupt party that are still to be performed after the bankruptcy under any agreement validly entered into by the bankrupt party prior to the bankruptcy. The counterparty to that agreement may make a claim for damages in the bankruptcy and such claim will rank pari passu with claims of all other unsecured creditors and/or seek a court order to have the relevant contract dissolved. The counterparty may not require specific performance of the contract.

Registration in Luxembourg

The registration of the Notes, the Indenture, the Guarantees and the transaction documents (and any document in connection therewith) with the *Administration de l'Enregistrement et des Domaines* in Luxembourg may be required in the case of legal proceedings before Luxembourg courts or in the case that the Notes, the Indenture, the Guarantees and the transaction documents (and any document in connection therewith) must be produced before an official Luxembourg authority (*autorité constituée*). In such case, either a nominal registration duty or an ad valorem duty (or, for instance, 0.24% of the amount of the payment obligation mentioned in the document so registered) will be payable depending on the nature of the document to be registered. No ad valorem duty is payable in respect of security interest agreements, which are subject to the Luxembourg Collateral Law.

The Luxembourg courts or the official Luxembourg authority may require that the Notes, the Indenture, the Guarantees and the transaction documents (and any document in connection therewith) and any judgment obtained in a foreign court be translated into French or German.

Germany

Insolvency

In the event of an insolvency of a Guarantor organized under the laws of Germany and having its center of main interests in Germany (a "German Domiciled Guarantor"), any main insolvency proceedings would likely be initiated in Germany. Such proceedings would then be governed by German law. See also "Certain insolvency law considerations and enforcement limitations- European Union."

The insolvency laws of Germany and, in particular, the provisions of the German Insolvency Code (*Insolvenzordnung*) may not be as favorable to your interests as creditors as the insolvency laws of other jurisdictions, including, *inter alia*, in respect of priority of creditors' claims, the ability to obtain post-petition interest and the duration of the insolvency proceedings, and hence may limit your ability to recover payments due on the Notes and or the Guarantees.

The following is a brief description of certain aspects of the insolvency laws of Germany.

Under German insolvency laws, insolvency proceedings are not initiated by the competent insolvency court *ex officio*, but require that the debtor and/or a creditor files a petition for the opening of insolvency proceedings (*Antrag auf Eröffnung des Insolvenzverfahrens*). Insolvency proceedings must be initiated by the debtor and can be initiated by a creditor in the event of over-indebtedness (*Überschuldung*) of the debtor or in the event of illiquidity (*Zahlungsunfähigkeit*).

A debtor is over-indebted when its liabilities exceed the value of its assets unless, based on the prevailing circumstances, a continuation of the business is predominantly likely (*überwiegend wahrscheinlich*).

A company is considered to be illiquid if it is unable to pay its debt when they fall due.

If a GmbH (*Gesellschaft mit beschränkter Haftung*), a stock corporation (*Aktiengesellschaft*) or any other company not having an individual as a personally liable shareholder gets into a situation of illiquidity and/or over-indebtedness, the managing director(s) or under circumstances the shareholders of such company must file a petition for the opening of insolvency proceedings without undue delay but in any event no later than three weeks after such company has become illiquid and/or over-indebted. The management of a debtor can be exposed to criminal sanctions as well as damage claims in the event that filings for insolvency are delayed or not made at all. In addition, only the debtor can file for the opening of insolvency proceedings in case of impending illiquidity (*drohende Zahlungsunfähigkeit*), i.e if there is the imminent risk for the company of being unable to pay its debt as and when they fall due, whereas impending illiquidity does not give rise to an obligation for the management of the debtor to file for insolvency proceedings.

If a company faces imminent illiquidity and/or is over-indebted it may also file for a preliminary protection scheme (*Schutzschirmverfahren*) unless—from a third-party perspective—there is no reasonable chance of a successful restructuring. In such case and upon request of the debtor, the court will appoint a preliminary custodian (*vorläufiger Sachwalter*) and prohibit enforcement measures (other than with respect to immoveable assets). It may also implement other preliminary measures to protect the debtor from creditor enforcement actions for up to three months. During that period, the debtor must prepare an insolvency plan which will ideally be implemented in formal "debtor-in- possession" proceedings (*Eigenverwaltung*) after formal insolvency proceedings have been opened.

The insolvency proceedings are controlled by the competent insolvency court, which monitors the due performance of the proceedings. Upon receipt of the insolvency petition, the insolvency court may take preliminary protective measures to secure the property of the debtor during the preliminary proceedings (*Insolvenzeröffnungsverfahren*). The court may prohibit or suspend any measures taken to enforce individual claims against the debtor's assets during these preliminary proceedings to protect the debtor's assets and/or to ensure the continuation of the debtor's business. As part of such protective measures the court may appoint a preliminary insolvency administrator (*vorläufiger Insolvenzverwalter*). The rights and duties of the preliminary administrator depend on the decision of the court. The duties of the preliminary administrator may be, in particular, to safeguard and preserve the debtor's property and to assess whether the debtor's net assets will be sufficient to cover the costs of the insolvency proceedings. Depending on the decision of the court, even the right to manage and dispose of the business and assets of the debtor may pass to the preliminary insolvency administrator. This only applies, where the debtor has not applied for "debtor-in- possession" proceedings (*Eigenverwaltung*), in which event the court may only appoint a preliminary custodian (*vorläufiger Sachwalter*), who will supervise the management of the affairs by the debtor. During preliminary insolvency proceedings, a "preliminary creditors' committee" (*vorläufiger Gläubigerausschuss*) generally will be appointed by the court if the debtor satisfies two of the following three requirements:

- a balance sheet total in excess of €6,000,000 (after deducting an equity shortfall if the debtor is over-indebted);
- revenue of at least €12,000,000 in the 12 months prior to the last day of the financial year preceding the filing; and/or
- 50 or more employees on an annual-average basis.

The requirements apply to the entity subject to the proceedings without taking into account the assets of other group companies. The preliminary creditors' committee will be able to participate in certain important decisions taken during the preliminary insolvency proceedings. It will, for example, have the power to influence the following: the selection of a preliminary insolvency administrator (*vorläufiger Insolvenzverwalter*) or an insolvency administrator (*Insolvenzverwalter*), orders for "debtor-in-possession" proceedings (*Anordnung der Eigenverwaltung*), and the appointment of a preliminary custodian (*vorläufiger Sachwalter*). The court opens formal insolvency proceedings (*Insolvenzeröffnung*) if certain formal requirements are met (in particular, but not limited to, evidence being provided of an existing cause of insolvency) and there are sufficient assets to cover at least the cost of the insolvency proceedings. If the assets of the debtor are not expected to be sufficient, the insolvency court will only open main insolvency proceedings if third parties, for instance creditors, advance the costs themselves. In the absence of such advancement, the petition for opening of insolvency proceedings will usually be refused for insufficiency of assets (*Abweisung mangels Masse*).

Upon the opening of main insolvency proceedings, the right to manage and dispose of the business and assets of the debtor passes to the insolvency administrator (*Insolvenzverwalter*), who is appointed by the insolvency court, unless "debtor-in-possession" proceedings (*Eigenverwaltung*) is ordered. The insolvency administrator may raise new financial indebtedness and incur other liabilities to continue the debtor's operations or may deem it necessary to wind down the

debtor. Satisfaction of these liabilities as preferential debts of the estate (*Masseverbindlichkeiten*) will be preferred to any insolvency liabilities created by the debtor prior to the opening of insolvency proceedings.

For the holders of the Notes, the most important consequences of such opening of formal insolvency proceedings against a company subject to the German insolvency regime would be the following:

- the right to administer and dispose of assets of the German subsidiary of the Parent would generally pass to the insolvency administrator (*Insolvenzverwalter*) as sole representative of the insolvency estate, unless debtor-in-possession proceedings (*Eigenverwaltung*) are ordered;

- if the court does not order debtor-in-possession proceedings (*Eigenverwaltung*), disposals effected by management of the German subsidiary of the Parent after the opening of formal insolvency proceedings are null and void by operation of law;

- if, during the final month preceding the date of filing for insolvency proceedings, a creditor in the insolvency proceedings acquires through execution (*e.g.*, attachment) a security interest in part of the Parent's German subsidiary's property that would normally form part of the insolvency estate, such security becomes null and void by operation of law upon the opening of formal insolvency proceedings; and

- claims against the German Domiciled Guarantor may generally only be pursued in accordance with the rules set forth in the German Insolvency Code (*Insolvenzordnung*).

Under German insolvency law, termination rights, automatic termination events or "escape clauses" entitling one party to terminate an agreement, or resulting in an automatic termination of an agreement, upon the opening of insolvency proceedings in respect of the other party, the filing for insolvency or the occurrence of reasons justifying the opening of insolvency proceedings (*insolvenzbezogene Kündigungsrechte oder Lösungsklauseln*) may be invalid if they frustrate the election right of the insolvency administrator whether or not to perform the contract unless they reflect termination rights (*Wahlrecht des Insolvenzverwalters*) applicable under statutory law. This may also relate to agreements that are not governed by German law.

Any person that has a right to segregation (*Aussonderung*) of an asset, *i.e.*, the relevant asset of this person does not constitute part of the insolvency estate, does not participate in the insolvency proceedings; the claim for segregation must be enforced in the course of ordinary court proceedings against the insolvency administrator.

All creditors, whether secured or unsecured (unless they have a right to segregate an asset from the insolvency estate (*Aussonderungsrecht*) as opposed to a preferential right (*Absonderungsrecht*)) who wish to assert claims against the debtor need to participate in the insolvency proceedings. German insolvency proceedings are collective proceedings and creditors may generally no longer pursue their individual claims in the insolvency proceedings separately, but can instead only enforce them in compliance with the restrictions of the German Insolvency Code. Any individual enforcement action brought against the debtor by any of its creditors is—in principle—subject to an automatic stay once the insolvency proceedings have been opened (and, if so ordered by a court, also between the time when an insolvency petition is filed and the time when insolvency proceedings commence). Accordingly, unsecured creditors (including creditors having the benefit of a guarantee only but not being secured by security over specific assets or rights) may file their claims in the insolvency proceedings and will be paid on a pro rata basis from the insolvency estate (to the extent sufficient assets are available). Certain secured creditors have preferential rights regarding the enforcement of their security interests, but German insolvency law imposes certain restrictions on their ability to enforce their security interests outside the insolvency proceedings and in many cases the insolvency administrator will have the sole right to enforce the security. Whether or not a secured creditor remains entitled, after the initiation of insolvency proceedings, to enforce security granted to it by the relevant debtor depends on the type of security.

The insolvency administrator generally has the sole right (i) to realize any moveable assets within its possession which are subject to preferential rights (*Absonderungsrechte*) (*e.g.*, pledges over movable assets and rights (*Mobiliarpfandrechte*) transfer by way of security (*Sicherungsübereignung*)) as well as (ii) to collect any claims that are subject to security assignment agreements (*Sicherungsabtretungen*). If such enforcement right is vested in the insolvency administrator, the enforcement proceeds, less certain contributory charges for (i) assessing the value of the secured assets (*Feststellungskosten*) and (ii) realizing the secured assets (*Verwertungskosten*) which, in the aggregate, usually add up to 9% of the gross enforcement proceeds (plus VAT (if any)), are paid to the creditor holding the relevant security interest in the relevant collateral up to an amount equal to its secured claims. Only any remaining amounts, ("Excess Proceeds"), if any, are distributed among the unsecured creditors (including the creditors having the benefit of a guarantee of the German Domiciled Guarantor). Accordingly, if a German Domiciled Guarantor grants security over its assets to creditors other than the holders of the Notes, such security will effectively result in a preferred satisfaction of such other creditors' secured claims and the proceeds obtained through the enforcement of the relevant collateral may not be sufficient to also satisfy the holder of the Notes und the Guarantees granted by the German Guarantors after satisfaction of such secured creditors.

The unencumbered assets of the debtor and any Excess Proceeds, if any, serve to satisfy the costs of the insolvency proceeding (*Massekosten*) first, then the preferred creditors of the insolvency estate (*Massegläubiger*). Typically, liabilities resulting from acts of the insolvency administrator after commencement of formal insolvency proceedings constitute liabilities of the insolvency estate. Only thereafter, all other claims (insolvency claims (*Insolvenzforderungen*)), in particular claims of unsecured creditors (including the holders of the Notes having the benefit of a Guarantee of the German Domiciled Guarantor), will be satisfied on a pro rata basis if and to the extent there is cash remaining in the insolvency estate (*Insolvenzmasse*).

It may take several years before an insolvency dividend, if any, is distributed to unsecured creditors of a German Domiciled Guarantor (such as the holders of the Notes).

A different distribution of enforcement proceeds can be proposed in an insolvency plan (*Insolvenzplan*) that can be submitted by the debtor or the insolvency administrator and which requires, among other things and subject to certain exceptions, the consent of the debtor and the consent of each class of creditors in accordance with specific majority rules.

Under German insolvency laws, it is possible to implement a debt-to- equity swap through an insolvency plan. However, it will not be possible to force a creditor into a debt-to-equity swap with regards to the debt owed to it by the debtor if it does not consent to such swap.

Under German insolvency law, there is no consolidation of the assets and liabilities of a group of companies in the event of insolvency. In the case of a group of companies, each entity, from an insolvency law point of view, has to be dealt with separately on an entity-by-entity basis (*i.e.*, there is no group insolvency concept under German insolvency law). As a consequence, there is, in particular, no pooling of claims among the respective entities of a group, but rather claims of and *vis-à-vis* each entity have to be dealt with separately. A draft act to facilitate the mastering of group insolvencies (*Entwurf eines Gesetzes zur Erleichterung der Bewältigung von Konzerninsolvenzen*) is under discussion in Germany. However, according to this draft act it is mainly intended to provide for coordination of and cooperation between insolvency proceedings of group companies. The draft does not provide for a consolidation of the insolvency proceedings of the insolvent group companies, or a consolidation of the assets and liabilities of a group of companies or pooling of claims amongst the respective entities of a group, but rather stipulates four key amendments of the German Insolvency Code in order to facilitate an efficient administration of group insolvencies: (i) a single court may be competent for each group entity insolvency proceedings; (ii) the appointment of a single person as insolvency administrator for all group companies is facilitated; (iii) certain coordination obligations are imposed on insolvency courts, insolvency administrators and creditors' committees; and (iv) certain parties may apply for "coordination proceedings" (*Koordinationsverfahren*) and the appointment of a "coordination insolvency administrator" (*Koordinationsverwalter*) with the ability to propose a "coordination plan" (*Koordinationsplan*). It is currently unclear if and when, and whether in its current or modified form, this bill might be adopted by the German parliament.

German insolvency law provides for certain creditors to be subordinated by law (in particular, but not limited to, claims made by shareholders (unless privileged) of the relevant debtor for the return of funds or payment of a consideration), while claims of a person who becomes a creditor of the insolvency estate only after the opening of insolvency proceedings generally rank senior to the claims of regular, unsecured creditors. Powers of attorney granted by the relevant debtor and certain other legal relationships cease to be effective upon the opening of insolvency proceedings. Certain executory contracts become unenforceable at such time unless and until the insolvency administrators opts for performance.

Hardening Periods and Fraudulent Transfer

In the event of insolvency proceedings with respect to a company, which would be based on and governed by the insolvency laws of Germany, the security interests granted as well as a guarantee provided by that entity could be subject to potential challenges by an insolvency administrator (*Insolvenzverwalter*) (or in the event "debtor-in-possession" status has been granted, the custodian (*Sachwalter*)) under the rules of avoidance as set out in the German Insolvency Code (*Insolvenzordnung*).

On the basis of these rules, an insolvency administrator or custodian may avoid (*anfechten*) transactions which are deemed detrimental to insolvency creditors and which were effected prior to the commencement of insolvency proceedings, subject to specific periods. Such transactions can include the payment of any amounts to the holders of the Notes as well as granting them any security interest (including guarantees). The administrator's or custodian's right to challenge transactions can, depending on the circumstances, extend to transactions during the ten-year period prior to the commencement of insolvency proceedings. If the Notes or the Guarantees were avoided, holders of the Notes would only have a general unsecured claim in insolvency proceedings in the amount of their original investment and the holders of the Notes would be under an obligation to repay the amounts received by the insolvency estate or to waive such Guarantee.

In particular, an act (*Rechtshandlung*) or a transaction (*Rechtsgeschäft*) (which terms also include the granting of a guarantee, the provision of security or the repayment of debt) may be avoided in the following cases:

- any act (*Rechtshandlung*) granting an insolvency creditor, or enabling an insolvency creditor to obtain, security or satisfaction for a debt (*Befriedigung*) if such act was taken (i) during the last three months prior to the filing of the petition for the opening of insolvency proceedings, provided that the debtor was illiquid (*zahlungsunfähig*) at the time when such act was taken and the creditor knew of such illiquidity (or of the circumstances that imperatively suggested that the debtor was illiquid) at such time, or (ii) after the filing of the petition for the opening of insolvency proceedings, if the creditor knew of the debtor's illiquidity or the filing of such petition (or of circumstances that imperatively suggested such illiquidity or filing);

- any act (*Rechtshandlung*) granting an insolvency creditor, or enabling an insolvency creditor, to obtain security or satisfaction for a debt to which such creditor was not entitled, or which was granted or obtained in a form or at a time to which or at which such creditor was not entitled to such security or satisfaction, if (i) such act was taken during the last month prior to the filing of the petition for the opening of insolvency proceedings or after such filing, (ii) such act was effected during the second or third month prior to the filing of the petition and the debtor was illiquid at such time, or (iii) such act was taken during the second or third month prior to the filing of the petition for the opening of insolvency proceedings and the creditor knew at the time such act was effected that such act was detrimental to the other insolvency creditors (or had knowledge of circumstances that imperatively suggested such detrimental effect);

- any transaction (*Rechtsgeschäft*) by the debtor that is directly detrimental to the insolvency creditors or by which the debtor loses a right or the ability to enforce a right or by which a proprietary claim against a debtor is obtained or becomes enforceable, if it was entered into (i) during the three months prior to the filing of the petition for the opening of insolvency proceedings and the debtor was illiquid at the time of such transaction and the counterparty to such transaction knew of the illiquidity at such time, or (ii) after the filing of the petition for the opening of insolvency proceedings and the counterparty to such transaction knew of either the debtor's illiquidity or such filing at the time of the transaction;

- any act (*Rechtshandlung*) by the debtor without (adequate) consideration (*e.g.*, whereby a debtor grants security or a guarantee for a third-party debt, which might be regarded as having been granted gratuitously (*unentgeltlich*)), if it was effected in the four years prior to the filing of the petition for the opening of insolvency proceedings;

- any act (*Rechtshandlung*) performed by the debtor during the ten years prior to the filing of the petition for the opening of insolvency proceedings or at any time after the filing, if the debtor acted with the intent to prejudice its insolvency creditors and the other party knew of such intention at the time of such act, with such knowledge is presumed if the other party knew that the debtor's illiquidity was imminent and that the transaction disadvantaged the other creditors;

- any non-gratuitous contract concluded between the debtor and a related party of the debtor which directly operates to the detriment of the creditors can be avoided unless such contract was concluded more than two years prior to the filing of the petition for the opening of insolvency proceedings or the other party had no knowledge of the debtor's intention to disadvantage its creditors as of the time the contract was concluded; in terms of corporate entities, the term "related party" includes, subject to certain limitations, members of the management or supervisory/advisory boards, general partners, shareholders owning more than 25% of the debtor's share capital, persons or companies holding comparable positions that give them access to information about the economic situation of the debtor, and other persons that are spouses, relatives or members of the household of any of the foregoing persons;

- any act (*Rechtshandlung*) that provides security or satisfaction for a shareholder loan (*Gesellschafterdarlehen*) made to the debtor or a similar claim if (i) in case of the provision of security, the act took place during the ten years prior to the filing of the petition for the opening of insolvency proceedings or after the filing of such petition, or (ii) in the case of satisfaction, the act took place during the last year prior to the filing of the petition for the opening of insolvency proceedings or after the filing of such petition; and

- any act (*Rechtshandlung*) whereby the debtor grants satisfaction for a loan claim or an economically equivalent claim to a third party if (i) the transaction was effected in the last year prior to the filing of a petition for the opening of insolvency proceedings or thereafter, and (ii) a shareholder of the debtor had granted security or was liable as a guarantor (*Bürge*) (in which case the shareholder has to compensate the debtor for the amounts paid (subject to further conditions)).

In this context, "knowledge" is generally deemed to exist if the other party is aware of the facts from which the conclusion must be drawn that the debtor (e.g., a German Domiciled Guarantor) was unable to pay its debt generally as they fell due, that a petition for the opening of insolvency proceedings had been filed, or that the act was detrimental to, or intended to prejudice, the insolvency creditors, as the case may be. The debtor is deemed to have acted with the intention to prejudice its insolvency creditors not only if prejudicing its creditors was the final objective of its acts but also if the insolvent party was aware that its acts might prejudice its creditors and accepted this to achieve a different objective. A person is deemed to have knowledge of the debtor's intention to prejudice the insolvency creditors if it knew of the debtor's imminent illiquidity and that the transaction prejudiced the debtor's creditors. With respect to a "related party," there is a general statutory presumption that such party had "knowledge." Furthermore, even in the absence of an insolvency proceeding, a third-party creditor who has obtained an enforcement order (*Vollstreckungstitel*) but has failed to obtain satisfaction of its enforceable claims by a levy of execution, under certain circumstances, has the right to avoid certain transactions, such as the payment of debt and the granting of security pursuant to the German Code on Avoidance (*Anfechtungsgesetz*). The conditions for avoidance under the German Code on Avoidance differ to a certain extent from the above-described rules under the German Insolvency Code and the avoidance periods are calculated from the date when a creditor exercises its rights of avoidance in the courts.

The German legislator is currently discussing a draft amendment concerning the statutory avoidance provisions in the German Insolvency Code (*Insolvenzordnung*). Amendments are envisaged with regards to, among others, the provisions for avoidance claims in connection with willful intent, for cash transactions (*Bargeschäfte*) and the interest rates on avoidance claims. It is also intended to privilege creditors which have obtained coverage of their claims on the basis of a valid enforcement order. It is currently unclear if and when, and whether in its current or modified form, this bill might be adopted by the German parliament.

Limitations on Enforcement

Limitations relating to Guarantors in the form of a German GmbH or partnership with a GmbH as unlimited liable partner

Any security (including a guarantee) granted by a German Guarantor being a direct or indirect subsidiary of the Parent incorporated in Germany in the form of a limited liability company (*Gesellschaft mit beschränkter Haftung*—"GmbH") or a GmbH & Co. KG (limited partnership with a limited liability company as general partner) is subject to certain provisions of the German Limited Liability Company Act (*Gesetz betreffend die Gesellschaften mit beschränkter Haftung*—"GmbHG").

As a general rule, sections 30 and 31 of the GmbHG ("Sections 30 and 31") prohibit a GmbH from disbursing its assets to its (direct or indirect) shareholders to the extent that the amount of the GmbH's, or in the case of a GmbH & Co. KG, its general partner's net assets determined in accordance with the provisions of the German Commercial Code (*Handelsgesetzbuch*) (*i.e.*, assets minus liabilities and liability reserves) is or would fall below, or increases or would increase an existing shortfall of, the amount of its stated share capital (*Begründung oder Vertiefung einer Unterbilanz*). Guarantees and any other security granted by a GmbH or by a GmbH & Co. KG (each a "German GmbH Guarantor") in order to secure the liabilities of a direct or indirect parent or or affiliated company of such direct or indirect parent (other than subsidiaries of the respective German GmbH Guarantor) are considered disbursements under Sections 30 and 31. Therefore, in order to enable German GmbH Guarantors to secure the liabilities of a direct or indirect parent or such an affiliate company without the risk of violating Sections 30 and 31 and to protect management from personal liability, it is standard market practice for credit agreements, indentures, guarantees and security documents to contain so-called "limitation language" in relation to German GmbH Guarantors incorporated or established in Germany. Pursuant to such limitation language, the beneficiaries of the guarantees or security interest agree to enforce the guarantees or security interest against the German GmbH Guarantor only to the extent that such enforcement would not result in the GmbH's (or, in case of a partnership , its unlimited liable GmbH partner's) net assets falling below, or increasing an existing shortfall of, its stated share capital (provided that the determination and calculation of such shortfall is subject to certain adjustments and exemptions). Accordingly, any Guarantee provided by a (direct or indirect) subsidiary of the Parent in the legal form of a GmbH or a partnership with a GmbH as an unlimited liable partner (e.g. a GmbH & Co. KG) incorporated or established in Germany will contain such limitation language in the manner described. This could lead to a situation in which the respective Guarantee granted by a GmbH or a partnership with a GmbH as an unlimited liable partner cannot be enforced at all or the secured parties may have to release all or parts of the enforcement proceeds.

German capital maintenance rules are subject to evolving case law. Future court rulings may further limit the access of a shareholder to assets of its subsidiaries constituted in the form of a GmbH or a partnership with a GmbH as an unlimited liable partner, which can negatively affect the ability of the German (direct or indirect) subsidiaries of the Parent to make payments under the Guarantees, of the beneficiaries of the Guarantees to enforce the Guarantees.

Limitations relating to Guarantors in the form of a German Aktiengesellschaft and any of it subsidiaries

In addition, the scope as well as the validity and enforceability of any Guarantee granted by a German Guarantor being a direct or indirect subsidiary of the Parent incorporated in Germany in the form of a stock corporation (*Aktiengesellschaft*—"AG") and of any direct or indirect subsidiary of such AG are subject to several limitations and restrictions under the German Stock Corporation Act (*Aktiengesetz*—"AktG"). In particular, DEA Deutsche Erdoel AG, which is anticipated to provide a Guarantee for the benefit of the holders of the Notes on the Issue Date, is incorporated in Germany in the form of an AG and nearly all other Subordinated Guarantors are subsidiaries of DEA Deutsche Erdoel AG, i.e. the below limitations under the German Stock Corporation Act also apply to such Subordinated Guarantors in addition to the limitations described above arising from the German Limited Liability Company Act or (e.g. in relation to DEA Norge AS) any other local law limitations. See "*Risk Factors—Risks relating to the Notes and our structure—Each Guarantee will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit its validity and enforceability*."

Section 57 of the AktG prohibits an AG generally from disbursing its assets to its (direct or indirect) shareholders. Guarantees granted by an AG and its direct and indirect subsidiaries in order to guarantee or secure liabilities of a direct or indirect parent or affiliate company (such as the Issuer) are considered disbursements and are accordingly prohibited unless, according to Section 57 of the AktG, they are made during the existence of a domination or profit and loss transfer agreement or are covered by a fully valuable compensation claim against the shareholder.

Furthermore, Section 71a of the AktG prohibits an AG (and any of its subsidiaries) from making any advance payment, granting any loan, any security (including any guarantee) or any other benefit to any other person for the purpose of the (direct or indirect) acquisition of any shares in the AG. According to Section 71a of the AktG any transaction or agreement providing for any such financial assistance would be held void. It is a common view among German legal scholars and practitioners that—depending on the circumstances—such prohibition and legal consequences may also apply to guarantees that support any refinancing of debt incurred by the AG in the connection with the acquisition of its shares by a third party such as the RBL Facility.

In order to to protect management from personal liability and to avoid the risk of any guarantees in relation to the liabilities of a direct or indirect parent or affiliate company of an AG (such as the Issuer) being void or otherwise violating sections 57 and 71a of the AktG, it is market practice for credit agreements, indentures, guarantees and security documents to contain a so-called "limitation language" in relation to subsidiaries in the legal form of an AG incorporated in Germany and any of the AG's subsidiaries. Pursuant to such limitation language, the guarantees or security interests do not—in the absence of a domination and/or profit and loss pooling agreement (Beherrschungs- und/oder Gewinnabführungsvertrag—"DPLTA") between the AG as dominated entity and its shareholder as dominating entity—secure any liabilities of a direct or indirect parent or affiliate company of the AG (or of any of its subsidiaries). Even in case a DPLTA is in place and provided that certain other requirements are met, the granting of guarantees by an AG and/or by its direct and indirect subsidiaries (whether or not to support the acquisition of such AG) may be considered to be a violation of such restrictions, in which case such guarantees may be void, unenforceable, restricted and/or subject to a redemption claim against the beneficiary. In particular, under the prevailing view in literature, the exemption for DPLTA only applies to both section 57 and section 71a of the AktG if and when payments under the Guarantee may not cause the dominated entity to incur a balance sheet loss for which it cannot reasonably expect the dominating entity to make a compensation payment under the DPLTA due to the solvency situation of the dominating entity. Therefore, any Guarantee provided by a (direct or indirect) subsidiary of the Parent in the legal form of an AG incorporated in Germany and any direct or indirect subsidiary of the AG (including any non-German Subordinated Guarantor such as the Norwegian Guarantor) will contain a limitation language not extending the guarantee to up-stream liabilities and/or not allowing the Guarantee to be enforced even if a DPLTA is in place but the payment under any Guarantee will, or must be expected to, result in an annual loss of the AG which would not be, or cannot be expected to be, compensated for by a compensation claim under the DPLTA which compensation claim could be accounted for in the balance sheet of the AG at full value (*vollwertig*).

Therefore, the limitation language contained in the Indenture could have the result that, although a DPLTA is currently in place between DEA Deutsche Erdoel AG as dominated entity and L1E Acquisitions GmbH as dominating entity, such DPLTA would not remedy the restrictions on the scope of the guarantee and any enforcement restrictions under the limitation language and accordingly such Guarantees would not cover any liabilities of, *inter alia*, the Issuer under the Notes and the Indenture and could not be enforced, if L1E Acquisitions GmbH, a holding company having no material assets of its own other than (i) the shares of DEA Deutsche Erdoel AG and (ii) a de minimis amount of cash on the balance sheet would in case of an enforcement of any of the Guarantees not be able compensate a loss at the level of DEA Deutsche Erdoel AG.

In addition, the DPLTA could under certain circumstances be terminated after the issuance of the Notes even if DEA Deutsche Erdoel AG and L1E Acquisitions GmbH would under any agreements including the Indenture be contractually prohibited to do so. Pursuant to Section 297 of the AktG, cause for an extraordinary termination of a DPLTA

shall in particular exist if it is likely that the other contracting party will not be able to fulfil its obligations arising from the DPLTA. Accordingly, the management of DEA Deutsche Erdoel AG could and potentially would (in order to avoid personal liability) terminate the DPLTA, if and when it became likely that the Guarantees would be enforced and L1E Acquisition GmbH could not fulfill its compensation obligations under the DPLTA in case such enforcement or other circumstances result or are likely to result in an annual loss at the AG. This could lead to a situation in which the respective Guarantees granted by DEA Deutsche Erdoel AG and by any of its direct and indirect subsidiaries are unenforceable and do not secure the Notes.

German capital maintenance and financial assistance rules are subject to evolving case law. Future court rulings may further limit the access of a shareholder to assets of its subsidiaries constituted in the form of an AG (or of the subsidiaries of an AG), which could negatively affect the ability of (direct or indirect) subsidiaries of the Parent constituted in the form of an AG or any of the subsidiaries of an AG to make payments under the Guarantees and/or of the beneficiaries of the Guarantees to enforce the Guarantees.

Limitations relating to Guarantors in the form of a German GmbH and/or Aktiengesellschaft

The limitation language referred to above to be included in the Indenture and which will apply to the Guarantees granted by DEA Deutsche Erdoel AG and any of its respective direct or indirect subsidiaries will (substantially) be in the following form:

1. The enforcement of a Guarantee granted by a Guarantor incorporated as a German limited liability company (*Gesellschaft mit beschränkter Haftung*) ("German GmbH Guarantor"), shall be subject to the following provisions:

   (a) To the extent that such Guarantee secures liabilities of any of the German GmbH Guarantor`s affiliated companies (*verbundenes Unternehmen*) within the meaning of section 15 of the German Stock Corporation Act (*Aktiengesetz*) which is a direct or indirect shareholder of the German GmbH Guarantor(s) ("Up-stream Guarantee") or a subsidiary of such shareholders other than any of the German GmbH Guarantor's direct or indirect subsidiaries (" Cross-stream Guarantee") and save to the extent that such Guarantee guarantees amounts that correspond to proceeds from the Notes that have been on-lent, or otherwise passed on, to that German GmbH Guarantor or any of its direct or indirect subsidiaries and such proceeds have not been repaid (provided that such German GmbH Guarantor must prove that and to what extent such proceeds have not been on-lent or otherwise passed on or have already been repaid) at the time of the respective Payment Demand (as defined below), such Guarantee—shall subject to the further provisions in this section 1—not be enforced if and only to the extent that the enforcement would have the effect of:

      (i) causing the relevant German GmbH Guarantor's Net Assets to be reduced below zero (*Begründung einer Unterbilanz*), or

      (ii) (if its Net Assets are already below zero) causing such amount to be further reduced (*Vertiefung einer Unterbilanz*),

      and thereby affecting its assets required for the obligatory maintenance of its stated share capital (*Stammkapital*) pursuant to sections 30, 31 German Limited Liability Company Act (*Gesetz betreffend die Gesellschaften mit beschränkter* Haftung, "GmbHG").

   (b) "Net Assets" means the relevant company's assets (section 266 sub-section (2) of the German Commercial Code (*Handelsgesetzbuch*) ("HGB")) less the aggregate of (i) its liabilities (section 266 sub-section (3) B, C (but disregarding, for the avoidance of doubt, any provisions in respect of the Guarantee), D and E HGB) and (ii) its stated share capital (*Stammkapital*) (section 266 subsection (3)A(I) HGB).

      The calculation of the Net Assets shall generally be based on the German GmbH Guarantor's financial statements (*Jahresabschluss*) prepared pursuant to sections 242 and 264 HGB consistently applied and in accordance with the jurisprudence applicable to the calculation of distributable assets under sections 30, 31 GmbHG from time to time, save that for purposes of this section 1 the following balance sheet items shall be adjusted as follows:

      (i) the amount of any increase of the stated share capital (*Erhöhung des Stammkapitals*) after the date of the Indenture that has been effected without the prior written consent of the Trustee and that has been effected out of retained earnings (*Kapitalerhöhung aus Gesellschaftsmitteln*) and

any amount of share capital not fully paid up, shall be deducted from the stated share capital, and

(ii) loans and other liabilities incurred by the relevant German GmbH Guarantor in violation of the provisions of the Indenture shall be disregarded.

(c) The limitations set forth under (a) above shall only apply if the managing director(s) of the relevant German GmbH Guarantor within twenty (20) business days following receipt of a notice from the Trustee or a holder of the Notes stating that the Trustee or such holder of the Notes intends to demand payment under the guarantee against the relevant German GmbH Guarantor confirm(s) in writing to the Trustee and such holder of the Notes (the "Payment Demand"):

(i) why and to what extent the guarantee is an Up-stream Guarantee or a Cross-stream Guarantee and does not correspond to amounts which have been on-lent or otherwise passed on as described in paragraph (a) above; and

(ii) which amount of such Up-stream Guarantee and/or Cross-stream Guarantee cannot be enforced as the respective German GmbH Guarantor's Net Assets are below zero or such enforcement would cause such German GmbH Guarantor's Net Assets to be reduced below zero, as a result of which such enforcement would lead to a violation of the capital maintenance rules as set out in sections 30, 31 GmbHG, and such confirmation is supported by reasonably satisfactory evidence, including (without limitation) an up-to-date balance sheet of such German GmbH Guarantor together with a detailed calculation of the amount of such German GmbH Guarantor's Net Assets taking into account the adjustments and obligations set forth in paragraph (b) above

(the "Management Determination").

The Management Determination shall be prepared as of the date of the Payment Demand. The guarantee can be enforced in any amount which would, in accordance with the Management Determination, not cause the German GmbH Guarantor's Net Assets to be reduced or fall further below zero.

(d) If, following the receipt by the Trustee and the relevant holder of the Notes, as applicable of the Management Determination, the relevant German GmbH Guarantor delivers to the Trustee and any relevant holder of the Notes within thirty (30) business days of request an up-to-date balance sheet of the German GmbH Guarantor, drawn-up by an auditor of international standard and reputation appointed by the relevant German GmbH Guarantor together with a detailed calculation of the amount of the Net Assets of the relevant German GmbH Guarantor taking into account the adjustments and obligations set forth in paragraph (b) above as of the date of the Payment Demand (the "Auditors' Determination"), the Guarantee shall only be enforced in an amount which would, in accordance with the Auditor's Determination, not cause the German GmbH Guarantor's Net Assets to be reduced or further fall below zero. If the German GmbH Guarantor fails to deliver an Auditor's Determination within such 30 Business Day period, the Guarantee can be enforced without any limitation or restriction.

(e) For the avoidance of doubt, if the Trustee or a holder of the Notes disagrees with the Auditor's Determination, it shall be entitled to further pursue in court its payment claims under the Guarantee in excess of the amounts paid or payable pursuant to the Auditor's Determination.

(f) Each German GmbH Guarantor shall as soon as possible after receipt of a Payment Demand realise any and all of its assets that are (i) shown in the balance sheet with a book value (*Buchwert*) that is 20% lower than the market value of the assets and (ii) not required for continuing its business (*nicht betriebsnotwendig*), if, as a result of a payment under or enforcement of the Guarantee, its Net Assets would be reduced below zero or are already below zero. After the expiry of the earlier of (i) a two (2) months period after receipt of the Payment Demand or (ii) the realisation of such assets, the German GmbH Guarantor shall within five (5) business days, notify the Trustee and any relevant holder of the Notes of the amount of the proceeds from the sale and submit a statement setting forth a new calculation of the amount of the Net Assets of the German GmbH Guarantor taking into account such proceeds.

(g) The limitations set forth in paragraph (a) above shall only apply if, so long as and to the extent that:

(i) the relevant German GmbH Guarantor has complied with its obligations pursuant to paragraphs (c) through (e) above and in the relevant timeframe set out therein; and

(ii) at the time of the Payment Demand, the relevant German GmbH Guarantor is not a party to a profit and loss sharing agreement (*Gewinnabführungsvertrag*) and/or a domination agreement (*Beherrschungsvertrag*) where the relevant German GmbH Guarantor is the dominated entity (*beherrschtes Unternehmen*) and/or the entity being obliged to share its profits with the other party of such profit and loss sharing agreement (each a "Domination Agreement") or, in case it is a party to such a Domination Agreement as dominated entity, it does not have a fully valuable (*werthaltig*) compensation claim (*Verlustausgleichsanspruch*) against the dominating entity (*herrschendes Unternehmen*), unless, at the time of the Payment Demand or enforcement, there is a ruling of the German Federal Court of Justice (*Bundesgerichtshof*) holding that such a compensation claim is not required for the exemption under paragraph 1, sentence 2, first alternative of section 30 GmbHG; and

(iii) the relevant German GmbH Guarantor does, at the time of the Payment Demand, not hold an indemnity or claim for refund against the relevant shareholder that can be accounted for in the balance sheet of the relevant German GmbH Guarantor at full value for those liabilities for which the guarantee was enforced (*vollwertiger Gegenleistungs- oder Rückgewähranspruch*); and

(iv) at the time of the Payment Demand or enforcement no change in law or non-appealable ruling by the German Federal Court of Justice exists according to which the deficit (*Unterbilanz*) referred to in para (a) above would not constitute a breach of the German GmbH Guarantor`s obligations to maintain its registered share capital pursuant to the capital maintenance requirements currently set out in sections 30 *et seqq.* GmbHG, each as amended, supplemented and replaced from time to time.

(h) The above paragraphs (a) through (g) shall apply *mutatis mutandis* to a Guarantee granted by a Guarantor organised as a partnership (*Personengesellschaft)* with a German limited liability company (*Gesellschaft mit beschränkter Haftung*) as partner with unlimited liability (*persönlich haftender Gesellschafter*) (the "GmbH Partner"), provided that in such case and for the purpose of the above paragraphs (a) through (g) only any reference to such Guarantor's Net Assets (*Reinvermögen*) shall be deemed to be a reference to the Net Assets (*Reinvermögen*) of the relevant GmbH Partner.

2. The enforcement of a Guarantee granted by a Guarantor incorporated as a German stock corporation (*Aktiengesellschaft*) (a "German AG") and by any Guarantor being a direct or indirect subsidiary of such German AG shall be subject to the following provisions:

To the extent that such Guarantee secures liabilities of any of the German AG`s affiliated companies (*verbundenes Unternehmen*) within the meaning of section 15 of the German Stock Corporation Act (*Aktiengesetz*) which is a direct or indirect shareholder of the German AG ("Up-stream Liabilities") or a subsidiary of such shareholders other than any of the German AG`s direct or indirect subsidiaries ("Cross-stream Liabilities"), such Guarantee shall only secure such Up-stream Liabilities or Cross-stream Liabilities if at the time of the respective Payment Demand a profit and loss sharing agreement (*Gewinnabführungsvertrag*) and/or a domination agreement (*Beherrschungsvertrag*) between the German AG's shareholder and the German AG as dominated entity (*beherrschtes Unternehmen*) and/or entity being obliged to share its profits with the other party of such agreement ("DPLTA") is in place at the time of the Payment Demand except that (and provided that at the time of the Payment Demand or enforcement, there is no ruling of the German Federal Court of Justice (*Bundesgerichtshof*) pursuant to which a fully valuable compensation claim is not required in addition to the existence of a DPLTA to overcome capital maintenance or financial assistance limitations set forth in sections 57 AktG or 71a AktG) such Guarantee shall not be enforceable if and to the extent that the payment by the German AG or by a subsidiary of the German AG under the relevant Guarantee will, or must be expected to, result in an annual loss to the German AG and such annual loss would not be, or cannot reasonably be expected to be, compensated for by a compensation claim (*Verlustausgleichsanspruch*) under the relevant DPLTA which compensation claim can be accounted for in the balance sheet of the German AG at full value (*vollwertig*).

3. No reduction of the amount to be enforced under the Indenture pursuant to sections 1 and 2 above will prejudice the rights of the holders of the Notes and the Trustee and its successors and assigns on behalf of the holders of the Notes to enforce the Guarantee again under the Indenture (subject always to the operation of the limitations set forth in sections 1 and 2 above at the time of such further enforcement). However, the German GmbH Guarantor shall only be obliged to bear the costs and expenses reasonably incurred in connection with the preparation of any updated balance sheet and/or Auditor's Determination if and to the extent that an improvement of the financial conditions of the German GmbH Guarantor has occurred which entitles the Trustee or the relevant holder of the Notes to claim further payments under the Guarantee.

In addition, section 64 sentence 3 GmbHG and section 92 para. 2 sentence 3 AktG restrict payments if and to the extent such payments under a Guarantee would deprive a German Guarantor of the liquidity necessary to fulfill its financial liabilities to its creditors. In such case, the Guarantees might not be enforceable prior to the opening of final insolvency proceedings at the level of the German Guarantor.

It cannot be ruled out that the case law of the German Federal Supreme Court (*Bundesgerichtshof*) regarding "destructive interference" (*existenzvernichtender Eingriff*) (*i.e*., a situation in which a shareholder deprives a GmbH of the liquidity necessary for it to meet its own payment obligations) may be applied by courts with respect to the enforcement of any Guarantee granted by any German Guarantor. In such a case, the amount of proceeds to be realized in an enforcement process may be reduced. According to a decision of the German Federal Supreme Court (*Bundesgerichtshof*), a security or guarantee agreement may be void due to tortious inducement of breach of contract if a creditor knows about the distressed financial situation of the debtor and anticipates that the debtor will only be able to grant collateral (including a guarantee) by disregarding the vital interests of its other business partners. It cannot be ruled out that German courts may apply this case law with respect to the granting of Guarantees by any German Guarantors (including in the legal form of an AG).

Furthermore, the beneficiary (e.g., a holder of Notes) of a transaction effecting a repayment of the stated share capital of the grantor of the guarantee could become personally liable under exceptional circumstances. The German Federal Supreme Court (*Bundesgerichtshof*) ruled that this could be the case if, for example, the creditor were to act with the intention of detrimentally influencing the position of the other creditors of the debtor in violation of the legal principle of *bonos mores* (*Sittenwidrigkeit*). Such intention could be present if the beneficiary of the transaction was aware of any circumstances indicating that the grantor of the guarantee was close to collapse (*Zusammenbruch*), or had reason to enquire further with respect thereto.

Norway

Norwegian insolvency legislation is regulated by the Norwegian Bankruptcy Act of June 8, 1984 No. 58 (*Konkursloven*) (the "Bankruptcy Act"), which sets forth the various procedures to be followed both in the case of court-administered debt negotiations and bankruptcy proceedings. Further, relevant rules are laid down in non-statutory law and the Creditors Recovery Act of June 8, 1984 No. 59 (*Dekningsloven*) (the "Recovery Act"), which contains general provisions on, among other things, the priority of claims.

Please note that, there are no examples of bankruptcy proceedings concerning a license holder on the NCS, and there is therefore a lack of precedents on the application of the regulations as to the exact legal positions to different creditors of the company and there may be several competing claimants to the license holder's assets. For example, it is not clear whether the other joint venture partners in the license(s) will have priority over secured creditors. Further, the MPE will have discretionary powers to revoke the license interests of such company. For pledged license interests, the MPE shall first give a pledgee notice in writing allowing the pledgee to initiate a forced sale of the license interest without undue delay. It is, however, not clear how a revocation will influence the economic rights of the secured creditors and the joint venture partners. There are also several other aspects in case of a bankruptcy of a license holder on the NCS which are unclear and uncertain under Norwegian law. The below description of Norwegian insolvency law considerations are of a general nature only and do not specifically address the situation of a bankruptcy of a license holder on the NCS, and the below summary, and in particular the rules of priority, should be read with this caveat in mind.

The key features of the Norwegian bankruptcy proceedings are (i) the seizure and subsequent disposal of the debtor's assets, (ii) the assessment and ranking of claims, (iii) the testing and revocation of transactions (including the securing of existing claims) made prior to bankruptcy, (iv) the handling of the debtor's contractual relationships and (v) the distribution of funds (if any) in accordance with the priority rules. If the business operations of the bankrupt company are continued, they are in practice continued at the risk of, and only to the extent guaranteed by, the creditors.

Bankruptcy proceedings may be opened provided that the debtor is insolvent. Both the debtor and the creditors (holding or pretending to hold a claim) can petition for bankruptcy.

There are two requirements for a debtor to be deemed to be insolvent. The debtor must (i) be unable to service its debt as it becomes due (the "cash flow test"), and (ii) the debtor must be in "deficit" (the company's debts must exceed the sum of its assets and revenue, based on real, not book, values) (the "balance sheet test").

During bankruptcy proceedings the debtor's assets are controlled by the court-appointed liquidator (usually a lawyer), on behalf of the bankruptcy estate. The main task of the liquidator is to turn all the debtor's assets into cash in the manner assumed to be most profitable for the estate (the creditors), and then distribute the available cash to the rightful creditors.

All of the debtor's assets will in practice be seized by the bankruptcy estate, and the debtor may not dispose of the seized assets in any way while the bankruptcy proceedings are ongoing. The bankruptcy estate may also seize assets held

by third parties, if these assets are acquired from the debtor in an unlawful manner, or if the acquisition lacks legal protection, or if the transaction can be reversed according to the Recovery Act. The bankruptcy estate is a separate legal entity, which is authorized to exercise all ownership interests and rights with respect to the seized assets, including, but not limited to, the realization of assets.

Secured creditors are, in principle, not deemed to be part of the bankruptcy proceedings to the extent the value of the security is sufficient to cover the underlying obligations of the debtor. The secured creditors may, in principle, realize the security, and cover their claims; however, keeping in mind that the realization of a number of categories of security during the first six months after the opening of a bankruptcy will be subject to the approval of the bankruptcy estate (the same principles apply to official debt negotiations). The bankruptcy estate has the right, subject to certain conditions being fulfilled, to realize the security and divide the proceeds between the secured creditors and other holding legal rights in the assets.

Furthermore, the bankruptcy estate has a statutory first lien of up to 5% of the estimated value or sales value of all assets secured by the debtor for its own debt or by a third party for the debtor's indebtedness. Such statutory lien is not applicable to financial security (cash deposits and financial instruments) established pursuant to the Norwegian Financial Collateral Act No. 17/2004 (*Lov om finansiell sikkerhetsstillelse*) (the "Financial Collateral Act") cf the Norwegian Liens Act No. 2/1980 (*Panteloven*) (the "Liens Act") Section 6-4 (9).

Any under-secured amount (any amount exceeding the value of the secured assets) will be deemed an ordinary (unsecured) trade claim.

In a Norwegian bankruptcy, the claims are provided with the following priority:

- secured claims (valid and perfected security covered up to the value of the secured asset-either after the realization by the secured creditor itself or after realization undertaken by the bankruptcy estate);

- super-priority claims (claims that arise during the bankruptcy proceedings, liquidator's costs and obligations of the estate);

- salary claims (within certain limitations);

- tax claims (such as withholding tax and value-added tax within certain limitations);

- ordinary unsecured claims (all other claims unless subordinated, including unsecured debt, trade creditors and indemnity claims); and

- subordinated claims (including interest incurred after the opening of bankruptcy proceedings, claims subordinated by agreement, liquidated damages and penalty claims).

Creditors will obtain recovery from the surplus remaining after claims with better priority have been settled.

Pursuant to the Recovery Act, the bankruptcy estate may be entitled to set aside or reverse transactions carried out in the three- to twelve-month period (and, in respect of transactions in favor of related parties, up to two years) before the opening of the bankruptcy proceedings, such as extraordinary payments of certain creditors, security established for existing debt and transactions at an undervalue. The bankruptcy estate may also, under certain circumstances, be entitled to set aside or reverse transactions made in bad faith or negligently which in an improper manner increase the debtor's debt, favor one or more creditors at the expense of others or deprive the debtor of assets which may otherwise have served to cover the creditors' claims, in which case the time limit for challenges by the estate is increased to ten years.

Solvent enforcement

Enforcement of security normally requires that the pledgee or chargee files an application to the enforcement authorities for the enforcement of the security. Certain types of security may, however, be enforced without the involvement of the enforcement authority or a court, typically security established pursuant to the Financial Collateral Act and charges over monetary claims. A provision granting the secured party such right of enforcement is typically included in any security agreement between the pledgor/chargor and the secured party.

Enforcement of a guarantee claim against a solvent guarantor will in principle require a final, legally binding judgment by a court (unless the guarantee is made as an enforceable promissory note). Thereafter the creditor may apply to the enforcement authorities for enforcement of his or her claim against the assets of the guarantor.

Creation and enforcement of security

Norwegian law provides for effectively creating security over a range of closely defined asset types (a floating charge may be established over certain asset types of a Norwegian company, but not over all assets generally).

As a main rule, a secured creditor does not have a general step-in right to security assets in an enforcement situation and agreements on enforcement cannot validly be entered into prior to the occurrence of an event of default. Instead, enforcement must be sought through the Norwegian courts and/or the Norwegian enforcement authorities. However, this is different for shares in a Norwegian limited company. If the secured party is a financial institution, the shares are considered financial collateral, and the parties are free (within reasonable limits) to agree on the enforcement process in the share pledge agreement.

Also, for specific security assets, and under certain circumstances, a creditor may take possession or directly enforce its rights upon enforcement. This is the case for security established over receivables (such as trade receivables or bank account claims) whereby the secured party may instruct the relevant debtor to pay the outstanding amounts directly to the secured party instead of the chargor.

The concept of a security trustee, as it is understood under common law, does not exist under Norwegian law. In practice, in an arrangement with a security agent acting on behalf of the secured parties, as these exist from time to time, it is generally recognized under Norwegian law that the security agent will be able to enforce the security on behalf of the secured parties and apply any proceeds to the secured parties. In order to commence any legal action regarding a claim (for enforcement purposes or otherwise) against the debtor the security agent may, however, be required to disclose to the court the identity of the creditors and have the creditors join in or participate as claimants in the proceedings. It has been established by the Norwegian Supreme Court that a bond trustee for an undisclosed number of bondholders can, based on the provisions in the bond agreement, take legal action against the issuer on behalf of and in lieu of the bondholders and without having to disclose the entity of the bondholders.

Listing and general information

1. Application has been made for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and to be traded on the Euro MTF Market.

2. So long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and are traded on the Euro MTF Market and the rules of such exchange shall so require, (i) copies of our articles of association and those of the Issuer and the Guarantors and the Indenture (including the Guarantees contained therein) will be available free of charge at the specified office of the Paying Agent in London referred to in paragraph 5 below and (ii) copies of all of our annual and interim consolidated financial statements and those for all subsequent fiscal periods will be available free of charge during normal business hours on any weekday at the offices of our Paying Agent in London referred to in paragraph 5 below.

3. We accept responsibility for the information contained in this Offering Memorandum. To the best of our knowledge, except as otherwise noted, the information contained in this Offering Memorandum is in accordance with the facts and does not omit anything likely to affect the import of this Offering Memorandum and, as of the date of this Offering Memorandum, there has been no material change in the financial position of the Issuer or of the Parent (except as otherwise described in this Offering Memorandum) since their respective dates of incorporation and of the Company since June 30, 2016.

4. Neither we nor any of our subsidiaries, the Issuer or the L1E Holding Companies is a party to any litigation that, in our judgment, is material in the context of the issue of the Notes, except as disclosed herein.

5. We will have appointed The Bank of New York Mellon, London Branch as our Principal Paying Agent and Transfer Agent in London. We reserve the right to vary such appointment and shall publish notice of such change of appointment in a newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or the Luxembourg Stock Exchange's website. Information on the Luxembourg Stock Exchange's website does not form part of this Offering Memorandum. The Paying Agent in London will act as intermediary between the holders of the Notes and us so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and are traded on the Euro MTF Market.

6. The Notes have been accepted for clearance through the facilities of Euroclear and Clearstream. The Rule 144A Global Notes have a Common Code of 149893547 and the Regulation S Global Notes have a Common Code of 149893539. The Rule 144A Global Notes have an ISIN of XS1498935474 and the Regulation S Global Notes have an ISIN of XS1498935391.

7. The Issuer is incorporated as a public limited liability company under the laws of the Grand Duchy of Luxembourg with registered number B208994. Its date of incorporation is September 6, 2016 and its principal objective and activity is issuing the Notes. Both its office and its principal place of business are located at 1-3, Boulevard de la Foire, L-1528 Luxembourg and its fax number is +352 2461 1661.

8. The Parent is incorporated as a limited partnership with a limited liability company as its sole general partner (*GmbH & Co. KG*) under the laws of the Federal Republic of Germany with registered number HRA 118825 at the local court (*Amtsgericht*) of Hamburg. Its date of incorporation is March 31, 2014 and its principal objective and activity is, directly or indirectly, to acquire, hold and dispose of equity interests as well as rendering management services, administrative services and services with regard to debt or equity financing for such investments, with a principal focus on the Energy Sector. Its registered office is located at Überseering 40, 22297 Hamburg. The total capital contribution (*Kommanditeinlage*) amounts to EUR 1,000.00 and is fully paid up. Its limited partner is L1 Energy Capital Management Services S. à r.l. (registered number B 185442 at the Registre de Commerce et des Sociétés Luxembourg with registered office at 3 Boulevard de la Foire, L-1528 Luxembourg. The Parent is represented by its general partner L1E Finance GP GmbH (registered number HRB 130552 at the local court of Hamburg with registered office at Überseering 40, 22297 Hamburg), which is in turn represented by its managing directors. Mr. Christoph Arved Hubertus von Teichman und Logischen (Hamburg), Mr. Philip Neil Mcalpin (L-1319 Luxembourg/Luxembourg) and Mr. John Christopher Smith (NW8 9EB London/United Kingdom), each with the power of sole representation, are currently appointed as managing directors of L1E Finance GP GmbH.

9. The issue of the Notes was approved by resolutions of the Management Board of the Issuer passed on September 23, 2016.

10. The following is a brief description of the Guarantors that will guarantee the Notes from the date on which the Notes are issued:

Company	Jurisdiction	Registered Office

L1E Finance GmbH & Co. KG................................	Germany	Überseering 40, 22297 Hamburg, Germany
L1E Funding GmbH	Germany	Überseering 40, 22297 Hamburg, Germany
L1E Acquisitions GmbH	Germany	Überseering 40, 22297 Hamburg, Germany
DEA Deutsche Erdoel AG.......................................	Germany	Überseering 40, 22297 Hamburg, Germany
DEA Speicher GmbH	Germany	Überseering 40, 22297 Hamburg, Germany
DEA International GmbH..	Germany	Überseering 40, 22297 Hamburg, Germany
DEA Suez GmbH	Germany	Überseering 40, 22297 Hamburg, Germany
DEA Nile GmbH	Germany	Überseering 40, 22297 Hamburg, Germany
DEA Norge AS	Norway	Løkkeveien 103, 4007 Stavanger, Norway

Glossary

"1P"	proved reserves. Pursuant to the classifications and definitions provided by the PRMS, 1P resources are those quantities of petroleum, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations. If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate.
"1PD"	developed 1P reserves. Pursuant to the classifications and definitions provided by the PRMS, developed 1P reserves that are expected to be recovered from existing wells, including reserves expected to be recovered from completion intervals which are open at the time of the estimate but which have not yet started producing or wells which were shut in for market conditions or pipeline connections or wells not capable of producing for mechanical reasons. These reserves are considered developed only after the necessary equipment has been installed, or when the costs to do so are relatively minor.
"2P"	proved reserves plus probable reserves. Pursuant to the classifications and definitions provided by the PRMS, "proved reserves" is defined as those quantities of oil and gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations and "probable reserves" is defined as those additional reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than proved reserves but more certain to be recovered than possible reserves
"2PD"	developed 2P reserves. Pursuant to the classifications and definitions provided by the PRMS, developed 2P reserves that are expected to be recovered from existing wells, including reserves expected to be recovered from zones completion intervals which are open at the time of the estimate but which have not yet started producing or wells which were shut in for market conditions or pipeline connections or wells not capable of producing for mechanical reasons. These reserves are considered developed only after the necessary equipment has been installed, or when the costs to do so are relatively minor.
"3D seismic"	geophysical data that depicts the subsurface strata in three dimensions
"4D seismic"	geophysical data that involves comparing the results of 3D seismic surveys at different times in the life of an oil and/or gas field
"accumulation"	an individual body of moveable petroleum. A known accumulation (one determined to contain Reserves or Contingent Resources) must have been penetrated by a well
"appraisal well"	well drilled to assess characteristics (such as flow rate or volume) of a proven hydrocarbon accumulation
"barrel" or "b" or "bbl"	a stock tank barrel, a standard measure of volume for oil, condensate and natural gas liquids, which equals 42 US gallons
"bcf"	billions of cubic feet
"bcpd"	barrels of condensate per day
"Block"	an area of licensed territory comprising one or more licenses
"boe"	barrels of oil equivalent
"boepd"	barrels of oil equivalent per day
"bopd"	barrels of oil per day
"Brent"	a particular type of crude oil that is a light, sweet oil produced in the North Sea with most of it being refined in Northwest Europe. Brent is a benchmark oil
"burner tip"	the physical point at which natural gas is consumed
"crude oil"	unrefined oil
"contingent resources"	those quantities of oil and gas estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable due to one or more contingencies
"exploration well"	a well drilled to find hydrocarbons in an unproved area or to extend significantly a known oil or natural gas reservoir
"farm-in"	to acquire an interest in a license from another party
"farm-down" or "farm-out"	to assign an interest in a license to another party
"field"	an area consisting of either a single reservoir or multiple reservoirs, all grouped on or related to the same individual geological structural feature and/or stratigraphic condition

"flat gas"....................	refers to the fact that most gas import contracts are supplied with little flexibility for the buyer to determine the offtake volumes at any given time during the contract year. In order to fulfil the take or pay commitment the buyer has more or less constantly to take the provided maximum capacity during the year. A 7,000 h of 8,760h/y load factor (ca. 80%) would be typical for such import contract.
"formation"	a body of rock that is sufficiently distinctive and continuous that it can be mapped
"FPSO"......................	a floating production, storage and offloading vessel used by the offshore oil and gas industry for the processing of hydrocarbons and for storage of oil
"FSO"	a floating storage and offloading vessel used only to store and offload oil (and not process it)
"hydrocarbons".........	compounds formed primarily from the elements hydrogen and carbon and existing in solid, liquid or gaseous forms
"Kboe".......................	thousand barrels of oil equivalent
"Kboepd"...................	thousand barrels of oil equivalent per day
"Kbopd"	thousand barrels of oil per day
"lifting"......................	the process of loading a tanker with oil
"LPG"........................	liquefied petroleum gas
"MMbbl"...................	million barrels of oil
"MMboe"..................	million barrels of oil equivalent
"NGL"........................	natural gas liquids
"overlift"....................	oil lifted at a field by a commercial partner at the balance sheet date that exceeds such partner's working interest in such field
"play".........................	a project associated with a prospective trend of potential prospects, but which requires more data acquisition and/or evaluation in an effort to define specific leads or prospects
"Petroleum Resources Management System" or "PRMS".................	definitions for the assessment, classification and categorization of hydrocarbon resources jointly set out by the Society of Petroleum Engineers (SPE), the World Petroleum Council, the American Association of Petroleum Geologists, and the Society of Petroleum Evaluation Engineers (SPEE) in March 2007
"possible reserves".....	those additional reserves which analysis of geoscience and engineering data indicate are less likely to be recoverable than probable reserves
"probable reserves"...	those additional reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than proved reserves but more certain to be recovered than possible reserves
"production"	the cumulative quantity of oil and gas that has been recovered at a given date
"production sharing (contract) (agreement)" or "PSC".....................	contract by which the host government takes a share of production determined by the relevant cost recovery mechanism in the contract
"production well".......	a well drilled to obtain production from a proven oil or gas field. Production wells may be used either to extract hydrocarbons from a field or to inject water or gas into a reservoir to improve production
"prospect"..................	a project associated with a potential accumulation that is sufficiently well defined to represent a viable drilling target
"proved reserves"	are those quantities of oil and gas, which by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations
"reservoir".................	a subsurface body of rock having sufficient porosity and permeability to store and transmit fluids. A reservoir is a critical component of a complete oil and gas system
"seal"..........................	a relatively impermeable rock, commonly shale, anhydrite or salt, that forms a barrier or cap above and around reservoir rock such that fluids cannot migrate beyond the reservoir. A seal is a critical component of a complete oil and gas system
"seismic survey".........	a method by which an image of the earth's subsurface is created through the generation of shockwaves and analysis of their reflection from rock strata. Such surveys can be done in two or three dimensional form. See "3D seismic" and "4D seismic"
"MMt"	millions of tons
"tie-back"	the connection of additional subsea oil and gas pipes from a wellhead on the seabed to a FPSO or platform
"underlift"	oil lifted at a field by a commercial partner at the balance sheet date that is less than its working interest in such field
"upstream"................	activities related to the exploration, appraisal, development and extraction of crude oil, condensate and gas
"wellhead"	all connections, valves, nozzles, pressure gauges, thermometers, installed at the exits from a production well

“wildcat”..................... wells drilled outside of and not in the vicinity of known oil or gas fields

“workover”................ refers to any kind of oil well intervention involving invasive techniques, such as repairing lines and casing or removing sand build up

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The following auditor's report (*Bestätigungsvermerk*) has been issued in accordance with Section 322 of the German Commercial Code (*Handelsgesetzbuch*) on the consolidated financial statements and group management report (*Konzernlagebericht*) of RWE Dea AG, Hamburg as of and for the fiscal year ended December 31, 2014. The group management report is neither included nor incorporated by reference in this Offering Memorandum.

Auditor's Report

We have audited the consolidated financial statements prepared by RWE Dea AG, Hamburg, comprising the income statement, the statement of comprehensive income, statement of financial position, cash flow statement, statement of changes in equity, the notes to the consolidated financial statements, and the group management report of RWE Dea AG which is combined with the Company's management report, for the business year from January 1 to December 31, 2014. The preparation of the consolidated financial statements and the combined management report in accordance with the IFRSs as to be applied in the EU, and the additional requirements of German Commercial Law pursuant to Section 315a (1) HGB ("Handelsgesetzbuch": "German Commercial Code") is the responsibility of the Company's Board of Managing Directors. Our responsibility is to express an opinion on the consolidated financial statements and the combined management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements and the combined management report in accordance with the applicable reporting standards are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the combined management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of the companies included in consolidation, the determination of the companies to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company's Board of Managing Directors as well as evaluating the overall presentation of the consolidated financial statements and the combined management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit, the consolidated financial statements comply with the IFRS as to be applied in the EU and the additional commercial law provisions according to § 315a (1) HGB, and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The combined management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Essen, February 2, 2015

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Ralph Welter
Wirtschaftsprüfer
(German Public Auditor)

ppa. Michael Servos
Wirtschaftsprüfer
(German Public Auditor)

RWE Dea AG Consolidated Financial Statements

Consolidated Income Statement

from 1 January to 31 December 2014

€ '000	(Notes)	2014	2013
Sales revenues	(1)	2,030,918	2,100,226
Energy tax expense	(2)	−1,110	−933
		2,029,808	2,099,293
Other operating income	(3)	232,224	198,760
Cost of materials	(4)	−747,044	−861,147
Personnel cost	(5)	−173,761	−166,942
Amortisation/depreciation	(6)	−722,859	−414,668
Other operating expenses	(7)	−348,982	−325,496
Income from operating activities	(8)	269,386	529,800
Income from investments	(9)	181	−882
Financial income	(10)	6,187	8,681
Financial expenses	(10)	−27,174	−25,877
Income before taxes		248,580	511,722
Income taxes	(11)	−181,360	−216,429
Income after taxes		67,220	295,293
Thereof attributable to:			
RWE AG		63,898	292,536
Non-controlling interests		3,322	2,757

RWE Dea AG Consolidated Financial Statements

Statement of Comprehensive Income[1]

from 1 January to 31 December 2014

€ '000	2014	2013
Income after taxes	**67,220**	**295,293**
Items that may be reclassified to profit or loss		
Currency translation adjustments	−13,903	−48,595
Fair valuation of financial instruments in connection with hedges	52,812	−17,745
Fair valuation of financial assets available for sale	15,680	—
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit plans	−35,193	8,172
Income and expenses recognised directly in equity	**19,396**	**−58,168**
Total income and expenses recognised	**86,616**	**237,125**
Thereof attributable to:		
RWE AG	83,294	234,368
Non-controlling interests	3,322	2,757

(1) Amounts indicated after taxes in accordance with IAS 1.91 (a)

RWE Dea AG Consolidated Financial Statements

Consolidated Balance Sheet as at 31 December 2014

	(Notes)	31-12-2014	31-12-2013
Assets (€ '000s)			
Non-current assets			
Intangible assets	(12)	588,130	690,122
Property, plant and equipment	(13)	2,956,918	2,814,664
Investment property	(14)	4,221	7,162
Other financial assets	(15)	516	224
Financial receivables	(16)	8,528	9,476
Other receivables and other assets	(17)	144,609	101,525
Deferred tax assets	(18)	51,490	40,430
		3,754,412	3,663,603
Current assets			
Inventories	(19)	77,920	84,248
Financial receivables	(16)	1	—
Trade accounts receivable	(20)	372,000	452,726
Other receivables and other assets	(17)	264,865	126,981
Income tax assets		438	319
Cash and cash equivalents	(21)	85,929	12,036
		801,153	676,310
		4,555,565	4,339,913
Equity and Liabilities (€ '000s)			
Equity	(22)		
RWE group interests		2,209,529	2,126,235
Non-controlling interests		4,501	4,873
		2,214,030	2,131,108
Non-current liabilities			
Provisions	(23)	802,068	605,586
Other liabilities	(26)	12,164	12,889
Deferred tax liabilities	(18)	384,714	464,997
		1,198,946	1,083,472
Current liabilities			
Provisions	(23)	199,403	144,862
Financial liabilities	(24)	372,064	338,325
Trade accounts payable	(25)	329,717	388,440
Income tax liabilities		88,005	146,612
Other liabilities	(26)	153,400	107,094
		1,142,589	1,125,333
		4,555,565	4,339,913

RWE Dea AG Consolidated Financial Statements

Cash Flow Statement from 1 January to 31 December 2014

€ '000	Notes (30)	2014	2013
Income after taxes		67,220	295,293
Depreciation/write-ups		722,832	412,491
Change in provisions		50,827	32,881
Changes in deferred taxes		−75,587	−19,810
Income from disposal of assets		31,220	33,186
Other non-cash income/expenses		14,580	−2,674
Changes in working capital		29,308	−11,966
Changes in other balance sheet items		−42,903	4,606
Cash flow from operating activities		**797,497**	**744,007**
Intangible assets/property, plant & equipment/investment property			
Capital expenditure		−669,315	−633,448
Proceeds from disposal of fixed assets		9,630	25,501
Acquisitions, investments and loans to investments			
Capital expenditure		−325	−498
Change in cash investments		108	−1,452
Cash flow from investment activities		**−659,902**	**−609,897**
Distribution to other minority interests of subsidiaries (previous year: profit transfer to RWE AG as well)		−3,694	−423,543
Decrease in financing liabilities (previous year: increase in financing liabilities)		−92,325	100,875
Increase of financial debt		33,740	185,889
Cash flow from financing activities		**−62,279**	**−136,779**
Net change in cash and cash equivalents		**75,316**	**−2,669**
Effects of changes in foreign exchange rates and other changes in value on cash and cash equivalents		−1,423	−275
Net cash change in cash and cash equivalents		**73,893**	**−2,944**
Cash and cash equivalents at beginning of year		12,036	14,980
Cash and cash equivalents at end of year		**85,929**	**12,036**

RWE Dea AG Consolidated Financial Statements

Changes in Equity

from 1 January to 31 December 2014

€ '000	Subscribed capital of RWE Dea AG	Capital reserve of RWE Dea AG	Retained earnings	Other comprehensive income		RWE group interests	Non-controlling interests	Total
				Currency translation adjustments	Fair valuation of financial instruments			
as at 1 Jan, 2013	344,064	979,841	1,011,700	−29,083	1,315	2,307,837	5,490	2,313,327
Other comprehensive income								
Fair value of derivative financial instruments with no impact on profit and loss					−17,959			
Fair value of financial assets available for sale with no impact on profit or loss								
Currency translation adjustments			210	−48,805	214			
Remeasurement of defined benefit plans			8,172					
Net other comprehensive income			8,382	−48,805	−17,745			
Income after taxes			292,536					
Total income and expenses recognised			300,918	−48,805	−17,745	234,368	2,757	237,125
Profit transfer/ distribution			−420,169			−420,169	−3,374	−423,543
Effect from chemical business spin-off recognised directly in equity			4,199					
Other Changes								
as at 31-12-2013/01-01-2014	344,064	979,841	896,648	−77,888	−16,430	2,126,235	4,873	2,131,108
Other comprehensive income								
Fair value of derivative financial instruments with no impact on profit and loss					51,673			
Fair value of financial assets available for sale with no impact on profit or loss					16,885			
Currency translation adjustments			−810	−13,093	−66			
Remeasurement of defined benefit plans			−35,193					
Net other comprehensive income			−36,003	−13,093	68,492			
Income after taxes			63,898					
Total income and expenses recognised			27,895	−13,093	68,492	83,294	3,322	86,616
Profit or loss transfer/ distribution							−3,694	−3,694
Other changes								
as at 31 Dec, 2014	344,064	979,841	924,543	−90,981	52,062	2,209,529	4,501	2,214,030

RWE Dea Consolidated Financial Statements

Development of fixed assets

from 1 January to 31 December 2014

€ '000	At cost of acquisition or production						Accumulated amortisation/depreciation							Carrying amounts	
	Beginning of reporting year	Additions	Transfers	Currency translation adjustments	Disposals	End of reporting year	Beginning of reporting year	Amortisation/ depreciation in the reporting year	Transfers	Currency translation adjustments	Withdrawals for disposals	Write-ups	End of reporting year	End of reporting year	End of previous year
Intangible assets															
1. Concessions aquired, industrial property rights and similar rights and assets as well as licences to such rights and assets	950,914	58,723	−5,489	23,186	79,464	947,870	280,243	157,246		8,860	67,158		379,191	568,679	670,671
2. Prepayments	8,687					8,687								8,687	8,687
3. Goodwill	10,764					10,764								10,764	10,764
	970,365	**58,723**	**−5,489**	**23,186**	**79,464**	**967,321**	**280,243**	**157,246**	**—**	**8,860**	**67,158**	**—**	**379,191**	**588,130**	**690,122**
Property, plant and equipment															
1. Land, similar land rights and buildings, including buildings on third-party land	96,861	3,274	1,848	−20	1,818	100,145	62,665	3,001		−2	650		65,014	35,131	34,196
2. Technical plant and machinery	4,763,326	384,037	192,431	−60,467	38,939	5,240,388	2,996,628	473,306	13,238	−68,751	19,997		3,394,424	1,845,964	1,766,698
3. Other equipment, factory and office equipment	45,299	6,818	1,470	−295	3,250	50,042	31,098	6,731	−5	−108	3,118		34,598	15,444	14,201
4. Prepayments and plants under construction	1,055,051	369,841	−190,260	−26,203	34,810	1,173,619	55,482	81,940	−13,233	−3,164	7,757	28	113,240	1,060,379	999,569
	5,960,537	**763,970**	**5,489**	**−86,985**	**78,817**	**6,564,194**	**3,145,873**	**564,978**	**—**	**−72,025**	**31,522**	**28**	**3,607,276**	**2,956,918**	**2,814,664**
Investment property	32,832	32			3,879	28,985	25,670	635			1,541		24,764	4,221	7,162
	6,963,734	**822,725**	**—**	**−63,799**	**162,160**	**7,560,500**	**3,451,786**	**722,859**	**—**	**−63,165**	**100,221**	**28**	**4,011,231**	**3,549,269**	**3,511,948**

RWE Dea Consolidated Financial Statements

Development of fixed assets

from 1 January to 31 December 2013

€ '000	At cost of acquisition or production						Accumulated amortisation/depre			
	Beginning of reporting year	Additions	Transfers	Currency translation adjustments	Disposals	End of reporting year	Beginning of reporting year	Amortisation/ depreciation in the reporting year	Transfers	Currency translation adjustments
Intangible assets										
1. Concessions aquired, industrial property rights and similar rights and assets as well as licences to such rights and assets	959,100	71,374	−2,189	−8,940	68,431	950,914	259,547	75,808		−3,555
2. Prepayments	—	8,687				8,687				
3. Goodwill	10,764					10,764				
	969,864	**80,061**	**−2,189**	**−8,940**	**68,431**	**970,365**	**259,547**	**75,808**	**—**	**−3,555**
Property, plant and equipment										
1. Land, similar land rights and buildings, including buildings on third-party land	96,280	849	25	−51	242	96,861	59,699	3,199	1	−1
2. Technical plant and machinery	4,243,471	327,590	519,857	−263,187	64,405	4,763,326	2,913,782	310,468	−1	−173,541
3. Other equipment, factory and office equipment	52,823	5,642	330	−1,439	12,057	45,299	38,794	4,823		−868
4. Prepayments and plants under construction	1,354,815	297,956	−518,023	−48,031	31,666	1,055,051	35,741	19,741		
	5,747,389	**632,037**	**2,189**	**−312,708**	**108,370**	**5,960,537**	**3,048,016**	**338,231**	**—**	**−174,410**
Investment property	35,988				3,156	32,832	25,317	629		
	6,753,241	**712,098**	**—**	**−321,648**	**179,957**	**6,963,734**	**3,332,880**	**414,668**	**—**	**−177,965**

General rules

The Board of Management of RWE Dea AG, headquartered at Überseering 40, 22297 Hamburg, is responsible for the preparation, completeness and accuracy of the Consolidated Financial Statements for the RWE Dea Group.

The consolidated financial statements as at 31 December 2014 were approved for publication by the Board of Management of RWE Dea AG on 29 January 2015. The statements were prepared in accordance with the International Financial Reporting Standards (IFRS) applicable in the EU, as well as in accordance with the supplementary accounting regulations applicable pursuant to Sec. 315a, Para. 3 of the German Commercial Code (HGB). All figures for the previous year were determined in conformity with the same principles.

In addition to the Income Statement, the Balance Sheet, and the Cash Flow Statement, the Financial Statements include the Statement of Comprehensive Income, Changes in Stockholders' Equity and Minority Interests, as well as the Notes.

Various items of the Income Statement and the Balance Sheet are combined to improve the transparency of presentation. These items are shown and explained separately in the Notes. The Income Statement is structured in line with the total cost method of accounting.

The financial statements are prepared in euros (€), the Group's functional currency. All amounts, including prior-year figures, are reported in thousands of euros (€ 000). This rounding effect does not produce a loss of information.

These financial statements cover the 2014 fiscal year on the basis of the reporting period from 1 January to 31 December.

Internal control systems, the use of uniform directives throughout the Group, and our measures for employee training ensure that the Consolidated Financial Statements are adequately prepared. Compliance with legal regulations and internal directives as well as the reliability and viability of the control systems are continuously reviewed throughout the Group.

In line with the requirements of the RWE Group, our risk management system enables the Board of Management to identify potential risks at an early stage and initiate countermeasures where appropriate.

RWE Dea AG prepared consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS). These financial statements are included in the consolidated financial statements of RWE Aktiengesellschaft, Essen. The consolidated financial statements of RWE Dea AG are available from RWE Dea AG, Überseering 40, 22297 Hamburg and the consolidated financial statements of RWE Aktiengesellschaft are available from RWE Aktiengesellschaft, Opernplatz 1, 45128 Essen. Both sets of the consolidated financial statements are filed electronically with the operator of the German Government Gazette and promulgated therein after the filing.

In accordance with the resolution adopted at the Annual General Meeting, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft audited the consolidated financial statements of RWE Dea and issued its unqualified audit certificate documented in a separate annex to these consolidated financial statements.

Scope of consolidation

In principle, the RWE Dea Consolidated Financial Statements comprise RWE Dea AG and all domestic and foreign subsidiaries directly or indirectly controlled by RWE Dea AG. There are 19 consolidated subsidiaries (previous year: 17), 6 of them foreign (previous year: 5). In the year under review, the domestic company RWE Dea Guyana GmbH as well as the newly established foreign company DEA UK Upstream Limited were consolidated for the first time.

Joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. There are joint arrangements at RWE Dea in course of development and production activities. They are classified as joint operations since the arrangements transfer the rights and obligations relating to the assets and liabilities to the investors. RWE Dea's shares in joint operations are accounted by recognising its assets and liabilities as well as its income and expenses.

The following joint operations are structured as separate entities:

Name	Nature of the joint arrangements	Principle place of business	Ownership interest/ voting rights %
SUEZ OIL COMPANY (Suco)	Operating company for the development and production phase	Cairo, Egypt	50.00
DEMINEX EGYPT OIL COMPANY (Deoco)	Operating company for the development and production phase; performed by Suco as a service	Cairo, Egypt	50.00
DISOUQ PETROLEUM COMPANY (DISOUCO)	Operating company for the development and production phase; performed by Suco as a service	Cairo, Egypt	50.00
North Idku Petroleum Company (NIPETCO)..................................	Operating company for the development and production phase; performed by Suco as a service	Cairo, Egypt	50.00
Petro Delta	Operating company for the development and production phase	Cairo, Egypt	12.50
Groupement Reggane	Operating company for the development and production phase	Algiers, Algeria	19.50

Participation in 2 foreign subsidiaries (previous year: 2) and in the previous year also 1 domestic subsidiary of minor importance to the RWE Dea Group are reported at fair value in accordance with IAS 39. In total, these subsidiaries account for less than 1% of the consolidated revenue and income as well as of consolidated debt.

Consolidation principles

The financial statements of the domestic and foreign companies included in the Consolidated Financial Statements of RWE Dea are drawn up in conformity with uniform accounting and valuation methods.

Business combinations must be reported using the purchase method of accounting. According to this method, the capital consolidation of the purchase price is netted against the restated pro-rata net assets of the subsidiaries acquired at the time of acquisition. In the process, the eligible assets, liabilities and contingent liabilities of the subsidiaries are stated at their full fair value, regardless of the level of the minority interests. Intangible assets must be reported separately from goodwill provided they are separable from the company or result from a contractual or other right. In accordance with IFRS 3, restructuring provisions must not be set up as part of the purchase price allocation. Any residual positive differences are capitalised as goodwill. Negative differences from the first-time consolidation are recognised as income.

Expenses and earnings as well as accounts receivable and payable between the consolidated subsidiaries are eliminated. Intercompany profits or losses are eliminated, unless they are negligible. Depreciation charged in the companies' individual statements on shares in, and loans to, consolidated subsidiaries are reversed.

Currency translation

In the companies' individual statements, non-monetary items in foreign currencies are valued at original booking date prices as at the balance sheet date. Monetary items are translated at prices prevailing as of the balance sheet date. Gains and losses from the valuation of foreign currency assets or liabilities incurred by the balance sheet date are reported under other operating expenses or income with effect on profit and loss.

Functional currency translation is applied when converting the currencies of foreign companies' financial statements. In RWE Dea's consolidated annual financial statements, balance sheet items of all foreign companies are translated into euros at average daily exchange rates, since the foreign companies operate their business independently in their local currencies. Differences as against prior-year translations are netted against other comprehensive income without effect on income (changes in equity with no impact on earnings). Income and expense items are translated at annual average rates. Annual financial statements of foreign companies headquartered in a high-inflation country are translated in accordance with IAS 29. None of the companies was headquartered in a high-inflation country during the reporting year or the previous year.

The following exchange rates were applied:

	Rate on balance sheet date		Average rate	
€	31-12-2014	31-12-2013	2014	2013
1 pound Sterling..	1.28	1.20	1.25	1.18
100 Norwegian kroners..	11.06	11.96	11.91	12.71

100 Polish zloty	23.40	24.07	23.84	23.73

Accounting and valuation methods

Income Statement

Realisation of income

Sales revenues are valued at the fair value of counter-performance received or to be received, revenue reductions being considered in the process. Income from the delivery of goods is realised at the time of transfer of control to the customer. No sales revenues worthy of mention are derived from services.

Balance Sheet

Intangible assets are reported at amortised acquisition or production cost. Amongst other things, they comprise goodwill, concession acquisition costs and other licence rights arising from the oil and gas business as well as commercial and technical software.

Cost recovery rights from investments are also reported under Intangibles. These rights arise in connection with production sharing agreements, in which there is no legal ownership of property, plant and equipment. The right is valued at cost according the production sharing agreement, reduced to take account of the portion settled. Settlement of such a right is reported under depreciation. Other immediately recoverable expenses not yet accounted are reported as rights under other current assets.

With the exception of goodwill, all intangible assets have a finite useful life and are therefore subject to systematic linear or production-related depreciation. The useful life of concessions and other licence rights corresponds to the contractual term or comprises the period until the end of economic production. Software for commercial or technical applications is depreciated under the straight-line method over three to five years. The useful economic life and amortisation methods are subject to annual review.

Goodwill is not subject to systematic amortisation. It is subjected to an impairment test on an annual basis or whenever there are indications of a diminution in value (impairment test). Goodwill is part of cash-generating units. For goodwill assigned to exploration, appropriate impairment charges are performed on a country basis.

Assets from exploration for example comprise concession acquisition costs, licences and rights to exploration and exploration wells. They are accounted for at their historic cost of acquisition or production according to the successful efforts method, i.e. expenses incurred on exploration wells are only capitalised in principle if they were successful, in the sense that they led in particular to the discovery of crude oil and gas deposits. During the exploration phase, the exploration assets capitalised are not amortised. In contrast, operating and business equipment as well as software is depreciated using the straight-line method on principle.

Property, plant and equipment are valued at amortised acquisition or production cost. Borrowing costs that can be directly allocated to the acquisition or production of an asset are capitalised as part of acquisition or production costs if a considerable period is necessary to convert the asset into its intended state for use or sale (“qualified asset”). The cost of property, plant and equipment includes the estimated cost of de-installation or demolition and removal and of the reconditioning of the asset under public or private law obligations, to the extent related provisions were set up. Maintenance and repair costs are stated as expenses.

Tangible assets, with the exception of land and rights equivalent to land are depreciated under the straight-line method or on a production-related basis under the unit-of-production method. In the unit-of-production method, the current production of the period is taken on principle as the ratio of confirmed reserves of category C with a probability estimate of P90 (proved/developed). Operating and business equipment is depreciated using the straight-line method on principle.

Regular depreciation on our typical facilities is charged over the following economic lives: for buildings, up to 50 years, for gas storage facilities reported under machinery and equipment, 33 years, and for wells up to 27 years.

Operating leases are in place which need not be reported in the Balance Sheet.

Investment properties (land or buildings held as financial investments) include any property held to earn rentals or for long-term capital appreciation and not utilised for production or administrative purposes. Valuation is made at amortised cost of acquisition or production. Depletable investment properties are amortised under the straight-line method over a period of up to 50 years. Vacant properties are valued by means of comparable land appraisals and taking account of

special features and burdens. Built-up real estate is valued with the aid of the automated discounted cash flow method, drawing on actual rentals and comparative rentals customary in the market, respectively.

Impairment test and extraordinary amortisation or depreciation

Extraordinary amortisation or depreciation applies to intangible assets (including goodwill) as well as to property, plant and equipment and investment properties if the realisable value of the asset falls short of the carrying amount. Exploration assets are required to be subjected to impairment testing as soon as the technical feasibility and profitability of a resource can be proven. The presence of facts and circumstances indicating a diminution in value also gives rise to an impairment test. If the asset is part of a cash-generating unit (the smallest identifiable group of assets generating cash flows, which are largely independent of the cash inflows of other assets or other groups of assets), then amortisation/depreciation is derived on the basis of the recoverable amount of the cash-generating unit. In the event that the carrying amount of a cash-generating unit to which goodwill was assigned exceeds the realisable value, an impairment charge of the differential amount is initially applied to the goodwill assigned. Any further impairment required will be taken into account through a pro-rata reduction in the remaining carrying amounts of the cash-generating unit. Write-ups up to the value of amortised cost are made if the reasons for an earlier extraordinary depreciation/ impairment charge no longer apply. In this case, the increased book value resulting from a write-up must not exceed the amortised cost of acquisition or production. No write-ups apply to goodwill.

Within the scope of the impairment test, the recoverable amount of the cash-generating unit is determined. The recoverable amount is defined as the higher of fair value less cost to sell or value in use. The fair value represents the best possible estimate for the amount for which an independent third party would acquire the cash-generating unit on the balance sheet date; the cost of sale is deducted. Value in use reflects the present value of the future cash flows which are expected to be generated with the cash-generating unit. For all impairment tests the recoverable amount was determined on the basis of the value in use. Measuring the value in use based on cash flow forecasts, which in turn, are generally based on the mid-term planning approved by the Board of Management and which is valid at the time the impairment test is carried out taking into account new knowledge for material concessions. With regard to the strong decline in oil prices during the fourth quarter of 2014 for all oil producing fields where the sensitivities indicated a necessity for a valuation adjustment in case of falling oil prices (−20 USD/bbl), an update pricing scenario for crude oil prices until 2024, adapted in December, was applied.

The cash flow forecasts pertain to the life-of-field-period for the individual concession/ licences. The calculations are based on historical experiences as well as the expectations for future market trends. The principal assumptions underlying the determination by management of recoverable amount are the forecasts for market prices of crude oil and natural gas, the estimated reserves, the production forecast as well as the discount rate.

The interest rate used for discounting future cash flows after tax ranged from 6.37% to 10.91% in 2014. By way of derogation from previous year interest rates for each country were determined in which cash-generating units were reviewed on impairment. This involves weighted average cost of capital rates (WACCs) derived from current capital market data. Specific country risks were also taken into account. The calculation of the country risks was not related to the actual capital structure of the company but was generated as a derivation from Peer Group. The refinement for the determination of the capital costs was calculated prospectively. In the previous year in consideration of specific country risks a weighted company-wide discount rate of 10% was used.

For the impairment test of the cash-generating unit North Africa, which included a goodwill, an interest rate of 10.88% was applied.

Financial assets and liabilities are allocated to the following valuation categories:

- “available-for-sale financial assets”
- “loans and receivables”
- “financial assets at fair value through profit or loss”
- “financial liabilities at fair value through profit or loss”
- “liabilities valued at amortised cost of acquisition”.

The category “available-for-sale” includes financial instruments which are neither loans nor receivables, nor financial investments held to maturity, and which are not measured at fair value through profit or loss.

Financial assets are recognised in the balance sheet if a company is a party to a contract for the asset in question. Purchases or sales of financial assets common on the market are recognised or derecognised, respectively, on the day of trading. Financial assets are derecognised when the contractual rights to cash flows from the asset expire or the entity transfers the financial asset. The latter applies when substantially all the risks and rewards of ownership of the asset are transferred, or the entity no longer has control of the asset.

The shares in non-consolidated subsidiaries and other investments of the RWE Dea Group reported under **other financial assets** have been assigned to the category “available-for-sale”.

Receivables comprise **financial receivables** and **accounts receivable trade** assigned to the category of “loans and receivables” as well as **other receivables** allocated to the categories of “loans and receivables”, “available for sale” and “financial assets at fair value through profit or loss” and here as “held for trading” or “held in hedging relationship”.

Financial assets, with the exception of financial derivatives and available-for-sale financial assets, are valued at amortised cost of acquisition. Any valuation adjustments necessary are determined by the actual risk of default. In the presence of appropriate indications, such as the insolvency of a customer or disputed invoices, specific valuation adjustments are made. Receivables are generally corrected via a valuation adjustment account. Valuation adjustments are released if payments are received or the default risk is reduced accordingly.

The available-for-sale financial assets are recognised initially and in the following periods at fair value as long as such can be determined reliably. Unrealised gains and losses are stated as other comprehensive income (OCI). If there are objective, material indications of a reduction in the value of an asset, an impairment loss is recognised in profit or loss.

The loans granted by the company reported under financial receivables are valued at amortised cost. Loans subject to interest at rates not common on the market are generally accounted for at their discounted amounts, using an interest rate that is adequate to cover the risk involved.

Other receivables include finance lease receivables on account of the application of IFRIC 4 in conjunction with IAS 17.

Prepayments to joint venture partners and deferred income are reported under other assets.

Deferred Taxes result from temporary differences between the IFRS and tax balance sheets of individual companies and from consolidation processes. Deferred tax assets as a rule comprise tax credit claims resulting from the expected utilisation of loss carry-forwards in subsequent years, provided their realisation is reasonably certain. They are capitalised if their realisation is certain to an adequate degree. Deferred taxes are determined on the basis of expected tax rates applicable or expected in different countries at the time of realisation. The calculation is subject to the tax rules in place or enacted at the time of the balance sheet date. Deferred taxes in Germany are subject to a tax rate of 30.13% (previous year: 30.52%). It results from the corporation tax rate of 15.0% applicable as of 1 January 2008 and the solidarity surcharge of 5.5% as well as the average trade income tax rate of the RWE Dea Group. Deferred tax assets and liabilities are netted per company provided the preconditions for netting in accordance with IAS 12.74 ff. have been met.

Assets held for sale in the ordinary course of business (finished products) are reported under **inventories** along with assets consumed in the process of manufacturing products or rendering services (supplies and purchased merchandise).

Insofar as inventories are not acquired primarily for the purpose of realising a profit on a short-term resale transaction, they are carried at cost of acquisition or production or at the lower of cost. Production costs reflect the full costs directly related to production and are determined based on the normal capacity. Specifically, in addition to directly allocable costs, production costs include adequate portions of required materials and production overheads, including production-related depreciation. The borrowing cost is not capitalised as part of the cost of acquisition or production. Assessment is generally based on average values. To the extent that the net realisable value of previously depreciated inventories has risen, the resulting write-back is recorded as a reduction in the cost of materials.

Cash and cash equivalents consist of cash on hand and demand deposits with a maturity of three months or less from the date of acquisition.

Provisions are set up for all legal or factual obligations to third parties as at the balance-sheet date which are based on past events, will probably lead to an outflow of resources in the future and the extent of which can be reliably estimated. Provisions are carried at their foreseeable settlement amount and not netted against any recovery claims. Provisions based on large number of similar events are reported at their expected value.

All long-term provisions are stated at the expected future settlement amount discounted to the balance sheet date. Therefore the market interest rate applicable as of the respective balance sheet date is applied. The settlement amount also comprises cost increases to be taken into account as of the balance sheet date. Releases of provisions are generally written back against the expense item in respect of which the provision was originally set up.

Provisions for pensions and similar obligations are recognised for defined benefit plans. This relates to commitments by the company to cover vested entitlements of employees in active service and current benefits to active and former employees or their dependents. These commitments relate in particular to old-age pension payments. The specific commitments are based on benefits that vary throughout the industry; however, as a rule they are measured according to the term of service and remuneration of the employees.

The companies' pension plan consists both of defined benefit and contribution-oriented benefit plans. Provisions for defined benefit plans are based on the actuarial present value of the respective obligation, measured using the projected unit credit method. This benefit/years of service method not only takes into account the pension benefits and benefit entitlements known as of the balance-sheet date, but also anticipated future increases in salaries and pension benefits. The calculation is based on actuarial reports, taking into account appropriate biometric parameters (for Germany, in particular the "Richttafeln 2005G" by Klaus Heubeck; for Norway the mortality table "K2013"). The provision is reduced by the fair value of the plan assets set up to cover the pension commitments. The service cost, i.e. the increase in the obligation resulting from the work performed by employees in the period under review no longer applies and is disclosed in staff cost, and the interest cost/income are reported in the financial result.

Results of the remeasurement of defined benefit plans are fully recognised in the fiscal year in which they occur. They are reported outside of profit or loss in a consolidated statement of recognised income and expenses and immediately assigned to retained earnings. Therefore, they remain outside profit or loss in subsequent periods as well.

In the case of contribution-oriented benefit plans, the Company does not incur any further obligations beyond making contribution payments to special-purpose funds. The contribution payments are recorded as expenses and reported under personnel expenditure.

Provisions for reconditioning of sites and plugging of wells cover the updated commitments for the plugging of wells, the de-installation of onshore and offshore production facilities and the reconditioning of operations and drilling sites. Their extent is based on the anticipated full costs, taking into account the empirical data and the cost benchmarks determined by the Association of German Crude Oil and Natural Gas Producers, with comparable assumptions being available for foreign subsidiaries. Should any changes in interest rates or estimates in terms of the time or the level of payouts lead to changes to this provision, then the carrying amount of the respective asset is adjusted accordingly. If a reduction exceeds the carrying amount of the associated asset, the excess amount must be recorded with direct impact on income. Major uncertainties result from changes in terms, interest rates and exchange rates as well as changes regarding the costs to be taken into account.

Provisions for share-based remuneration plans

Stock option plans available throughout the RWE Group are reported as cash-settled share-based payment. At each reporting date, a provision is recognised in the amount of the prorated fair value of the payment obligation; changes in the fair value are recognised with an effect on income. The fair value of options is determined using generally accepted valuation methodologies.

Liabilities comprise financial liabilities, accounts payable trade and other liabilities. Financial liabilities are classified in the category "valued at amortised cost of acquisition" or, in the case of financial derivatives, in the category "financial liabilities at fair value through profit or loss" and here under "held for trading" or "designated as hedging instruments".

Liabilities recognised for the first time are stated at fair value. For subsequent periods, liabilities, with the exception of financial derivatives, are valued at amortised cost of acquisition.

Prepayments received from customers and deferred tax liabilities are reported under other liabilities.

Derivative financial instruments are reported as assets or liabilities. All derivative financial instruments are measured at fair value regardless of their purpose. Derivative hedge transactions are reported in the balance sheet as at the relevant transaction dates. Changes in the fair value are recognised with an effect on income unless the instruments are used for hedge accounting purposes. Transaction costs did not arise in the year under review nor in the previous year.

Cash flow hedges are used to hedge the risk of variability in cash flows related to an asset or liability carried on the balance sheet or related to a highly probable forecast transaction. If a cash flow hedge exists, unrealised gains and losses from the hedging instrument are initially stated as other comprehensive income. Generally, such gains or losses are disclosed in the income statement when the hedged underlying transaction has an effect on income. If forecast transactions are hedged and such transactions lead to the recognition of a financial asset or financial liability in subsequent periods, the amounts that were recognised in equity until this point in time are recognised in the income statement in the period during which the asset or liability affects the income statement.

IAS 39 establishes certain requirements when accounting for hedging transactions. In particular, hedging relationships need to be documented in detail and be effective, i.e. the changes in fair value of the hedge must lie within a bandwidth of 80 to 125% to the diametrically opposed changes in fair value of the underlying transaction, both prospectively and retrospectively. Only the effective portion of a hedging relationship may be accounted for according to the rules described for cash flow hedges. The ineffective part of the hedge is immediately taken to the income statement.

Agreements concluded for the purpose of receiving of supplying non-financial items in accordance with the company's expected buying, selling or utilisation demand and held for this purpose (own consumption agreements) are not accounted for as financial derivatives but as pending transactions. If the agreements contain embedded derivatives, then the derivatives will be accounted for separately from the underlying agreement if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the underlying agreement.

Contingent liabilities are possible obligations to third parties or existing obligations where an outflow of resources is improbable or the extent thereof cannot be reliably determined. Contingent liabilities are not reported in the balance sheet on principle.

Management judgments in the application of accounting policies

In some issues management judgments are required in the application of accounting policies. In particular, this pertains to the following items:

- With regard to certain contracts a decision must be made as to whether they are to be treated as derivatives or as so-called own-use contracts, and be accounted for as pending transaction.

- Financial assets must be allocated to the categories "held to maturity investments", "loans and receivables", "financial assets available for sale", and "financial assets at fair value through profit or loss".

- With regard to "financial assets available for sale" a decision must be made as to if and when reductions in value are to be recognised as impairments with an impact on income.

- When accounting for derivatives, it must be decided whether these fall under the principles of hedge accounting.

The explanatory notes of the accounting policies contain a description of the decisions made with regard to the circumstances in question.

Management estimates and judgments

Preparation of the financial statements for the RWE Dea Group on the basis of the IFRS calls for assumptions to be made and estimates to be used that impact on the recognition of assets and liabilities accounted for along with income

and expenses and an indication of contingent liabilities. The assumptions and estimates essentially relate to defining the useful economic life of property, plant and equipment, the reserves for calculating the production-related depreciation, accounting and performing valuations for provisions, an assessment of the inherent value of goodwill, receivables and other assets, and an assessment as to whether deferred tax assets can be realised.

With regard to pension provisions and similar obligations, the discount rate is one of the very important estimates. The discount factor for pension obligations is determined on the basis of yields on high quality, fixed-rate corporate bonds on the financial markets as of the balance-sheet date. The dependence of pension provisions on market interest rates, however, is limited by an opposite effect. The background of this is that the commitments stemming from company pension plans are primarily covered by funds, and plan assets mostly exhibit negative correlation with the market yields of fixed-interest securities. Consequently, declines in market interest rates are typically reflected in an increase in plan assets, and vice-versa.

The degree of probability of claims being made on the guarantees issued is considered to be low.

All assumptions and estimates are based on conditions and evaluations made as at the balance-sheet date. In addition, with regard to expected future business trends, the future development (considered realistic at the present time) of the economic environment in the industries and regions in which RWE Dea operates was taken into account. Depending on changes of these fundamentals the actual amounts may deviate from those estimated. If the actual trend deviates from the assumed developments, then the assumptions and, if necessary, the carrying amounts of the assets and liabilities concerned, will be adjusted accordingly.

As of the date of preparation of the consolidated financial statements, it is not presumed that there will be a material change in the assumptions and estimates.

Changes in accounting policies

The International Accounting Standards Board (IASB) and the International Financial Reporting Interpretation Committee (IFRS IC) have adopted changes to the existing International Financial Reporting Standards (IFRS) and adopted several new IFRS, which became effective for the RWE Dea Group as of fiscal year 2014.

IFRS 12 (2011) "Disclosure of Interests in Other Entities" encompasses the disclosure obligations resulting from the application of IFRS 10, IFRS 11 and IAS 28. These disclosure obligations should enable users of financial statements to evaluate the risks and financial implications resulting from subsidiaries, joint ventures and joint operations, associated companies and unconsolidated structured entities. RWE Dea AG's consolidated financial statements contain the additional information.

Amendments to IAS 36 (2013) "Recoverable Amount Disclosure for Non-Financial Assets" comprise disclosures regarding the recoverable amount of individual assets or a cash-generating unit for which an impairment loss has been recognized or reversed during the period. RWE Dea AG's consolidated financial statements contain this information.

The following standards and amendments to standards do not have any material effects on the RWE Dea Group's consolidated financial statements:

- IFRS 10 (2011) "Consolidated Financial Statements" replaces the previous regulations of IAS 27 and of SIC-12 for consolidation. According to IFRS 10 (2011), the following three requirements must be cumulatively fulfilled in order for control to exist: power over the relevant activities, a right to variable returns from the investee, and the ability to use power over the investee to affect the amount of the variable returns.

- IFRS 11 (2011) "Joint Arrangements" replaces the previous regulations of IAS 31 and of SIC-13 for the accounting treatment of joint ventures. IFRS 11 (2011) regulates the accounting treatment of cases in which a company is managed jointly or an activity is carried out jointly. A further amendment is that in the future proportionate consolidation will no longer be allowed.

- IAS 28 (2011) "Investments in Associates and Joint Ventures" was supplemented with regulations for the accounting treatment of investments in joint ventures when it was revised.

- Amendments to IAS 32 (2011) "Offsetting Financial Assets and Financial Liabilities" regulates the offsetting of financial assets and financial liabilities.

- Amendments to IFRS 10, IFRS 11 and IFRS 12 (2012) "Transition Guidance"

- Amendments to IFRS 10, IFRS 12 and IAS 27 (2012) “Investment Entities”
- IAS 27 (2011) “Separate Financial Statements”
- Amendments to IAS 39 (2013) “Novation of Derivatives and Continuation for Hedge Accounting”

New accounting policies

The IASB and the IFRS IC have adopted further standards, amendments to standards as well as an interpretation, which were not yet mandatory in the European Union (EU) in fiscal 2014. The most important changes are presented below. EU endorsement is still pending in some cases.

IFRS 9 (2011) “Financial Instruments” replaces the previous regulations of IAS 39 for the classification and measurement of financial assets and contains minor changes in relation to the measurement of financial liabilities. With the new Standard, there is a decline in the number of measurement categories for financial assets. IFRS 9 (2011) becomes effective for the first time for fiscal years starting on or after 1 January 2018.

IFRS 15 (2014) “Revenue from Contracts with Customers” mainly encompasses to what extend and at which date or over which period of time, respectively, revenues are to be recognized. IFRS 15 (2014) becomes effective for the first time for fiscal years starting on or after 1 January 2017.

We are currently reviewing what effects the new standards will have on the RWE Dea Group’s consolidated financial statements.

The following standards, amendments to standards, and interpretations are not expected to have any material effects on the RWE Dea Group’s consolidated financial statements:

- IFRIC 21 (2013) “Levies”

The application becomes effective for the time for fiscal years starting on or after 1 January 2014 (17 June 2014 for EU entities).

- Amendments to IAS 19 (2013) “Defined Benefit Plans: Employee Contributions”
- Improvements to IFRSs 2010–2012 (2013)

The application becomes effective for the first time for fiscal years starting on or after 1 July 2014 (1 February 2015 for EU entities).

- Improvements to IFRSs 2011–2013 (2013)

The application becomes effective for the time for fiscal years starting on or after 1 July 2014 (1 January 2015 for EU entities).

- Improvements to IFRSs 2012–2014 (2014)
- IFRS 14 (2014) “Regulatory Deferral Accounts”
- Amendments to IFRS 10 and IAS 28 (2014) “Sale or Contribution of Assets between an Investor and its Assocate or Joint Venture”
- Amendments to IAS 27 (2014) “Equity Method in Separate Financial Statements”
- Amendments to IAS 16 and IAS 41 (2014) “Bearer Plants”
- Amendments to IAS 16 and IAS 38 (2014) “Clarification of Acceptable Methods of Depreciation and Amortisation”
- Amendments to IFRS 11 (2014) “Accounting for Acquisitions of Interest in Joint Operations”
- Amendments to IFRS 10, IFRS 12 and IAS 28 (2014) “Investment Entities: Applying Consolidation Exception”

- Amendments to IAS 1 (2014) “Disclosure Initiative”

The application becomes effective for the first time for fiscal years starting on or after 1 January 2016.

Notes to the Income Statement

(1) Sales revenues

Sales revenues are recognised in principle when a service has been rendered or goods have been supplied and the associated risks have passed to the customer.

€ '000	2014	2013
Oil	1,205,223	1,256,790
Gas	746,049	753,947
Other	79,646	89,489
	2,030,918	2,100,226

€ '000	2014	2013
Germany	778,949	926,583
Europe excl. Germany	989,995	885,264
Africa	261,974	288,379
	2,030,918	2,100,226

(2) Energy tax expense

Only the declared energy tax expense portion of the sales revenues in the amount of € 1,110,000 (previous year: € 933,000) is openly reported.

(3) Other operating income

€ '000	2014	2013
Income from other own work capitalised	29,900	35,508
Income from the disposal of fixed assets (without financial assets)	6,769	6,519
Currency gains	101,642	45,581
Income from derivatives	27,149	51,105
Income from cost transfers/refunds	54,330	34,701
Income from release of provisions	3,881	3,348
Income from write-ups (accounts receivable and other assets)	2,306	11,025
Income from write-ups (intangible assets)	—	3,445
Income from rent and lease	1,019	1,538
Income from the receipt of a grant	—	2,560
Other operating income	5,228	3,430
	232,224	198,760

The income from the disposal of fixed assets mainly comprises fixed assets as well as sales of investment properties. In the previous year the income from the disposal was mainly related to sales of investment properties.

The currency gains and income from derivatives compare with currency losses and expenses from derivatives reported under other operating expenses.

The income from write-ups (accounts receivables and other assets) is related to value-adjusted receivables for which payments were received.

Exploration activities account for other operating income amounting to € 15,379,000 (previous year: € 25,353,000), essentially resulting from cost refunds.

(4) Cost of materials

€ '000	2014	2013
Cost of raw materials, supplies and merchandise	289,965	435,816
Cost of purchased services	457,079	425,331
	747,044	861,147

Exploration activities account for cost of material of € 76,180,000 (previous year: € 119,791,000).

The cost of purchased services comprise lease expenses relating to production facilities of € 5,448,000 (previous year: € 3,583,000).

(5) Personnel cost

€ '000	2014	2013
Wages and salaries	143,875	137,004
Social security, pensions and other benefits	29,886	29,938
thereof pensions	(13,189)	(13,700)
	173,761	166,942

The average annual size of the RWE Dea Group's workforce converted to employee equivalents was 1,438 (previous year: 1,428), of which 1,076 (previous year: 1,060) in Germany. Full-time employees are included in the employee equivalents to an extent of 100%. Part-time employees, or employees with agreements subject to time limits are only recorded to the extent of their part-time quota or their employment time in relation to the annual time worked. In addition, the number of apprentices employed as at 31 December 2014 (headcount) was 22 (previous year: 19).

Exploration activities account for personnel expenses of € 12,868,000 (previous year: € 11,118,000).

(6) Amortisation/depreciation

The breakdown of amortisation/depreciation charges is shown on page 7.

In the year under review extraordinary amortisation/depreciation had to be carried out due to lower profitability of assets in the amount of € 77,931,000 (previous year: € 19,945,000) for intangible assets and in the amount of € 194,745,000 (previous year: € 23,927,000) for property, plant and equipment as well as for investment properties of € 106,000 (previous year: € −).

Extraordinary amortisation/depreciation relate to the following cash generating units and assets:

Cash-generating units/assets	Extraordinary amortisation/ depreciation € '000	Recoverable amount after tax million €
Cash-generating units in production Europe	118,710	45.7
Cash-generating units in production Africa	39,223	16.3
Individual assets in exploration	114,743	−47.5
Investment property	106	0.4
	272,782	14.9

The determination of the recoverable amount is based on the value in use

No extraordinary amortisation of goodwill occurred during the period under review or during the previous year. The goodwill is allocated to the cash-generating unit "production Egypt". The recoverable amount of this unit was determined on the basis of the value in use.

Exploration activities account for amortisation/depreciation of € 115,561,000 (previous year: € 20,808,000).

(7) Other operating expenses

€ '000	2014	2013
Currency losses	26,109	59,622
Expenses from derivatives	80,149	52,016
Legal, consultancy and IT expenses	37,286	30,790
Rentals and leasing	18,504	11,840
Insurance	12,306	10,624
Public-sector levies and charges	1,144	3,559
Royalties	4,830	8,424
Losses from disposal of fixed assets (without financial assets)	37,988	39,705
Research and development	3,208	3,531
Charges on account of administrative expenses of partners	42,707	44,158
Additions to other provisions	14,486	23,295
Valuation adjustments and write-offs of financial assets	11,247	1,374
Valuation adjustments of non-financial assets	4,520	—
Licence fees	15,723	155
Distribution costs	2,960	2,713
Travel expenditures	7,529	7,333
Public relations	642	3,254
Other taxes	2,205	3,362
Apprenticeship and training	4,487	4,865
Temporary personnel	3,400	3,816
Miscellaneous other items	17,552	11,060
	348,982	325,496

The currency losses and expenses from derivatives compare with currency gains and income from derivatives reported under other operating income. Miscellaneous other items essentially include administrative expenses for the Company's own organisation as well as contributions.

Exploration activities account for € 70,771,000 in other operating expenses (previous year: € 84,208,000).

(8) Income from operating activities

RWE Dea Group operating result is determined as a business control tool; it is different from the income from operating activities. Income from operating activities is reconciled with operating result as follows:

€ '000	2014	2013
Income from operating activities	**269,386**	**529,800**
+ income from investments	181	−882
− non-operating result	−15,183	5,138
Operating result	**284,750**	**523,780**

The reconciliation with operating income relates to the following items:

Income from investments includes all expenses and income arising in connection with operating investments.

Income and expenses that are unusual under business aspects or attributable to special transactions complicate the evaluation of current business. They are reclassified to non-operating result. If an impairment charge is made on goodwill from the capital consolidation, then this form of amortisation is included under non-operating result. Included in the non-operating result are expenses related to the planned disposal of RWE Dea AG, extraordinary depreciations of investment properties as well as profits from the sale of investment properties. In the previous year the non-operating result included mainly profits from the sale of investment properties.

(9) Income from investments

Income from investments includes all income and expenses arising in connection with operational investments.

€ '000	2014	2013
Depreciation on shares in non-consolidated affiliates	—	−1,268
Income from participations	345	384
Income from loans to non-consolidated affiliates	1	2

Expenses from loans to non-consolidated affiliates	−165	—
Income from investments	**181**	**−882**

(10) Financial result

The financial result comprises the components of ‘Net interest income’, ‘Interest from additions to provisions’, ‘Other financial income and other financial expenses’.

Financial result also includes all other financial earnings and expenses that cannot be allocated to interest income or interest from additions to provisions.

Interest addition to provisions contains the reversal allocable to the current year of the discounting of non-current provisions from the annual update of the present value calculation. Included is interest income on plan assets for the coverage of pension obligations.

€ ‘000	2014	2013
Interest and similar income	5,889	8,652
thereof affiliated companies	(8)	(1,063)
Other financial income	298	29
Financial income	**6,187**	**8,681**
Interest and similar expenditure	−687	−432
Interest from additions to		
Provisions for pensions and similar obligations less plan assets (net pension obligation)	−2,786	−3,110
Provisions for reconditioning of sites and plugging of wells	−21,246	−20,776
Other provisions	−981	−1,559
Other financial expenses	−1,474	—
Financial expenses	**−27,174**	**−25,877**
Financial result	**−20,987**	**−17,196**

€ ‘000	2014	2013
Interest income	5,889	8,652
Interest expenses	−687	−432
Net interest income	**5,202**	**8,220**

Net interest income essentially includes the financial assets in the category of “loans and receivables”.

In connection with the acquisition and production of qualified assets, in the year under review borrowing costs amounting to € 2,372,000 (previous year: € 1,245,000) were capitalised as part of acquisition and production costs. The financing cost rate applied in this context ranged from 4.90 to 5.00% (previous year: 5.0 to 5.25%).

Exploration activities account for financial result of −€ 317,000 (previous year: −€ 329,000).

(11) Income taxes

€ '000	2014	2013
Current income taxes		
Germany	73,369	9,380
Foreign operations	183,578	226,860
Deferred taxes	−75,587	−19,811
	181,360	216,429

Current income taxes relate to expenses from other periods, amounting to € 4,848,000 (previous year: € 118,212,000).

The average consolidated income tax rate on earnings generated by companies liable to German taxation accounts for 30.13% (previous year: 30.52%). Deferred taxes of foreign subsidiaries are based on the tax-related conditions prevailing in the countries in question.

Temporary differences resulted in deferred tax income (previous year: deferred tax expenses) of € 105,625,000 (previous year: € 58,517,000).

Tax rate changes resulted in deferred taxes expenses of € 298,000 (previous year: € 714,000).

Taxes on income are derived from the theoretical tax expenses as follows:

€ '000	2014	2013
Income before taxes	248,580	511,722
Theoretical tax expenses 30.13% (previous year 30.52%)	74,897	156,167
Changes in theoretical tax expenses due to:		
Differences versus foreign tax rates	79,174	132,643
Taxes relating to a different accounting period	−4,848	−94,799
Tax effects on		
other tax-free earnings and earnings from foreign operations	9,682	9,154
Expenses not deductible for tax purposes	632	3,610
different trade tax assessment bases and tax rates	4,177	1,563
Consolidation effects	−20	23
Changes in tax loss carry-forwards	−77	−1,442
Effects of changes to German (previous year: German and British) tax rates on deferred taxes	298	714
Other	17,445	8,796
Effective tax expense	181,360	216,429
Effective tax rate in %	72.96	42.29

Notes to the Balance Sheet

Assets

The development of intangible assets, property, plant and equipment as well as investment property is shown on page 7.

(12) Intangible assets

Additions to intangibles essentially relate to the capitalization of cost recovery rights from Egyptian activities in the Gulf of Suez as well as concession acquisition costs.

Exploration activities account for intangible assets of € 255,445,000 (previous year: € 300,226,000).

The goodwill is allocated to the cash generating unit "production Egypt" in the unchanged amount of € 10,764,000.

(13) Property, plant and equipment

Additions to property, plant and equipment above all comprise investments in the field developments in Egypt (Disouq and in the West Nile Delta), in Algeria (Reggane Nord) as well as in Norway (Knarr and infrastructure facilities), the extension of the Mittelplate oil field as well as in wells and production facilities in the gas operations in Lower Saxony and in Norwegian production facilities. Besides, the additions include successful exploration wells.

In the year under review, items of property, plant and equipment in the amount of € 719,000 are subject to restrictions on disposal (previous year: € 477,000).

Exploration activities account for property, plant and equipment amounting to € 273,547,000 (previous year: € 262,151,000).

(14) Investment property

Investment properties are valued at amortised cost of acquisition or production. The fair value of investment property amounts to € 27,781,000 (previous year € 31,188,000). For vacant properties the fair value is derived from current land appraisal tables (level 2 of fair value hierarchy) and for real estate the fair value measurement is based on the discounted cash flow method using actual and customary comparative rentals (level 3 of fair value hierarchy) or, if applicable, on available sale prices (level 2 of fair value hierarchy). Accordingly the fair value is allocated to level 2 in the amount of € 9,042,000 (previous year € 13,130,000) and to level 3 in the amount of € 18,739,000 (previous year € 18,058,000). The rental income from investment property is € 791,000 (previous year € 1,296,000). Direct operating expenses for rented investment property for the reporting period amounted to € 99,000 (previous year € 443,000).

(15) Other financial assets

Other financial assets comprise investments in two (previous year: three) non-consolidated subsidiaries with an amount of € 365,000 (previous year: € 73,000) and other investments unchanged at € 151,000. The investments in non-consolidated subsidiaries increased by € 318,000 due to a capital increase. This was offset by the disposal of the RWE Dea Guyana GmbH which is fully consolidated since the year under review. The fair value of other financial assets essentially corresponds to their carrying amount.

(16) Financial receivables

	31-12-2014		31-12-2013	
€ '000	**Non-current**	**current**	**Non-current**	**current**
Loans to participations	231	—	240	—
Other loans	8,297	—	9,236	—
Financial receivables intercompany from non-consolidated affiliates	—	1	—	—
	8,528	1	9,476	—

(17) Other receivables and other assets

	31-12-2014		31-12-2013	
€ '000	**Non-current**	**current**	**Non-current**	**current**
Derivatives	10,627	131,715	802	10,063
Prepayments	—	38,211	—	27,460
Prepaid expenses	9,995	52,513	—	47,217
Receivables from finance lease	78,528	5,431	71,260	4,409
Receivables from interest reductions	26,769	—	25,643	—
Receivables from production underlift	—	6,678	—	4,562
Receivables in connection with a subsequent purchase price refund	—	127	—	7,291
Receivables from other taxes	—	6,914	—	6,060
Contingent purchase price receivable	18,690	—	3,010	—
Miscellaneous other assets	—	23,276	810	19,919
	144,609	264,865	101,525	126,981

Exploration activities account for € 14,491,000 in other receivables and other assets (previous year: € 3,024,000).

With the exception of derivative financial instruments and the contingent purchase price receivable which are measured at fair value, the other accounts receivables and other assets are reported at amortised costs. The amortised costs largely correspond to their fair values. The fair value of the purchase price receivable increased by € 15,680,000 in the year under review due to an adjusted probability estimate which is based on the current project progress.

The receivables from finance lease refer to the lease of two gas storage facilities. Gross investments in leasing agreements amount to € 110,460,000 (previous year: € 101,606,000) and are broken down as follows at the present value of minimum lease payments:

€ '000	31-12-2014	31-12-2013
Gross investments	110,460	101,606
Unrealised interest income	26,501	25,937
Present value of minimum lease payments	83,959	75,669

Minimum lease payments for receivables from finance lease agreements have the following terms to maturity:

€ '000	31-12-2014			31-12-2013		
	Nominal value	Present value	Difference from discounting	Nominal value	Cash value	Difference from discounting
Due in up to 1 year	9,205	8,809	396	7,816	7,479	337
Due in 1–5 years	36,820	31,606	5,214	31,263	26,830	4,433
Due after more than 5 years	64,435	43,544	20,891	62,527	41,360	21,167
	110,460	83,959	26,501	101,606	75,669	25,937

Rental income recorded in fiscal 2014 amounted to € 7,816,000 (previous year: € 7,816,000).

The fair value of receivables from finance leases corresponds at least equal to the book value. Detailed amounts are not stated because assumptions with regard to the calculation of different variables over an extended period are required.

(18) Deferred taxes

Deferred tax assets and liabilities of € 51,490,000 and € 384,714,000 (previous year € 40,430,000 and € 464,997,000) relate to valuation differences versus tax balance sheets and the capitalisation of tax loss carry-forwards. Deferred taxes on loss carry-forwards are included in deferred taxes assets to an extent of € 364,030,000 (€ 368,751,000) being netted against deferred tax liabilities. Of the total amount of deferred tax assets and deferred tax liabilities, € 151,715,000 (previous year: € 176,365,000) and € 199,337,000 (previous year: € 183,859,000) are expected to be realised within twelve months.

The deferred tax assets and liabilities are allocable to the following balance sheet items:

€ '000	31-12-2014		31-12-2013	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Non-current assets	26,146	780,030	11,563	847,676
Current assets	566	49,411	3,178	16,444
Tax-related special items	—	7,928	—	8,407
Non-current liabilities				
Pension provisions	41,644	—	18,356	—
Other non-current provisions/ liabilities	23,009	—	31,738	551
Other current provisions/liabilities	49,424	674	18,496	3,571
	140,789	838,043	83,331	876,649
Loss carry-forwards	364,030	—	368,751	—
Gross	504,819	838,043	452,082	876,649
Netting	−453,329	−453,329	−411,652	−411,652
Net amount	51,490	384,714	40,430	464,997

Deferred tax assets and liabilities for each company are netted.

In the year under review, deferred taxes of −€ 1,782,000 (previous year: −€ 2,514,000) were netted against equity with no effect on profit and loss. They result from the valuation of derivative financial instruments with no effect on profit and loss, amounting to − € 21,120,000 (previous year: € 4,994,000) as well as from the remeasurement of defined benefit plans amounting to € 19,338,000 (previous year: −€ 7,508,000).

Effects resulting from currency translation of deferred tax items in foreign financial statements amounting to € 17,537,000 (previous year: € 51,234,000) were recognised with no impact on profit or loss.

Deferred tax assets as a rule comprise capitalised tax credit claims resulting from the expected utilisation of loss carry-forwards in subsequent years. The realisation of these loss carry-forwards is guaranteed to an adequate level of certainty. The amount of loss carry-forwards not covered by deferred tax claims totals € 51,973,000 (previous year: € 53,626,000).

(19) Inventories

€ '000	31-12-2014	31-12-2013
Raw materials, supplies and merchandise	77,219	83,175
Finished goods	614	611
Prepayments for inventories	87	462
	77,920	84,248

Inventories are charged by cumulated impairments in the amount of € 39,959,000 (previous year: € 40,625,000). Of raw materials, supplies and merchandise, € 2,116,000 (previous year: € 19,461,000) is accounted for by the exploration division. Inventories are subject to restrictions on disposal in the amount of € − (previous year: € 2,615,000); no other charges apply.

(20) Trade accounts receivable

€ '000	31-12-2014	31-12-2013
Trade accounts receivable	270,732	379,354
Accounts receivable intercompany	71,112	42,950
Accounts receivable from participations	30,156	30,422
	372,000	452,726

Exploration activities account for € 4,756,000 of trade accounts receivable (previous year: € 2,748,000).

(21) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and bank deposits with original maturities of up to three months. Exploration activities account for no cash and cash equivalents, as in the preceding year.

There are no restraints on disposal of cash and cash equivalents.

Equity and Liabilities

(22) Equity

A breakdown of equity is shown on page 6.

The subscribed capital and capital reserves relate to RWE Dea AG. The subscribed capital is divided up into 13,440,000 shares with full voting rights.

BGE Beteiligungs-Gesellschaft für Energieunternehmen mbH, Essen, a wholly owned subsidiary of RWE Aktiengesellschaft headquartered in Essen, holds 100% of the shares in RWE Dea AG. The control and profit transfer agreement between our company and RWE Aktiengesellschaft was cancelled mutually as of 31 December 2013, 12:00 midnight.

Equity capital includes changes to the fair value of cash flow hedges, taking account of deferred taxes, changes to the fair value of financial assets available for sale and currency translation differences relating to foreign financial statements in the revaluation reserve. Changes in actuarial gains and losses from defined benefit pension plans and similar obligations taking into account deferred taxes are immediately assigned to retained earnings.

In the other comprehensive income, changes to fair values with no impact on profit and loss were recorded in the year under review in connection with the hedge instruments deployed in the form of cash flow hedges, in the amount of € 66,459,000 (previous year: −€ 16,380,000). These changes in value represent the effective portion of hedge relationships. In the year under review, € 7,889,000 from cash flow hedges (previous year: € 6,381,000) were realised as expense (previous year: income). Reclassification were made against sales revenues amounting to € 8,237,000 (previous year: −€ 8,227,000), against other operating income in the amount of € 5,955,000 (previous year: € 18,580,000) as well as against other operating expenses, at € 22,081,000 (previous year: € 3,972,000).

Non-controlling interests relate to Speicher Breitbrunn/Eggstätt RWE Dea & Storengy.

(23) Provisions

The following discount rates are applied to determine the present value of non-current provisions:

	31-12-2014	31-12-2013
Provisions for reconditioning of sites and plugging of wells	1.22–4.78%	4.60%
Provisions for anniversaries	2.50%	3.50%
Provisions for early retirement benefits	0.50%	1.00%
Other provisions		
with terms exceeding 4 years	1.25%	2.50%
with terms of 1–4 years	0.50%	1.00%

(23) Provisions

In contrast to the previous years country-/currency-specific interest rates related to the provision for reconditioning of sites and plugging of wells are applied. The obligations were held in Germany, Great Britain, Norway, Denmark and Algeria. The interest rate change has been effected in the amount of € 16,808,000. The other provisions with term maturity greater than one year only relate to obligations in the Euro area.

€ '000	31-12-2014 Non-current	31-12-2014 current	31-12-2014 Total	31-12-2013 Non-current	31-12-2013 current	31-12-2013 Total
Provisions for pensions and similar obligations	138,098	—	138,098	81,447	—	81,447
Provisions for reconditioning of sites and plugging of wells	622,725	47,317	670,042	487,829	17,319	505,148
Provisions for taxes........	23,000	38,038	61,038	14,000	47,460	61,460
Other provisions						
Obligations arising from personnel division......	10,213	15,926	26,139	15,749	12,884	28,633
Obligations relating to environmental protection and pollution clean-up	2,813	8,824	11,637	4,565	10,573	15,138
Miscellaneous other provisions........	5,219	89,298	94,517	1,996	56,626	58,622
	18,245	114,048	132,293	22,310	80,083	102,393
	802,068	199,403	1,001,471	605,586	144,862	750,448

Provisions accounted for by the Exploration Division amount to € 77,640,000 (previous year: € 42,593,000).

Breakdown of provisions:

€ '000	As of 1-1-2014	Addition	Release	Interest component[(1)]	Other changes[(2)]	Amounts used	As of 31-12-2014
Provisions for pensions and similar obligations..........	81,447	11,804	—	2,786	53,633	11,572	138,098
Provisions for reconditioning of sites and plugging of wells	505,148	168,159	15,830	21,246	−5,215	3,466	670,042
Provisions for taxes	61,460	41,237	1,443	—	—	40,216	61,038
Other provisions.....	102,393	61,562	5,485	981	−1,209	25,949	132,293
	750,448	282,762	22,758	25,013	47,209	81,203	1,001,471

(1) Interest components included in additions/interest rate changes affecting net income

(2) Currency adjustments, transfers, neutral changes

€ '000	As of 1-1-2013	Addition	Release	Interest component[(1)]	Other changes[(2)]	Spin-off chemical business	Amounts used	As of 31-12-2013
Provisions for pensions and similar obligations......	93,804	12,371	—	3,110	−16,722	—	11,116	81,447
Provisions for reconditioning of sites and plugging of wells..............	443,574	75,241	7,217	20,776	−24,287	—	2,939	505,148
Provisions for taxes..............	48,775	49,030	94	—	—	—	36,251	61,460
Other provisions.	174,594	45,403	10,833	1,559	−99	−83,832	24,399	102,393
	760,747	182,045	18,144	25,445	−41,108	−83,832	74,705	750,448

(1) Interest components included in additions/interest rate changes affecting net income

(2) Currency adjustments, transfers, neutral changes

Provisions for pensions and similar obligations

The company pension plan consists of defined benefit and defined contribution-schemes.

In the past RWE Dea had transferred assets to RWE Pensionstreuhand e. V. within the framework of Contractual Trust Arrangements (CTA) for insolvency insurance of parts of the company pension plan. From the assets held in trust, funds were transferred to RWE Pensionsfonds AG to cover pension commitments to employees who have already retired. In the year under review a transfer of assets from RWE Pensionstreuhand e. V. to Towers Watson Treuhand e. V. (CTA) as well as from RWE Pensionsfonds AG to Towers Watson Pensionsfonds AG was carried out. Towers Watson Pensionsfonds AG falls under the scope of the Act on the Supervision of Insurance Undertakings and oversight by the Federal Financial Supervisory Agency (BaFin). Insofar as a regulatory deficit occurs in the pension fund, supplementary payment shall be requested from the employer. Independently of the aforementioned rules, the liability of the employer shall remain in place. The bodies of Towers Watson Treuhand e. V. and Towers Watson Pensionsfonds AG are responsible for ensuring that the funds under management are used in compliance with the contract and thus fulfil the requirements for recognition as plan assets.

As standard, within the scope of the Contractual Trust Arrangement (CTA), RWE Dea transferred € 9,174,000 into Towers Watson Treuhand e.V. in the year under review.

The amount of the provision for defined benefit pension schemes was determined on the basis of actuarial methods on the following underlying assumptions. The mortality tables currently effective in the respective countries are applied. In the previous year review the mortality table in Norway had been adjusted from K2005 to K2013.

	31-12-2014		31-12-2013	
	Germany	**Norway**	**Germany**	**Norway**
Discount rate	2.10%	2.50%	3.50%	4.00%
Salary growth	2.35%	3.25%	2.75%	3.75%
Pension growth	1.00–1.75%	1.75%	1.75%	1.75%

	31-12-2014				31-12-2013			
Composition of plan assets (fair value) € '000	**Germany**	**thereof active market**	**Norway**	**thereof active market**	**Germany**	**thereof active market**	**Norway**	**thereof active market**
Equity instruments	118,799	118,799	1,402	952	90,122	89,200	1,260	1,260
Interest-bearing instruments	294,711	294,711	9,524	9,524	215,349	108,705	6,397	6,397
Real estate	—	—	1,879	—	—	—	1,749	—
Mixed funds	—	—	—	—	39,721	36,306	—	—
Alternative investments	—	—	—	—	34,703	14,058	—	—
Other	2,547	—	423	—	7,549	5,041	2,826	—
	416,057	413,510	13,228	10,476	387,444	253,310	12,232	7,657

The investment policy is based on a detailed analysis of the plan assets and the pension commitments and the relation of these two items to each other. The analysis will be refined through a fully comprehensive and detailed Asset Liability Management Study in 2015. As a target value a combination of financial- and commitment values will be defined. By using a comparable analysis of different allocations those portfolios within the scope of a given risk will be identified that yield the best target value. Based on the efficient portfolios the strategic asset allocation is derived as well as the related risk broardly analysed.

The focus of the strategic investment policy is on domestic and foreign government bonds. In order to increase the average yield, high-yield corporate bonds and emerging-market bonds are also included in portfolio. The ratio of equities in the portfolio is lower than that of bonds. Investment occurs in various regions. The investment position in equities is intended to earn a risk premium over bond investments over the long term.

(23) Provisions

€ '000	Present Value of defined benefit obligations	Fair value of plan assets	Net defined benefit obligations
As at 01-01-2013	**487,048**	**−393,244**	**93,804**
Current service cost	12,371	—	12,371
Interest expense/(income)	16,191	−13,081	3,110
	28,562	**−13,081**	**15,481**
Remeasurements			
Return on plan assets, excluding amounts already recognised in interest income	—	−14,410	−14,410
Gains/losses from changes in demographic assumptions	1,945	—	1,945
Gains/losses from changes in financial assumptions	−6,675	—	−6,675
Experience gains/losses	3,461	—	3,461
	−1,269	**−14,410**	**−15,679**
Effect of exchange rate differences	−2,669	1,530	−1,139
Transfers	96	—	96
Contribution to the funded plans:			
Employers	—	−10,979	−10,979
Employee	28	−28	—
Benefit payments	−30,673	30,536	−137
As at 31-12-2013	**481,123**	**−399,676**	**81,447**
As at 01-01-2014	**481,123**	**−399,676**	**81,447**
Current service cost	11,804	—	11,804
Interest expense/(income)	16,451	−13,665	2,786
	28,255	**−13,665**	**14,590**
Remeasurements			
Return on plan assets, excluding amounts already recognised in interest income	—	−35,625	−35,625
Gains/losses from changes in demographic assumptions	—	—	—
Gains/losses from changes in financial assumptions	91,457	—	91,457
Experience gains/losses	−1,301	—	−1,301
	90,156	**−35,625**	**54,531**
Effect of exchange rate differences	−2,013	1,065	−948
Transfers	50	—	50
Contribution to the funded plans:			
Employers	—	−11,552	−11,552
Employee	78	−78	—
Benefit payments	−30,266	30,246	−20
As at 31-12-2014	**567,383**	**−429,285**	**138,098**

The present value of the defined benefit obligations less plan assets measured at fair value results in the net defined benefit obligations arising from funded and unfunded plans and is recognised as provisions for pensions and similar obligations in the balance sheet.

Domestic company pensions are subject to an obligation to review for adjustment every three years pursuant to the Act on the Improvement of Company Pensions (Sec 16 of the German Company Pension Act (BetrAVG)). Additionally, some commitments grant annual adjustments of pensions, which may exceed the legally mandated adjustment obligation.

The weighted average duration of the pension obligations is 17 years in Germany (previous years: 13 years) and 24 years in Norway (previous years: 23 years).

An increase or decrease of the discount rate as well as of the salary and pension growths would have the following impact on the defined benefit obligations:

		Impact on defined benefit obligations			
		2014		2013	
€ '000	Change in actuarial assumptions	in Germany	in Norway	in Germany	in Norway
Discount rate	Increase by 0.5 percentage points	−37,177	−2,746	−27,490	−1,831

	Reduction by 0.5 percentage points	42,380	3,200	30,915	2,110
Salary growth..............	Increase by 0.5 percentage points	7,516	580	5,441	388
	Reduction by 0.5 percentage points	−7,067	−724	−5,116	−474
Pensions growth...........	Increase by 0.5 percentage points	31,027	1,829	18,067	1,179
	Reduction by 0.5 percentage points	−27,735	−1,651	−16,151	−1,072

The increase of life expectancy by one year would boost the net present value of the obligation in Germany by € 26,673,000 and in Norway by € 1,102,000.

The sensitivity analyses are based on a change in one assumption, with all other assumptions remaining unchanged. Actual developments will probably be different than this. The methods of calculating the aforementioned sensitivities and for calculating the pension provisions are in agreement.

The dependence of pension provisions on market interest rates is limited by an opposite effect. The background of this is that the commitments stemming from company pension plans are primarily covered by funds, and mostly plan assets exhibit negative correlation with the market yields of fixed-interest securities. Consequently, declines in market interest rates are typically reflected in an increase in plan assets, and vice-versa.

For defined contribution plans, expenses of € 1,786,000 (previous year: € 1,663,000) were incurred in the year under review.

In fiscal 2015 contributions in the amount of € 13,550,000 for defined benefit plans are expected.

Provisions for reconditioning of sites and plugging of wells

The provision for reconditioning of sites and plugging of wells is stated at the settlement amount discounted to the balance sheet date. In the year under review, the addition amounting to € 168,159,000 (previous year: € 75,241,000) was mainly the result of quantity and price effects and due to a decrease in the discount rate in some countries. In contrast, with release of provision of € 15,830,000 (previous year € 7,217,000), we are essentially taking account of changed cost estimates for a few concessions. The expected settlement date of the provision depends on the ratio of produced reserves to expected reserves and varied within a range of less than one year up to approx. 30 years.

Provisions for share-based remuneration plans

Effective as of January 1, 2005, RWE AG launched the Long Term Incentive Plan BEAT for domestic and foreign executive staff by issuing performance shares. The performance shares are intended as a reward, in recognition of the sustained performance of the RWE Group. The performance period is four years. Following this waiting period, disbursement is automatic if the total shareholder return (TSR) exceeds at least 25% of the TSR of comparable companies on the DJ STOXX Utilities Index, measured by their index weighting at the time the program was launched.

The payout corresponds to the final number of performance shares, valued at the average RWE stock price of the last 60 days of trading before expiry of the programme (taking account of a cap amounting to 200% of the allocation value of the performance shares).

The fair value of the performance shares conditionally granted in the BEAT programme amounted to 7.44 € per share as of the grant date for the 2014 tranche, € 8.09 per share for the 2013 tranche, € 6.66 per share for the 2012 tranche and € 17.01 per share for the 2011 tranche. These values were calculated externally using a standard multivariate Black-Scholes model via Monte Carlo simulations for RWE AG. In the calculations, due consideration was taken of the maximum payment stipulated in the programme's conditions for each conditionally granted performance share, the discount rates for the remaining term, the volatilities and the expected dividends of peer companies as well as the expected dividends of RWE AG. The contractual term for the tranches of the years 2012–2014 in each case amounted to four years. The four-year contractual term for the 2011 tranche ended upon completion of the year under review. The intrinsic value of the cash-settled share-based payment transactions payable as of the balance-sheet date amounted to € − (previous year: € −).

As at the balance-sheet date, the number of BEAT units came to 647,016 (previous year: 499,647 units). 181,674 units were issued for the 2014 tranche. Transfers by other RWE companies are not existent for the year under review. The four-year contractual term for the 2010 tranche had been expired as of 31 December 2013 and was not paid off during the financial year. 31,225 units were dispatched.

Commitments under the BEAT are accrued over time and, as a rule, are reported in the amount of proportionate fair value at the balance sheet date. Provisions for BEAT in the amount of € 1,444,000 (previous year: € 1,121,000) are reported at the balance sheet date. Additions to provisions amount to € 323,000 (previous year: € 415,000).

(24) Financial liabilities

	31-12-2014		31-12-2013	
€ '000	**Non-current**	**current**	**Non-current**	**current**
Financial liabilities to affiliated companies	—	372,064	—	338,325
	—	372,064	—	338,325

Financial liabilities to affiliated companies apply to the funds account with RWE AG.

The financial liabilities have been assigned to the valuation category "valued at amortised cost".

(25) Trade accounts payable

€ '000	**31-12-2014**	**31-12-2013**
Trade accounts payable	294,674	286,794
Accounts payable intercompany	2,636	93,377
Accounts payable to participations	32,407	8,269
	329,717	388,440

Exploration activities account for € 62,872,000 of trade accounts payable (previous year: € 52,329,000).

Trade accounts payable generally have short residual terms to maturity. The carrying amounts accounted for therefore are close to their fair values.

(26) Other liabilities

	31-12-2014		31-12-2013	
€ '000	**Non-current**	**current**	**Non-current**	**current**
Liabilities arising from taxes	—	6,035	—	13,372
Liabilities from social welfare and security	—	470	—	562
Derivatives	2,560	90,236	1,807	30,825
Deferred income	—	1,427	—	113
Prepayments	9,604	2,296	11,082	3,073
Liabilities from production overlift	—	12,105	—	17,262
Accrued future overlifts oil	—	28,909	—	26,681
Other miscellaneous liabilities	—	11,922	—	15,206
	12,164	153,400	12,889	107,094

Exploration activities account for € 7,702,000 in other miscellaneous liabilities (previous year: € 10,752,000).

The financial instruments reported under other liabilities have short residual terms to maturity. The carrying amounts accounted for therefore are close to their fair values. The derivatives reported are recorded at fair value.

Other disclosures

(27) Contingent and financial liabilities

In connection with the sale of the chemical and downstream activities, we have undertaken commitments to the purchasers for warranties and contingencies. Commitments regarding the former chemical business are subject to joint and several liability for a limited period of time. The probability for a claim under the joint and several liability is considered to be low.

Under the RWE AG cash clearance system, secondary liability exists for borrowing caused by RWE Dea AG.

With regard to participations in various joint ownerships, we are subject to statutory liability.

In the course of their regular business activities, RWE Dea Group companies are involved in legal disputes. Irrespective of the outcome of such legal disputes, we do not expect any significant negative effects on the economic and financial position of the RWE Dea Group.

As of 31 December 2014, the commitments based on rental, lease and similar commitments relate to operating leases, primarily for offices as well as transport and production vessels.

Minimum operating lease payments under non-cancellable operating leases are due as follows:

€ '000	31-12-2014	31-12-2013
Due within 1 year	32,507	14,758
Due within 1–5 years	91,202	37,866
Due after more than 5 years	72,189	28,890
	195,898	81,514

The commitments from firm contracts for property, plant and equipment total € 158,860,000 (previous year: € 334,765,000) and those from other long-term commitments € 187,598,000 (previous year: € 276,558,000).

(28) Operating leases

Since the year under review the lease of a gas storage facility by RWE Dea meets no longer the requirements of an operating lease in accordance to IFRIC 4.

(29) Reporting on financial instruments

The financial instruments comprise both primary and derivative financial instruments.

Financial instruments on the assets side chiefly comprise financial assets, receivables and cash and cash equivalents. Financial assets in the category "available for sale" are recognised at fair value, and other primary financial assets at amortised cost. On the liabilities side, the primary financial instruments include liabilities recorded at amortised cost. The primary financial instruments are stated in the Balance Sheet, with the carrying amounts of financial assets reflecting the maximum risk of default. Wherever default risks are apparent in the financial assets, they are covered by valuation adjustments.

Fair values of derivatives are determined using customary market valuation methods taking into account the market data available on the measurement date. The counterparty default risk leads to a decrease in the fair value of financial derivatives amounting to € 43,000 (previous year € 20,000). Due to materiality reasons the counterparty default risk was not considered for commodity derivatives.

Due to unavailable market data the fair value of the other asset ("available-for-sale") resulting from the contingent purchase price payment is determined on the basis of future cash flows weighted with different probabilities. The expected cash flows are discounted using the interest rate corresponding to the remaining maturity in the amount of 2.86%. The fair value of this asset is € 35,000,000 on the basis of a "best-case-scenario", while the fair value amounts to € 0 on the basis of a "worst-case-scenario". The fair value is reviewed on a quarterly basis and adjusted, if necessary.

The following overview represents the financial instruments to be recognised at fair value and the essential parameters on which the measurement is based. The individual levels are defined as follows in accordance with IFRS 13:

Level 1: Measurement at (unadjusted) prices quoted for identical assets or liabilities on active markets.

Level 2: Measurement based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or in-directly.

Level 3: Measurement on the basis of unobservable inputs.

Fair value hierarchy in € '000s	31-12-2014 Total	Level 1	Level 2	Level 3
Other assets	18,690			18,690
Other financial assets	516			516
Derivative financial assets	142,342		142,342	
Derivative financial liabilities	92,796		92,796	

Fair value hierarchy in € '000s	31-12-2013 Total	Level 1	Level 2	Level 3
Other assets	3,010			3,010
Other financial assets	224			224
Derivative financial assets	10,865		10,865	
Derivative financial liabilities	32,632		32,632	

No transfers between the levels occurred during the period under review or during the previous year.

The following overview shows the development of Level 3 financial instruments to be recognised at fair value:

Development of Level 3 financial instruments in € '000s	As of 1-1-2014	Changes in the scope of consolidation and currency adjustments	Changes recognised in profit or loss	Changes not recognised in profit or loss	Changes with a cash effect	As of 31-12-2014
Other financial assets	224	−25			317	516
Other assets	3,010			15,680		18,690

Development of Level 3 financial instruments in € '000s	As of 1-1-2013	Changes in the scope of consolidation and currency adjustments	Changes recognised in profit or loss	Changes not recognised in profit or loss	Changes with a cash effect	As of 31-12-2013
Other financial assets	1,019		−1,268		473	224
Other assets	2,930		80			3,010

In the year under review trade accounts payable amounting to € − (previous year: € 8,303,000) are netted with trade accounts receivable amounting to € − (previous year: € 8,267,000) at the basis of an unconditional netting agreement.

In fiscal 2014 valuation adjustments are made for assets in the category of "Loans and receivables". The following table shows the financial assets subject to value impairments within the scope of application of IFRS 7:

€ '000	Financial receivables	Trade accounts receivable	Other receivables and other assets	Total
As at 1 Jan. 2014	—	1,248	742	1,990
Depreciation (+)/write-ups (−) in the year under review	165	4,779	4,841	9,785
Disposals	—	—	—	—
As at 31 Dec. 2014	165	6,027	5,583	11,775

Valuation adjustments for trade accounts receivable relate to contested claims on partners as well as overdue receivables.

Valuation adjustments for financial assets in fiscal 2013 were as follows:

€ '000	Financial receivables	Trade accounts receivable	Other receivables and other assets	Total
As at 1 Jan. 2013	—	12,085	742	12,827
Depreciation (+)/write-ups (−) in the year under review	—	−9,632	—	−9,632
Disposals	—	−1,205	—	−1,205
As at 31 Dec. 2013	—	1,248	742	1,990

Overdue non-valuation-adjusted financial assets exist as at the balance-sheet date within the scope of IFRS 7 in the category of “loans and receivables”:

€ ‘000	Trade accounts receivable		Other receivables and other assets	
	31-12-2014	31-12-2013	31-12-2014	31-12-2013
Up to 30 days	24,460	23,681	53	37
31 to 60 days	15,303	16,405	—	—
61 to 90 days	18,229	18,808	392	274
91 to 120 days	21,889	18,732	382	267
More than 120 days	40,368	39,111	700	498

Financial assets and liabilities have been assigned to valuation categories with the following carrying amounts:

€ ‘000	31-12-2014							
	Available for sale	Held for trading	Loans and receivables	Valued at amortised cost	In hedge relationship	Finance lease	Beyond the scope of IFRS 7	Total
Financial assets	516	—	—	—	—	—	—	516
Financial receivables	—	—	8,529	—	—	—	—	8,529
Trade accounts receivable	—	—	372,000	—	—	—	—	372,000
Other accounts receivable and other assets	18,690	80	19,696	—	142,262	83,959	144,787	409,474
Cash and cash equivalents	—	—	85,929		—	—	—	85,929
Financial liabilities	—	—	—	372,064	—	—	—	372,064
Trade accounts payable	—	—	—	329,717	—	—	—	329,717
Other liabilities	—	3,474	—	37,025	89,322	—	35,743	165,564

(29) Reporting on financial instruments

€ '000	31-12-2013 Available for sale	Held for trading	Loans and receivables	Valued at amortised cost	In hedge relationship	Finance lease	Beyond the scope of IFRS 7	Total
Financial assets	224	—	—	—	—	—	—	224
Financial receivables	—	—	9,476	—	—	—	—	9,476
Trade accounts receivable	—	—	452,726	—	—	—	—	452,726
Other accounts receivable and other assets	3,010	444	23,078	—	10,421	75,669	115,884	228,506
Cash and cash equivalents	—	—	12,036	—	—	—	—	12,036
Financial liabilities..........	—	—	—	338,325	—	—	—	338,325
Trade accounts payable...	—	—	—	388,440	—	—	—	388,440
Other liabilities	—	803	—	37,794	31,829	—	49,557	119,983

In the year under review and in the previous year, the following net income from financial instruments was recorded in the income statement:

€ '000	2014 Available for sale	Held for trading	Loans and receivables	Liabilities valued at amortised cost
Other operating income	—	21,193	101,101	3,155
Other operating expenses................................	—	−58,067	−27,599	−9,757
Income from investments................................	345	—	−163	—
Financial result..	—	—	5,889	−687

€ '000	2013 Available for sale	Held for trading	Loans and receivables	Liabilities valued at amortised cost
Other operating income	—	32,525	50,634	8,532
Other operating expenses............................	—	−48,044	−58,248	−2,748
Income from investments............................	−884	—	2	—
Financial result..	80	—	8,572	−432

Other operating income and expenses essentially contain income from the valuation in foreign currency and from the valuation of financial derivatives.

As an E&P enterprise operating on an international scale, the RWE Dea Group is exposed to credit, liquidity and market risks within the ordinary course of its business.

Our subsidiaries are subject to a strict risk management regime. The scope of action, responsibilities and controls are enshrined in binding, internal corporate instructions. The guidelines of the RWE Group likewise apply. Financial derivatives are used exclusively to hedge the risk related to underlying operating and financial transactions, but never for speculation purposes. The RWE Central Risk Management unit has issued guidelines for the commodity division, according to which commodity derivatives may be used to hedge against price-related risks.

Cash Flow Hedges serve as protection against the risk of fluctuations in exchange rates and commodity prices from future sales. The effective parts of changes in fair value for the hedging transactions effected are recorded under other comprehensive income in the equity until such time as the hedging transaction is realised. Changes in fair value of the hedge transactions deployed, caused by market price changes, are counteracted to an equal extent by expected changes in the fair value of the existing underlying transactions. As a rule, fair value changes are reported with an impact on profit and loss when the hedge transaction is realised through profit or loss. The contribution to earnings from the hedging transaction is then transferred from other comprehensive income to the Income Statement. The fair value of hedge instruments deployed within the scope of cash flow hedges amounts to € 52,940,000 as at the balance-sheet date (previous year: € 21,408,000).

The future sales currently hedged by cash flow hedges will fall due with an effect on profit or loss within the following two years. The hedged cash flows from financial transactions will likewise fall due within the following two years.

Ineffectivities regarding the cash flow did not exist in the year under review or in the previous year.

Financial assets and liabilities in foreign currencies may involve an exchange-rate risk. These risks are covered by foreign currency derivatives.

Market risks

Market risks result in particular from changes in oil and gas commodity prices, changes in USD/EUR and NOK/USD exchange rates and corresponding unexpected negative changes regarding planned incoming and outgoing payments as well as their cash values. In addition, currency risks arising from financial transactions between companies in the RWE Dea Group may result if the functional currencies of the two partners do not match. The volume of transactions of this kind is insubstantial, which means that the currency risk is negligible.

These risks are mitigated in the RWE Group and, therefore, also in the RWE Dea Group using systematic risk management methods. Risks are countered by deploying financial derivatives, among other solutions. Financial derivatives are only used to hedge the following types of risks: currency and price risk arising from payments received for future sales revenues (essentially, direct currency risks in USD from chiefly future oil and gas sales), from future production (oil price risk) as well as financing transactions. Instruments deployed, above all, are forward exchange and currency option transactions to hedge currency risks as well as commodity price swaps to mitigate oil price risks.

Irrespective of their purpose, all derivative financial instruments are measured at fair value. In interpreting positive or negative fair values, care is therefore taken that they are offset by underlying transactions with compensating risks. All derivative financial instruments are reported as assets or liabilities. Measurement of the fair values of financial derivatives is performed by using current market price quotations within a trading system developed externally for the commodity markets. On this basis, forward exchange transactions and commodity price swaps are valued by means of internal computations of the relevant swap curves and subsequent discounting as at the balance sheet date. The Black-Scholes method is used for the further valuation of currency options transacted. In addition, as at the balance sheet dates the fair values are reconciled with the intra-Group trading partners.

The terms of currency and commodity derivatives are based on the term of the underlying transaction and are therefore predominantly short to medium-term.

To quantify the risk relating to market price fluctuations and financial instruments deployed, we use the earnings-at-risk and the sensitivity methods. Earnings-at-risk reflect the estimated, maximum deviation from an expected, budgeted result within a pre-defined observation method that is not exceeded in normal market conditions with a certain degree of probability (confidence). While earnings-at-risk are based on the value-at-risk concept, it analyses fluctuations of periodical earnings data. Our earnings-at-risk valuation is based on a confidence level of 95% and an observation period comprising the full fiscal year. In quantifying market prices using the sensitivity method, a statement is made concerning the impact on earnings of a percentage-based change in market prices. Our sensitivity calculations are based on a 10% market price change both for the foreign currency and for the oil price risk, and an observation period comprising the full fiscal year.

The sensitivity figures shown below in accordance with the mandatory rules and regulations of IFRS 7 refer only to financial instruments recognised in the balance sheet. Financial instruments are used exclusively to hedge the risks relating to underlying operating and financial transactions, but never for speculation. Accordingly, the reporting of the risk position of RWE Dea is incomplete. In line with the sensitivity method, the market price risks reflected in the following tables apply to financial instruments contracted without taking the underlying transactions into account. Changes in the market values for foreign-currency transactions are presented for the currency pairs EUR/USD and USD/NOK that would have occurred both in the event of an increase in the USD forward curve by 10% in relation to the EUR and NOK and in the event of a 10% decline at the end of the year. In the previous year also changes in the market values for foreign-currency transactions for the currency pair USD/GBP were presented that would have occurred in the event of a 10% increase or decline of the EUR forward curve in relation to the GBP. Similarly, the change in market values of concluded commodity hedge instruments that would have resulted from a 10% increase or decline of the oil price is presented, with the calculation of oil price sensitivities being based on Brent quotations. The sensitivity risks regarding the market values of derivatives used in hedge accounting are shown in equity. Moreover, changes to the market values of USD receivables arising from Egyptian activities and not being hedged against currency risks are shown that would have occurred both in the event of an increase and a decline by 10% in the USD forward curve in relation to the EUR. The presentation of market value changes is shown after taxes. In the process, a tax rate of 30.13% (previous year: 30.52%) is applied.

	2014		2013	
€ '000	**Changes impacting on profit and loss**	**Impacts on equity**	**Changes impacting on profit and loss**	**Impacts on equity**

		Increase in USD by 10%		
USD/EUR	10,800	−19,600	11,900	−17,800
USD/NOK	—	−23,000	—	−21,600
USD/GBP	—	—	100	—
		Decrease in USD by 10%		
USD/EUR	−9,800	17,800	−10,800	16,100
USD/NOK	—	25,600	—	23,800
USD/GBP	—	—	−100	—
		Increase in oil price by 10%		
Oil	—	−16,800	—	−28,200
		Decrease in oil price by 10%		
Oil	—	15,200	—	25,600

The stated nominal amounts of the following hedging transactions are not netted. They represent the sum total of all purchases and sales underlying the transactions. The nominal amounts allow conclusions on the extent to which derivatives are used, but do not reflect the risks the RWE Dea Group incurs from their use.

The following derivatives were concluded:

Currency hedges € '000	Nominal volume		Maturity > 1 year		Fair value	
	31-12-2014	31-12-2013	31-12-2014	31-12-2013	31-12-2014	31-12-2013
Currency forwards	1,115,723	624,668	54,361	70,907	−88,907	672
Currency options	30,242	48,227	—	—	−198	217
Currency swaps	84,492	488,943	—	—	−3,592	−467
	1,230,456	1,161,838	54,361	70,907	−92,697	422

Price hedges € '000	Nominal volume		Maturity > 1 year		Fair value	
	31-12-2014	31-12-2013	31-12-2014	31-12-2013	31-12-2014	31-12-2013
Commodity-price swaps	372,685	365,592	56,063	70,327	142,242	−22,189

Derivatives are exposed to default risks in the amount of their positive fair values. These risks are minimised because deals are made only with partners of the highest credit standing. In the year under review transactions were only entered into with companies in the RWE Group.

Counterparty default risk

With regard to the conclusion of financial derivatives, there is no counterparty default risk since contracting with RWE AG is compulsory. Generally, the management of counterparty default risks is performed within the scope of a uniform directive in place throughout the Group. As regards original financial instruments, there is no substantial counterparty default risks because the customers generally have a high credit standing. Existing past due payments are subject to permanent monitoring by Management. Based on an intensive analysis, Management perceives no further need for impairment charges. The maximum risk of default corresponds to the carrying amounts of financial assets accounted for.

(29) Reporting on financial instruments

Liquidity risk

The required liquidity to meet financial obligations at all times and the optimisation of RWE Dea AG's liquidity position and that of its subsidiaries and—on that basis—of RWE AG is ensured by the liquidity risk management. The basis of liquidity risk management is the establishment of centralised financial planning for the RWE Dea sub-group. Financial planning with matching currencies is effected for the following twelve months in a monthly system and for the following two months in a system correct to the respective day.

The required liquidity to meet financial obligations is made available on the basis of an intra-group agreement concerning centralised cash management. Within the scope of this agreement, limit arrangements are made annually concerning the cash and cash equivalents made available. Liquidity required beyond these limits can be made available by RWE AG upon request at short notice.

Financial liabilities within the scope of application of IFRS 7 in the next several years are expected to result in the following payments:

€ '000	Carrying amounts 31-12-2014	Amortisation payments			Interest payments		
		2015	Years 2016–2019	from 2020	2015	Years 2016 2019	from 2020
Other financial liabilities	372,064	372,064	—	—	—	—	—
Currency derivative financial liabilities	92,796						
—cash inflow..		1,060,759	53,216	—	—	—	—
—cash outflow		1,151,862	55,843	—	—	—	—
Commodity derivative financial liabilities	—	—	—	—	—	—	—
Miscellaneous other financial liabilities	366,742	366,742		—	—	—	—

€ '000	Carrying amounts 31-12-2013	Amortisation payments			Interest payments		
		2014	Years 2015–2018	from 2019	2014	Years 2015–2018	from 2019
Liabilities to banks..........	0	0	—	—	—	—	—
Other financial liabilities	338,325	338,325	—	—	—	—	—
Currency derivative financial liabilities	10,442			—	—	—	—
—cash inflow.............		734,230	8,047	—	—	—	—
—cash outflow...........		744,313	8,143	—	—	—	—
Commodity derivative financial liabilities	22,190	20,512	1,678	—	—	—	—
Miscellaneous other financial liabilities	426,234	426,234	—	—	—	—	—

(30) Notes to the Cash Flow Statement

The Cash Flow Statement classifies cash flows by operating, investment and financing activities. Cash flows from the acquisition and sale of consolidated companies are included in the cash flow from investment activities. The effects of exchange rate fluctuations of the cash and cash equivalents are reported separately. Cash and cash equivalents in the year under review only comprise those reported in the balance sheet.

The cash flow from operating activities includes e.g. interest income in the amount of € 5,889,000 (previous year: € 8,652,000), and interest expenses of € 687,000 (previous year € 1,677,000). Income tax payments total € 156,741,000 (previous year: € 123,346,000); refunds total € 3,612,000 (previous year: € 755,000). External dividends received totalled

€ 345,000 (previous year: € 384,000). In the previous year € 420,169,000 in earnings were transferred to RWE AG. In the financial year € 3,694,000 (previous year: € 3,374,000) was distributed to minority interests.

The cash flow from operating activities attributable to exploration amounts to −€ 63,307,000 (previous year: −€ 85,946,000). In addition, the cash flow from investment activities of the exploration division amounts to −€ 111,281,000 (previous year: −€ 92,796,000).

(31) Capital management

The RWE Dea Group has no capital management system of its own since key financial transactions with an impact on equity are subject to the consent of RWE AG. In addition, there is a cash pooling arrangement with RWE AG in place. Within the RWE Dea Group itself, only its operations are financed. Surplus liquidity is bundled, essentially via cash pooling arrangements.

Net assets and net liabilities, respectively, are broken down as follows:

€ '000	31-12-2014	31-12-2013
Cash and cash equivalents	85,929	12,036
Other financial assets	8,298	9,236
Financial assets	94,227	21,272
Current financial liabilities to RWE AG	372,064	338,325
Financial liabilities	372,064	338,325
Net financial liabilities	−277,837	−317,053
Provisions for pensions and similar obligations	−138,098	−81,447
Provisions for reconditioning of sites and plugging of wells	−670,042	−505,148
Net liabilities	−1,085,977	−903,648

(32) Related party disclosures

RWE AG holds an indirect equity interest of 100% in our company. Related companies are all companies in which RWE AG has a direct or indirect holding. Financial transactions entered into on the basis of the usual banking terms and conditions represent the main share of transactions with RWE AG and RWE Supply & Trading GmbH, Essen.

The deliveries and services received from affiliated companies amount to € 5,458,000 (previous year: € 7,108,000). The intercompany deliveries total € 405,478,000 (previous year: € 248,655,000). As of 31 December 2014, accounts receivable amount to € 71,112,000 (previous year: € 42,950,000) and accounts payable amount to € 2,636,000 (previous year: € 93,377,000). As in the previous year there are no material transactions with associated companies of the RWE group.

Derivative transactions concluded with related parties generated other operating income in the amount of € 27,149,000 (previous year: € 51,105,000), other operating expenses in the amount of € 80,149,000 (previous year: € 52,016,000) as well as revenues in the amount of € 8,237,000 (previous year: −€ 8,227,000). As of 31 December 2014, derivative financial assets amount to € 142,342,000 (previous year: € 10,865,000) and derivative financial liabilities total € 92,796,000 (previous year: € 32,632,000).

Current financial liabilities to RWE AG amount to € 372,064,000 (previous year: € 338,325,000).

All transactions are subject to market terms and conditions.

In addition, RWE AG granted guarantees to secure exploration and development activities.

Management in key positions comprises the Board of Management and the Supervisory Board of RWE Dea AG. No business relations exist with members of the Board of Management and of the Supervisory Board of RWE Dea AG and RWE AG or individuals close to them.

The information on the members of the Board of Management and of the Supervisory Board is provided on pages 76 to 77.

In accordance with the By-Laws, the members of the Supervisory Board of RWE Dea AG received an amount of € 310,000 for the fiscal year (previous year: € 318,000). Each Supervisory Board member receives a fixed remuneration in the unchanged amount of € 20,000 per annum for his or her activities. The Chairman receives double this amount, and his Deputy one-and-a-half times the annual fixed remuneration. In addition, expenses incurred are refunded. Some employee

representatives on the Supervisory Board have labour contracts with the respective Group companies. Remuneration occurs in accordance with the relevant contractual conditions.

Remuneration paid to members of the Board of Management consists of a fixed and a performance-related variable component as current remuneration components. The remuneration paid to the Board of Management of RWE Dea AG for the fiscal year amounted to € 1,650,000 (previous year: € 1,605,000), including variable remuneration of € 654,000 (previous year: € 612,000). In addition, the fixed remuneration component for members of the Board of Management includes non-cash and other perquisites essentially comprising the values to be recognised subject to tax directives for the use of company cars and insurance premiums for accident insurance. Pension service costs amounted to € 275,000 (previous year: € 396,000). Moreover, the members of the Board of Management held 246,417 (previous year: 188,963) performance shares within the scope of the long-term incentive plan BEAT created by RWE AG at a fair value of € 557,000 (previous year: € 432,000). The change in provisions resulted in expenses of € 125,000 (previous year: € 55,000) in the year under review.

Furthermore, (direct) pension commitments were granted to the members of the Board of Management, entitling them to life-long pension and benefits to their surviving dependants. The cash or present value of the overall commitment (defined benefit obligation) amounted to € 6,948,000 as at 31 December 2014 (previous year: € 5,189,000).

(33) Auditor’s fees

RWE recognised the following fees as expenses for the services rendered by the auditors of the consolidated financial statements, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft (PwC) and companies belonging to PwC’s international network:

€ ’000	2014	2013
Audit services	664	650
Tax services	229	97
Other services	183	79

The fees of audit services primarily contain the fees for the audit of the consolidated financial statements and for the audit of the financial statements of RWE Dea AG and its subsidiaries as well as the review of the interim financial statements. In particular, the fees for tax services include compensation for consultation in the preparation of tax returns and other national and international tax-related matters. The fees for others services mainly comprise E&P specific advisory and assurance services.

During the year under review, RWE Dea AG recognised fees amounting to € 10,000 (previous year € 9,000) in relation to audit services rendered by the companies of the BDO network.

(34) Application of § 264 Para. 3 of the German Commercial Code (HGB)

In fiscal 2014, the following German subsidiaries made partial use of the exemption clause included in § 264 Para. 3 of the German Commercial Code (HGB)

- RWE Dea Cyrenaica GmbH, Hamburg
- RWE Dea E&P GmbH, Hamburg
- RWE Dea Guyana GmbH, Hamburg
- RWE Dea Idku GmbH, Hamburg
- RWE Dea International GmbH, Hamburg
- RWE Dea Nile GmbH, Hamburg
- RWE Dea North Africa/Middle East GmbH, Hamburg
- RWE Dea Suez GmbH, Hamburg
- RWE Dea Suriname GmbH, Hamburg
- RWE Dea Trinidad & Tobago GmbH, Hamburg

(35) Events after the balance sheet date

Information on events after the balance sheet date is presented in the management report.

Supervisory Board, Board of Management

Supervisory Board

Peter Terium, Essen (Chairman)
Chairman of the Board of Management RWE Aktiengesellschaft

Werner Bischoff, Monheim (Deputy Chairman)
Former member of the Managing Executive Council, Union of the Mining, Chemical and Energy Industry Employees

Hans-Hermann Andreae, Hamburg
Head of Geo Support Centre RWE Dea AG

Thomas Birr, Essen
Head of Corporate Development & Group Strategy RWE Aktiengesellschaft

Dr. Markus Coenen, Essen
Head of Group Finance RWE Aktiengesellschaft

Dr. Frank-Detlef Drake, Essen (until 28 March 2014)
Head of Research and Development RWE Aktiengesellschaft

Ralf Erkens, Neumünster
District Chairman Rhine-Main, Union of Mining, Chemical and Energy Industry Employees

Dr. Michael Herrmann, Essen (until 28 March 2014)
Head of Commodity Management RWE Aktiengesellschaft

Stefan Judisch, Essen (until 28 March 2014)
Chairman of the Management RWE Supply & Trading GmbH

Dr. Claudia Mayfeld, Essen (since 28 March 2014)
Head of Legal & Compliance RWE Aktiengesellschaft

Dr. Martin Muhr, Essen (since 28 March 2014)
Chief Financial Officer Essent N.V.

Holger Pittelkow, Hamburg
Functional Department Head Indirect Taxes and Tax Audits RWE Dea AG

Günther Prien, Hamburg
Chairman of the Joint Works Council RWE Dea AG

Andreas Schöpf, Lachendorf (since 5 July 2014)
Chairman of the Works Council Betriebe Wietze RWE Dea AG

Manfred Weber, Eicklingen (until 30 June 2014)
Former Chairman of the Joint Works Council RWE Dea AG

Andreas Zetzsche, Essen (since 28 March 2014)
Head of Merger & Acquisitions RWE Aktiengesellschaft

Board of Management

Thomas Rappuhn (Chairman)
Responsible for: Chairing the Board of Management

Dr Johannes Karlisch
Responsible for: Finance

Dirk Warzecha
Responsible for: Operations

Hamburg, 29 January 2015

The Board of Management

Rappuhn　　Karlisch　　Warzecha

List of holdings of RWE Dea AG as at 31 December 2014

	Share of capital %	Stockholders' equity as of fiscal year €'000	Net income (loss) for the fiscal year €'000
Affiliated companies			
DEA UK Upstream Limited, London/Great Britain	100.00	8	—
RWE Dea Cyrenaica GmbH, Hamburg	100.00	26	—[2]
RWE Dea E&P GmbH, Hamburg	100.00	32,930	—[2]
RWE Dea Petróleo e Gás do Brasil Ltda. Rio de Janeiro/Brazil[1][3]	99.00	47	—
RWE Dea Petróleo e Gás do Brasil Ltda., Rio de Janeiro/Brazil[1][3]	1.00	1	—
RWE Dea Global Limited, London/Great Britain[1]	100.00	7	(26)
RWE Dea Guyana GmbH, Hamburg	100.00	25	—[2]
RWE Dea International GmbH, Hamburg	100.00	290,741	—[2]
RWE Dea Idku GmbH, Hamburg	100.00	13,772	—[2]
RWE Dea Nile GmbH, Hamburg	100.00	130,581	—[2]
RWE Dea Norge A/S, Oslo/Norway[1]	100.00	337,425	83,955
RWE Dea Suez GmbH, Hamburg	100.00	87,226	—[2]
RWE Dea North Africa/Middle East GmbH, Hamburg	100.00	130,025	—[2]
RWE Dea Polska Sp. z o.o., Warsaw/Poland[1]	100.00	55	(6)
RWE Dea Speicher GmbH, Hamburg	100.00	25	—[2]
RWE Dea Suriname GmbH, Hamburg	100.00	25	—[2]
RWE Dea Trinidad & Tobago GmbH, Hamburg	100.00	25	—[2]
RWE Dea UK Holdings Ltd., Aberdeen/Great Britain[1]	100.00	297,142	2,204
RWE Dea UK SNS Limited, London/Great Britain[1]	100.00	179,959	12,633
RWE DEA Ukraine LLC, Kiev/Ukraine[1][3]	100.00	91	(186)
Speicher Breitbrunn/Eggstätt RWE Dea & Storengy, Hamburg	80.28	—	18,733
Participations			
Erdgas Münster GmbH, Münster[1]	4.90	5,894	10,827
Fernkälte Geschäftsstadt Nord GbR, Hamburg	10.10	—	—

(1) Annual financial statements as of 31 December 2013, translated at exchange rates on the balance sheet date and at the average rate for 2014.

(2) Company is under a profit transfer agreement.

(3) Affiliated companies which are not included in the consolidated financial statements due to secondary importance for the assets, liabilities, financial position and profit or loss of the group.

The following auditor's report (*Bestätigungsvermerk*) has been issued in accordance with Section 322 of the German Commercial Code (*Handelsgesetzbuch*) on the consolidated financial statements and group management report (*Konzernlagebericht*) of DEA Deutsche Erdoel AG, Hamburg as of and for the short business year ended March 31, 2015. The group management report is neither included nor incorporated by reference in this Offering Memorandum.

Auditor's Report

We have audited the consolidated financial statements prepared by DEA Deutsche Erdoel AG, Hamburg (formerly RWE Dea AG, Hamburg), comprising the income statement, the statement of comprehensive income, statement of financial position, cash flow statement, statement of changes in equity, the notes to the consolidated financial statements, and the group management report of DEA Deutsche Erdoel AG, which is combined with the Company's management report, for the short business year from January 1 to March 31, 2015. The preparation of the consolidated financial statements and the combined management report in accordance with the IFRSs as to be applied in the EU, and the additional requirements of German Commercial Law pursuant to Section 315a (1) HGB ("Handelsgesetzbuch": "German Commercial Code") is the responsibility of the Company's Board of Managing Directors. Our responsibility is to express an opinion on the consolidated financial statements and the combined management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements and the combined management report in accordance with the applicable reporting standards are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the combined management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the interim financial statements of the companies included in consolidation, the determination of the companies to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company's Board of Managing Directors as well as evaluating the overall presentation of the consolidated financial statements and the combined management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit, the consolidated financial statements comply with the IFRS as to be applied in the EU and the additional commercial law provisions according to § 315a (1) HGB, and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The combined management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Essen, May 8, 2015

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Ralph Welter
Wirtschaftsprüfer
(German Public Auditor)

ppa. Michael Servos
Wirtschaftsprüfer
(German Public Auditor)

DEA Deutsche Erdoel AG Consolidated Financial Statements

Consolidated Income Statement

from 1 January to 31 March 2015

€ '000	(Notes)	Jan.–Mar. 2015	2014
Sales revenues	(1)	418,692	2,030,918
Energy tax expense	(2)	−119	−1,110
		418,573	2,029,808
Other operating income	(3)	171,810	232,224
Cost of materials	(4)	−148,396	−747,044
Personnel cost	(5)	−57,736	−173,761
Amortisation/depreciation and impairment losses	(6)	−474,797	−722,859
Other operating expenses	(7)	−223,183	−348,982
Income from operating activities		−313,729	269,386
Income from investments	(8)	−160	181
Financial income	(9)	1,692	6,187
Financial expenses	(9)	−8.620	−27,174
Income before taxes		−320,817	248,580
Income taxes	(10)	63,409	−181,360
Income after taxes		−257,408	67,220
Thereof attributable to:			
Shareholders of the parent company		−257,902	63,898
Non-controlling interests		494	3,322

DEA Deutsche Erdoel AG Consolidated Financial Statements

Statement of Comprehensive Income[1]

from 1 January to 31 March 2015

€ '000	Jan.–Mar. 2015	2014
Income after taxes	**−257,408**	**67,220**
Items that may be reclassified to profit or loss		
Currency translation adjustments	30,122	−13,903
Fair valuation of financial instruments in connection with hedges	−9,191	52,812
Fair valuation of financial assets available for sale	−1,160	15,680
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit plans	−13,977	−35,193
Income and expenses recognised directly in equity	**5,794**	**19,396**
Total income and expenses recognised	**−251,614**	**86,616**
Thereof attributable to:		
Shareholders of the parent company	−252,108	83,294
Non-controlling interests	494	3,322

(1) Amounts indicated after taxes in accordance with IAS 1.91 (a)

DEA Deutsche Erdoel AG Consolidated Financial Statements

Consolidated Balance Sheet as at 31 March 2015

	(Notes)	31-03-2015	31-12-2014
Assets (€ '000s)			
Non-current assets			
Intangible assets	(11)	395,469	588,130
Property, plant and equipment	(12)	2,967,141	2,956,918
Investment property	(13)	4,090	4,221
Other financial assets	(14)	516	516
Financial receivables	(15)	8,792	8,528
Other receivables and other assets	(16)	157,157	144,609
Deferred tax assets	(17)	85,669	51,490
		3,618,834	3,754,412
Current assets			
Inventories	(18)	75,727	77,920
Financial receivables	(15)	—	1
Trade accounts receivable	(19)	399,717	372,000
Other receivables and other assets	(16)	326,300	264,865
Income tax assets		546	438
Cash and cash equivalents	(20)	277,769	85,929
		1,080,059	801,153
		4,698,893	4,555,565
Equity and Liabilities (€ '000s)			
Equity	(21)		
Shareholder's equity		1,957,421	2,209,529
Non-controlling interests		4,995	4,501
		1,962,416	2,214,030
Non-current liabilities			
Provisions	(22)	845,087	802,068
Financial liabilities	(23)	631,069	—
Other liabilities	(25)	10,576	12,164
Deferred tax liabilities	(17)	342,080	384,714
		1,828,812	1,198,946
Current liabilities			
Provisions	(22)	265,105	199,403
Financial liabilities	(23)	186,151	372,064
Trade accounts payable	(24)	278,650	329,717
Income tax liabilities		85,422	88,005
Other liabilities	(25)	92,337	153,400
		907,665	1,142,589
		4,698,893	4,555,565

DEA Deutsche Erdoel AG Consolidated Financial Statements

Cash Flow Statement

from 1 January to 31 March 2015

€ '000	Notes (28)	Jan.–Mar. 2015	2014
Income after taxes		−257,408	67,220
Depreciation/impairment losses/reversal of impairment losses		453,404	722,832
Change in provisions		31,554	50,827
Changes in deferred taxes		−83,050	−75,587
Income from disposal of assets		26,273	31,220
Other non-cash income/expenses		12,343	14,580
Changes in working capital		−134,764	29,308
Changes in other balance sheet items		−91,459	−42,903
Cash flow from operating activities		**−43,107**	**797,497**
Intangible assets/property, plant & equipment/investment property			
Capital expenditure		−213,676	−669,315
Proceeds from disposal of fixed assets		2,124	9,630
Acquisitions, investments and loans to investments			
Capital expenditure		−160	−325
Change in cash investments		225	108
Cash flow from investment activities		**−211,487**	**−659,902**
Distribution to other minority interests of subsidiaries		—	−3,694
Decrease in financing liabilities (previous year: increase in financing liabilities)		—	−92,325
Increase of financial debt		445,155	33,740
Cash flow from financing activities		**445,155**	**−62,279**
Net change in cash and cash equivalents		**190,561**	**75,316**
Effects of changes in foreign exchange rates and other changes in value on cash and cash equivalents		1,279	−1,423
Net cash change in cash and cash equivalents		**191,840**	**73,893**
Cash and cash equivalents at beginning of year		85,929	12,036
Cash and cash equivalents at end of year		**277,769**	**85,929**

DEA Deutsche Erdoel AG Consolidated Financial Statements

Changes in Equity

from 1 January to 31 March 2015

€ '000	Subscribed capital of DEA Deutsche Erdoel AG	Capital reserve of DEA Deutsche Erdoel AG	Retained earnings	Other comprehensive income: Currency translation adjustments	Other comprehensive income: Fair valuation of financial instruments	Share-holder's equity	Non-controlling interests	Total
as at 1 Jan, 2014	344,064	979,841	896,648	−77,888	−16,430	2,126,235	4,873	2,131,108
Other comprehensive income								
Fair value of derivative financial instruments with no impact on profit and loss					51,673			
Fair value of financial assets available for sale with no impact on profit or loss					16,885			
Currency translation adjustments			−810	−13,093	−66			
Remeasurement of defined benefit plans			−35,193					
Net other comprehensive income			−36,003	−13,093	68,492			
Income after taxes			63,898					
Total income and expenses recognised			27,895	−13,093	68,492	83,294	3,322	86,616
Profit transfer/ distribution							−3,694	−3,694
Other Changes								
as at 31-12-2014/01-01-2015	344,064	979,841	924,543	−90,981	52,062	2,209,529	4,501	2,214,030
Other comprehensive income								
Fair value of derivative financial instruments with no impact on profit and loss					−8.652			
Fair value of financial assets available for sale with no impact on profit or loss					−1,764			
Currency translation adjustments			155	29,967	65			
Remeasurement of defined benefit plans			−13,977					
Net other comprehensive income			−13,822	29,967	−10,351			
Income after taxes			−257,902					
Total income and expenses recognised			−271,724	29,967	−10,351	−252,108	494	−251,614
Profit or loss transfer/ distribution								
Other changes								
as at 31 Mar. 2015	344,064	979,841	652,819	−61,014	41,711	1,957,421	4,995	1,962,416

DEA Deutsche Erdoel AG Consolidated Financial Statements

Development of fixed assets

from 1 January to 31 March 2015

€ '000	At cost of acquisition or production						Accumulated amortisation/depreciation and impairment losses							Carrying amounts	
	Beginning of reporting year	Additions	Transfers	Currency translation adjustments	Disposals	End of reporting year	Beginning of reporting year	Amortisation/ depreciation/ impairment losses reporting year	Transfers	Currency translation adjustments	Withdrawals for disposals	Reversal of impairment losses	End of reporting year	End of reporting year	End of previous year
Intangible assets															
1. Concessions aquired, industrial property rights and similar rights and assets as well as licences to such rights and assets	947,870	25,540	8,618	26,668	12,033	996,663	379,191	237,888	−55	12,237	12,006	16,061	601,194	395,469	568,679
2. Prepayments	8,687		−8,687			0								—	8,687
3. Goodwill	10,764					10,764		10,764					10,764	—	10,764
	967,321	**25,540**	**−69**	**26,668**	**12,033**	**1,007,427**	**379,191**	**248,652**	**−55**	**12,237**	**12,006**	**16,061**	**611,958**	**395,469**	**588,130**
Property, plant and equipment															
1. Land, similar land rights and buildings, including buildings on third-party land	100,145	600	3,858	20		104,623	65,014	810	86	1			65,911	38,712	35,131
2. Technical plant and machinery	5,240,388	79,349	179,481	181,838	69,887	5,611,169	3,394,424	117,734	−217	100,894	34,013	5,492	3,573,330	2,037,839	1,845,964
3. Other equipment, factory and office equipment	50,042	1,027	221	390	96	51,584	34,598	1,830	−6	226	56		36,592	14,992	15,444
4. Prepayments and plants under construction	1,173,619	131,772	−183,942	19,935	45,198	1,096,186	113,240	105,634		1,714			220,588	875,598	1,060,379
	6,564,194	**212,748**	**−382**	**202,183**	**115,181**	**6,863,562**	**3,607,276**	**226,008**	**−137**	**102,835**	**34,069**	**5,492**	**3,896,421**	**2,967,141**	**2,956,918**
Investment property	28,985		451		258	29,178	24,764	137	192		5		25,088	4,090	4,221
	7,560,500	**238,288**	**—**	**228,851**	**127,472**	**7,900,167**	**4,011,231**	**474,797**	**—**	**115,072**	**46,080**	**21,553**	**4,533,467**	**3,366,700**	**3,549,269**

DEA Deutsche Erdoel AG Consolidated Financial Statements

Development of fixed assets

from 1 January to 31 December 2014

€ '000	At cost of acquisition or production						Accumulated amortisation/depreciation an			
	Beginning of reporting year	Additions	Transfers	Currency translation adjustments	Disposals	End of reporting year	Beginning of reporting year	Amortisation/ depreciation impairment losses reporting year	Transfers	Currency translation adjustments
Intangible assets										
1. Concessions aquired, industrial property rights and similar rights and assets as well as licences to such rights and assets	950,914	58,723	−5,489	23,186	79,464	947,870	280,243	157,246		8,860
2. Prepayments	8,687					8,687				
3. Goodwill	10,764					10,764				
	970,365	**58,723**	**−5,489**	**23,186**	**79,464**	**967,321**	**280,243**	**157,246**	**—**	**8,860**
Property, plant and equipment										
1. Land, similar land rights and buildings, including buildings on third-party land	96,861	3,274	1,848	−20	1,818	100,145	62,665	3,001		−2
2. Technical plant and machinery	4,763,326	384,037	192,431	−60,467	38,939	5,240,388	2,996,628	473,306	13,238	−68,751
3. Other equipment, factory and office equipment	45,299	6,818	1,470	−295	3,250	50,042	31,098	6,731	−5	−108
4. Prepayments and plants under construction	1,055,051	369,841	−190,260	−26,203	34,810	1,173,619	55,482	81,940	−13,233	−3,164
	5,960,537	**763,970**	**5,489**	**−86,985**	**78,817**	**6,564,194**	**3,145,873**	**564,978**	**—**	**−72,025**
Investment property	32,832	32			3,879	28,985	25,670	635		
	6,963,734	**822,725**	**—**	**−63,799**	**162,160**	**7,560,500**	**3,451,786**	**722,859**	**—**	**−63,165**

General rules

DEA Deutsche Erdoel AG (formerly RWE Dea AG) is a German limited company and is headquartered at Überseering 40 in 22297 Hamburg, Germany. It is registered at the Hamburg local court under HRB 6882.

The presented consolidated financial statements as at 31 March 2015 were approved for publication by the Board of Management of DEA Deutsche Erdoel AG on 30 April 2015. The statements were prepared in accordance with the International Financial Reporting Standards (IFRS) applicable in the EU, as well as in accordance with the supplementary accounting regulations applicable pursuant to Sec. 315a, Para. 3 of the German Commercial Code (HGB). All figures for the previous year were determined in conformity with the same principles.

In addition to the Income Statement, the Balance Sheet, and the Cash Flow Statement, the Financial Statements include the Statement of Comprehensive Income, Changes in Stockholders' Equity and Minority Interests, as well as the Notes.

Various items of the Income Statement and the Balance Sheet are combined to improve the transparency of presentation. These items are shown and explained separately in the Notes. The Income Statement is structured in line with the total cost method of accounting.

The financial statements are prepared in euros (€), the Group's functional currency. All amounts, including prior-year figures, are reported in thousands of euros (€ 000). This rounding effect does not produce a loss of information.

Since 2 March 2015 the shares in the company are totally held by L1E Acquisitions GmbH. A domination and profit and loss transfer agreement was concluded with L1E Acquistions GmbH as controlling enterprise. The obligation to transfer a profit or loss becomes effective for the first time for the fiscal year starting on 1 April 2015.

The annual general meeting of DEA Deutsche Erdoel AG decided to create a short fiscal year for the period from 1 January to 31 March 2015. Since the short fiscal year only comprises a 3-month period, a year-on-year comparison with the 12-month period in 2014 is of limited value.

Internal control systems, the use of uniform directives throughout the Group, and our measures for employee training ensure that the Consolidated Financial Statements are adequately prepared. Compliance with legal regulations and internal directives as well as the reliability and viability of the control systems are continuously reviewed throughout the Group.

Our risk management system enables the Board of Management to identify potential risks at an early stage and initiate countermeasures where appropriate.

The consolidated financial statements of DEA Deutsche Erdoel AG are available from DEA Deutsche Erdoel AG, Überseering 40, 22297 Hamburg. The consolidated financial statements are filed electronically with the operator of the German Government Gazette and promulgated therein after the filing.

In accordance with the resolution adopted at the annual general meeting, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft audited the consolidated financial statements of DEA Deutsche Erdoel AG and issued its unqualified audit certificate documented in a separate annex to these consolidated financial statements.

Scope of consolidation

In principle, the DEA Consolidated Financial Statements comprise DEA Deutsche Erdoel AG and all domestic and foreign subsidiaries directly or indirectly controlled by DEA Deutsche Erdoel AG. There are 19 consolidated subsidiaries (previous year: 19), 6 of them foreign (previous year: 6).

The shares in the subsidiary DEA UK E&P Holdings Limited, which in turn owns 100% of the shares in DEA UK SNS Limited, were transferred to a Dutch foundation (Highland Marine Stichting) in exchange for Depository Receipts under Dutch law in the year under review. The foundation has been created for the sole purpose of holding the shares in DEA UK E&P Holdings Limited for a defined period in order to separate them from the other business of DEA and to process the sale of DEA UK E&P Holdings Limited in case of sanctions against three owners of LetterOne or against LetterOne Holdings S.A. Due to the ongoing control according to IFRS 10 the DEA UK E&P Holdings Limited is still included in the consolidated financial statements as a fully consolidated subsidiary. On the other hand the Highland Marine Stichting, which is a special purpose vehicle ("structured entity"), is not included in the consolidated financial statements.

DEA is obliged to provide the Highland Marine Stichting with financial resources for the administration of the shares. On this basis the Highland Marine Stichting was financed in the amount of € 7,500,000 in the year under review.

Joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. There are joint arrangements at DEA Group in course of development and production activities. They are classified as joint operations since the arrangements transfer the rights and obligations relating to the assets and liabilities to the investors. DEA's shares in joint operations are accounted by recognising its assets and liabilities as well as its income and expenses.

The following joint operations are structured as separate entities:

Name	Nature of the joint arrangements	Principle place of business	Ownership interest/ voting rights %
SUEZ OIL COMPANY (Suco)	Operating company for the development and production phase	Cairo, Egypt	50.00
DEMINEX EGYPT OIL COMPANY (Deoco)	Operating company for the development and production phase; performed by Suco as a service	Cairo, Egypt	50.00
DISOUQ PETROLEUM COMPANY (DISOUCO)	Operating company for the development and production phase; performed by Suco as a service	Cairo, Egypt	50.00
North Idku Petroleum Company (NIPETCO)	Operating company for the development and production phase; performed by Suco as a service	Cairo, Egypt	50.00
Petro Delta	Operating company for the development and production phase	Cairo, Egypt	12.50
Groupement Reggane	Operating company for the development and production phase	Algiers, Algeria	19.50

Participation in 2 foreign subsidiaries (previous year: 2) of minor importance to the DEA Group are reported at fair value in accordance with IAS 39. In total, these subsidiaries account for less than 1% of the consolidated revenue and income as well as of consolidated debt.

Consolidation principles

The financial statements of the domestic and foreign companies included in the Consolidated Financial Statements of DEA Deutsche Erdoel AG are drawn up in conformity with uniform accounting and valuation methods.

Business combinations must be reported using the purchase method of accounting. According to this method, the capital consolidation of the purchase price is netted against the restated pro-rata net assets of the subsidiaries acquired at the time of acquisition. In the process, the eligible assets, liabilities and contingent liabilities of the subsidiaries are stated at their full fair value, regardless of the level of the minority interests. Intangible assets must be reported separately from goodwill provided they are separable from the company or result from a contractual or other right. In accordance with IFRS 3, restructuring provisions must not be set up as part of the purchase price allocation. Any residual positive differences are capitalised as goodwill. Negative differences from the first-time consolidation are recognised as income.

Expenses and earnings as well as accounts receivable and payable between the consolidated subsidiaries are eliminated. Intercompany profits or losses are eliminated, unless they are negligible. Depreciation charged in the companies' individual statements on shares in, and loans to, consolidated subsidiaries are reversed.

Currency translation

In the companies' individual statements, non-monetary items in foreign currencies are valued at original booking date prices as at the balance sheet date. Monetary items are translated at prices prevailing as of the balance sheet date. Gains and losses from the valuation of foreign currency assets or liabilities incurred by the balance sheet date are reported under other operating expenses or income with effect on profit and loss.

Functional currency translation is applied when converting the currencies of foreign companies' financial statements. In DEA's consolidated financial statements, balance sheet items of all foreign companies are translated into euros at average daily exchange rates, since the foreign companies operate their business independently in their local currencies. Differences as against prior-year translations are netted against other comprehensive income without effect on income (changes in equity with no impact on earnings). Income and expense items are translated at annual average rates. Annual financial statements of foreign companies headquartered in a high-inflation country are translated in accordance

with IAS 29. None of the companies was headquartered in a high-inflation country during the reporting year or the previous year.

The following exchange rates were applied:

€	Rate on balance sheet date 31-03-2015	31-12-2014	Average rate Jan.–Mar. 2015	2014
1 pound Sterling	1.37	1.28	1.34	1.25
100 Norwegian kroners	11.49	11.06	11.45	11.91
100 Polish zloty	24.48	23.40	23.85	23.84

Accounting and valuation methods

Income Statement

Realisation of income

Sales revenues are valued at the fair value of counter-performance received or to be received, revenue reductions being considered in the process. Income from the delivery of goods is realised at the time of transfer of control to the customer. No sales revenues worthy of mention are derived from services.

Balance Sheet

Intangible assets are reported at amortised acquisition or production cost. Amongst other things, they comprise goodwill, concession acquisition costs and other licence rights arising from the oil and gas business as well as commercial and technical software.

Cost recovery rights from investments are also reported under Intangibles. These rights arise in connection with production sharing agreements, in which there is no legal ownership of property, plant and equipment. The right is valued at cost according the production sharing agreement, reduced to take account of the portion settled. Settlement of such a right is reported under depreciation. Other immediately recoverable expenses not yet accounted are reported as rights under other current assets.

With the exception of goodwill, all intangible assets have a finite useful life and are therefore subject to systematic linear or production-related depreciation. The useful life of concessions and other licence rights corresponds to the contractual term or comprises the period until the end of economic production. Software for commercial or technical applications is depreciated under the straight-line method over three to five years. The useful economic life and amortisation methods are subject to annual review.

Goodwill is not subject to systematic amortisation. It is subjected to an impairment test on an annual basis or whenever there are indications of a diminution in value (impairment test). Goodwill is part of cash-generating units. For goodwill assigned to exploration, appropriate impairment charges are performed on a country basis.

Assets from exploration for example comprise concession acquisition costs, licences and rights to exploration and exploration wells. They are accounted for at their historic cost of acquisition or production according to the successful efforts method, i.e. expenses incurred on exploration wells are only capitalised in principle if they were successful, in the sense that they led in particular to the discovery of crude oil and gas deposits. During the exploration phase, the exploration assets capitalised are not amortised. In contrast, operating and business equipment as well as software is depreciated using the straight-line method on principle.

Property, plant and equipment are valued at amortised acquisition or production cost. Borrowing costs that can be directly allocated to the acquisition or production of an asset are capitalised as part of acquisition or production costs if a considerable period is necessary to convert the asset into its intended state for use or sale ("qualified asset"). The cost of property, plant and equipment includes the estimated cost of de-installation or demolition and removal and of the reconditioning of the asset under public or private law obligations, to the extent related provisions were set up. Maintenance and repair costs are stated as expenses.

Tangible assets, with the exception of land and rights equivalent to land are depreciated under the straight-line method or on a production-related basis under the unit-of-production method. In the unit-of-production method, the current production of the period is taken on principle as the ratio of confirmed reserves of category C with a probability estimate of P90 (proved/developed). Operating and business equipment is depreciated using the straight-line method on principle.

Regular depreciation on our typical facilities is charged over the following economic lives: for buildings, up to 50 years, for gas storage facilities reported under machinery and equipment, 33 years, and for wells up to 27 years.

Operating leases are in place which need not be reported in the Balance Sheet.

Investment properties (land or buildings held as financial investments) include any property held to earn rentals or for long-term capital appreciation and not utilised for production or administrative purposes. Valuation is made at amortised cost of acquisition or production. Depletable investment properties are amortised under the straight-line method over a period of up to 50 years. Vacant properties are valued by means of comparable land appraisals and taking account of special features and burdens. Built-up real estate is valued with the aid of the automated discounted cash flow method, drawing on actual rentals and comparative rentals customary in the market, respectively.

Impairment test and impairment losses

An impairment loss is recognised for intangible assets (including goodwill) as well as for property, plant and equipment and investment properties if the recoverable amount of the asset is less than its carrying amount. Exploration assets are required to be tested for impairment as soon as the technical feasibility and profitability of a resource can be proven. The presence of facts and circumstances indicating an impairment also gives rise to an impairment test. If the asset is part of a cash-generating unit (the smallest identifiable group of assets generating cash flows, which are largely independent of the cash inflows of other assets or other groups of assets), then an impairment is derived on the basis of the recoverable amount of the cash-generating unit. In the event that the carrying amount of a cash-generating unit to which a goodwill was allocated exceeds the recoverable amount, a resulting impairment loss is initially applied to the allocated goodwill. Any further impairment loss required will be taken into account through a pro-rata reduction in the remaining carrying amounts of the cash-generating unit. An reversal of an impairment loss up to the value of amortised cost is made if the reasons for an earlier impairment are no longer in existence. In this case, the increased book value resulting from a reversal must not exceed the amortised cost of acquisition or production. Impairment losses on goodwill are not reversed.

Within the scope of the impairment test, the recoverable amount of the cash-generating unit is determined. The recoverable amount is defined as the higher of fair value less cost to sell or value in use. The fair value represents the best possible estimate for the amount for which an independent third party would acquire the cash-generating unit on the balance sheet date; the cost of sale is deducted. Value in use reflects the present value of the future cash flows which are expected to be generated with the cash-generating unit. For all impairment tests the recoverable amount was determined on the basis of the value in use. Measuring the value in use based on cash flow forecasts, which in turn, are generally based on the current assumptions in the context of the update of the mid term planning from 2014 taking into account new knowledge for material concessions. For the next 5 years—by way of derogation from the updated mid term planning—the price assumptions for crude oil and natural gas are determined on the basis of the respective forward prices as of balance sheet date.

The cash flow forecasts pertain to the life-of-field-period for the individual concession/ licences. The calculations are based on historical experiences as well as the expectations for future market trends. The principal assumptions underlying the determination by management of recoverable amount are the forecasts for market prices of crude oil and natural gas, the estimated reserves, the production forecast as well as the discount rate.

In the year under review the interest rate used for discounting future cash flows after tax remains unchanged from the previous year between 6.37% to 10.91%. The interest rates were determined for each country in which cash-generating units were tested on impairment. This involves weighted average cost of capital rates (WACCs) derived from current capital market data. Specific country risks were also taken into account. The calculation of the country risks was not related to the actual capital structure of the company but was generated as a derivation from Peer Group.

For the impairment test of the cash-generating unit North Africa, which included a goodwill, an unchanged interest rate of 10.88% was applied.

Financial assets and liabilities are allocated to the following valuation categories:

- "available-for-sale financial assets"
- "loans and receivables"
- "financial assets at fair value through profit or loss"
- "financial liabilities at fair value through profit or loss"
- "liabilities valued at amortised cost of acquisition".

The category "available-for-sale" includes financial instruments which are neither loans nor receivables, nor financial investments held to maturity, and which are not measured at fair value through profit or loss.

Financial assets are recognised in the balance sheet if a company is a party to a contract for the asset in question. Purchases or sales of financial assets common on the market are recognised or derecognised, respectively, on the day of trading. Financial assets are derecognised when the contractual rights to cash flows from the asset expire or the entity transfers the financial asset. The latter applies when substantially all the risks and rewards of ownership of the asset are transferred, or the entity no longer has control of the asset.

The shares in non-consolidated subsidiaries and other investments of the DEA Group reported under **other financial assets** have been assigned to the category "available-for-sale".

Receivables comprise **financial receivables** and **accounts receivable trade** assigned to the category of "loans and receivables" as well as **other receivables** allocated to the categories of "loans and receivables", "available for sale" and "financial assets at fair value through profit or loss" and here as "held for trading" or "held in hedging relationship".

Financial assets, with the exception of financial derivatives and available-for-sale financial assets, are valued at amortised cost of acquisition. Any impairments necessary are determined by the actual risk of default. In the presence of appropriate indications, such as the insolvency of a customer or disputed invoices, specific impairments are made. Receivables are generally corrected via an allowance account. Impairments are reversed if payments are received or the default risk is reduced accordingly.

The available-for-sale financial assets are recognised initially and in the following periods at fair value as long as such can be determined reliably. Unrealised gains and losses are stated as other comprehensive income (OCI). If there are objective, material indications of a reduction in the value of an asset, an impairment loss is recognised in profit or loss.

The loans granted by the company reported under financial receivables are valued at amortised cost. Loans subject to interest at rates not common on the market are generally accounted for at their discounted amounts, using an interest rate that is adequate to cover the risk involved.

Other receivables include finance lease receivables on account of the application of IFRIC 4 in conjunction with IAS 17.

Prepayments to joint venture partners and deferred income are reported under other assets.

Deferred Taxes result from temporary differences between the IFRS and tax balance sheets of individual companies and from consolidation processes. Deferred tax assets as a rule comprise tax credit claims resulting from the

expected utilisation of loss carry-forwards in subsequent years, provided their realisation is reasonably certain. They are capitalised if their realisation is certain to an adequate degree. Deferred taxes are determined on the basis of expected tax rates applicable or expected in different countries at the time of realisation. The calculation is subject to the tax rules in place or enacted at the time of the balance sheet date. Deferred taxes in Germany are generally subject to a tax rate of 30.13% (previous year: 30.13%). It results from the corporation tax rate of 15.0% applicable as of 1 January 2008 and the solidarity surcharge of 5.5% as well as the average trade income tax rate of the DEA Group. By way of derogation from this for German companies that have activities in countries with which no double taxation agreement exists, a tax rate of 15.83% (corporation tax rate of 15.0% plus solidarity charge of 5.5%) is applied. Deferred tax assets and liabilities are netted per company provided the preconditions for netting in accordance with IAS 12.74 ff. have been met.

Assets held for sale in the ordinary course of business (finished products) are reported under **inventories** along with assets consumed in the process of manufacturing products or rendering services (supplies and purchased merchandise).

Insofar as inventories are not acquired primarily for the purpose of realising a profit on a short-term resale transaction, they are carried at cost of acquisition or production or at the lower of cost. Production costs reflect the full costs directly related to production and are determined based on the normal capacity. Specifically, in addition to directly allocable costs, production costs include adequate portions of required materials and production overheads, including production-related depreciation. The borrowing cost is not capitalised as part of the cost of acquisition or production. Assessment is generally based on average values. To the extent that the net realisable value of previously depreciated inventories has risen, the resulting write-back is recorded as a reduction in the cost of materials.

Cash and cash equivalents consist of cash on hand and demand deposits with a maturity of three months or less from the date of acquisition.

Provisions are set up for all legal or factual obligations to third parties as at the balance-sheet date which are based on past events, will probably lead to an outflow of resources in the future and the extent of which can be reliably estimated. Provisions are carried at their foreseeable settlement amount and not netted against any recovery claims. Provisions based on large number of similar events are reported at their expected value.

All long-term provisions are stated at the expected future settlement amount discounted to the balance sheet date. Therefore the market interest rate applicable as of the respective balance sheet date is applied. The settlement amount also comprises cost increases to be taken into account as of the balance sheet date. Releases of provisions are generally written back against the expense item in respect of which the provision was originally set up.

Provisions for pensions and similar obligations are recognised for defined benefit plans. This relates to commitments by the company to cover vested entitlements of employees in active service and current benefits to active and former employees or their dependents. These commitments relate in particular to old-age pension payments. The specific commitments are based on benefits that vary throughout the industry; however, as a rule they are measured according to the term of service and remuneration of the employees.

The companies' pension plan consists both of defined benefit and contribution-oriented benefit plans. Provisions for defined benefit plans are based on the actuarial present value of the respective obligation, measured using the projected unit credit method. This benefit/years of service method not only takes into account the pension benefits and benefit entitlements known as of the balance-sheet date, but also anticipated future increases in salaries and pension benefits. The calculation is based on actuarial reports, taking into account appropriate biometric parameters (for Germany, in particular the "Richttafeln 2005G" by Klaus Heubeck; for Norway the mortality table "K2013"). The provision is reduced by the fair value of the plan assets set up to cover the pension commitments. The service cost, i.e. the increase in the obligation resulting from the work performed by employees in the period under review no longer applies and is disclosed in staff cost, and the interest cost/income are reported in the financial result.

Results of the remeasurement of defined benefit plans are fully recognised in the fiscal year in which they occur. They are reported outside of profit or loss in a consolidated statement of recognised income and expenses and immediately assigned to retained earnings. Therefore, they remain outside profit or loss in subsequent periods as well.

In the case of contribution-oriented benefit plans, the Company does not incur any further obligations beyond making contribution payments to special-purpose funds. The contribution payments are recorded as expenses and reported under personnel expenditure.

Provisions for reconditioning of sites and plugging of wells cover the updated commitments for the plugging of wells, the de-installation of onshore and offshore production facilities and the reconditioning of operations and drilling sites. Their extent is based on the anticipated full costs, taking into account the empirical data and the cost benchmarks determined by the Association of German Crude Oil and Natural Gas Producers, with comparable assumptions being

available for foreign subsidiaries. Should any changes in interest rates or estimates in terms of the time or the level of payouts lead to changes to this provision, then the carrying amount of the respective asset is adjusted accordingly. If a reduction exceeds the carrying amount of the associated asset, the excess amount must be recorded with direct impact on income. Major uncertainties result from changes in terms, interest rates and exchange rates as well as changes regarding the costs to be taken into account.

Liabilities comprise financial liabilities, accounts payable trade and other liabilities. Financial liabilities are classified in the category "valued at amortised cost of acquisition" or, in the case of financial derivatives, in the category "financial liabilities at fair value through profit or loss" and here under "held for trading" or "designated as hedging instruments".

Liabilities recognised for the first time are stated at fair value. For subsequent periods, liabilities, with the exception of financial derivatives, are valued at amortised cost of acquisition.

Prepayments received from customers and deferred tax liabilities are reported under other liabilities.

Derivative financial instruments are reported as assets or liabilities. All derivative financial instruments are measured at fair value regardless of their purpose. Derivative hedge transactions are reported in the balance sheet as at the relevant transaction dates. Changes in the fair value are recognised with an effect on income unless the instruments are used for hedge accounting purposes. Transaction costs did not arise in the year under review nor in the previous year.

Cash flow hedges are used to hedge the risk of variability in cash flows related to an asset or liability carried on the balance sheet or related to a highly probable forecast transaction. If a cash flow hedge exists, unrealised gains and losses from the hedging instrument are initially stated as other comprehensive income. Generally, such gains or losses are disclosed in the income statement when the hedged underlying transaction has an effect on income. If forecast transactions are hedged and such transactions lead to the recognition of a financial asset or financial liability in subsequent periods, the amounts that were recognised in equity until this point in time are recognised in the income statement in the period during which the asset or liability affects the income statement.

IAS 39 establishes certain requirements when accounting for hedging transactions. In particular, hedging relationships need to be documented in detail and be effective, i.e. the changes in fair value of the hedge must lie within a bandwidth of 80 to 125% to the diametrically opposed changes in fair value of the underlying transaction, both prospectively and retrospectively. Only the effective portion of a hedging relationship may be accounted for according to the rules described for cash flow hedges. The ineffective part of the hedge is immediately taken to the income statement.

Agreements concluded for the purpose of receiving of supplying non-financial items in accordance with the company's expected buying, selling or utilisation demand and held for this purpose (own consumption agreements) are not accounted for as financial derivatives but as pending transactions. If the agreements contain embedded derivatives, then the derivatives will be accounted for separately from the underlying agreement if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the underlying agreement.

Contingent liabilities are possible obligations to third parties or existing obligations where an outflow of resources is improbable or the extent thereof cannot be reliably determined. Contingent liabilities are not reported in the balance sheet on principle.

Management judgments in the application of accounting policies

In some issues management judgments are required in the application of accounting policies. In particular, this pertains to the following items:

- With regard to certain contracts a decision must be made as to whether they are to be treated as derivatives or as so-called own-use contracts, and be accounted for as pending transaction.
- Financial assets must be allocated to the categories "held to maturity investments", "loans and receivables", "financial assets available for sale", and "financial assets at fair value through profit or loss".
- When accounting for derivatives, it must be decided whether these fall under the principles of hedge accounting.
- With regard to the determination of the scope of consolidation according to IFRS 10 it must be considered whether third party rights are substantive rights or protective rights.

The explanatory notes of the accounting policies contain a description of the decisions made with regard to the circumstances in question.

Management estimates and judgments

Preparation of the financial statements for the DEA Group on the basis of the IFRS calls for assumptions to be made and estimates to be used that impact on the recognition of assets and liabilities accounted for along with income and expenses and an indication of contingent liabilities. The assumptions and estimates essentially relate to defining the useful economic life of property, plant and equipment, the reserves for calculating the production-related depreciation, accounting and performing valuations for provisions, an assessment of the inherent value of goodwill, receivables and other assets, and an assessment as to whether deferred tax assets can be realised.

With regard to pension provisions and similar obligations, the discount rate is one of the very important estimates. The discount factor for pension obligations is determined on the basis of yields on high quality, fixed-rate corporate bonds on the financial markets as of the balance-sheet date.

The degree of probability of claims being made on the guarantees issued is considered to be low.

All assumptions and estimates are based on conditions and evaluations made as at the balance-sheet date. In addition, with regard to expected future business trends, the future development (considered realistic at the present time) of the economic environment in the industries and regions in which the DEA Group operates was taken into account. Depending on changes of these fundamentals the actual amounts may deviate from those estimated. If the actual trend deviates from the assumed developments, then the assumptions and, if necessary, the carrying amounts of the assets and liabilities concerned, will be adjusted accordingly.

As of the date of preparation of the consolidated financial statements, it is not presumed that there will be a material change in the assumptions and estimates.

Changes in accounting policies

The International Accounting Standards Board (IASB) and the International Financial Reporting Interpretation Committee (IFRS IC) have adopted changes to the existing International Financial Reporting Standards (IFRS) and adopted a new interpretation, which became effective for the DEA Group for the short fiscal year (1 January–31 March 2015):

- IFRIC 21 (2013) “Levies”

- Improvements to IFRSs 2011–2013 (2013)

The first-time adaption does not have any material effects on the DEA Group’s consolidated financial statements.

New accounting policies

The IASB and the IFRS IC have adopted further standards as well as amendments to standards, which were not yet mandatory in the European Union (EU) for fiscal years which begin on 1 January 2015. The most important changes are presented below. EU endorsement is still pending in some cases.

IFRS 9 (2011) “Financial Instruments” replaces the previous regulations of IAS 39 for the classification and measurement of financial assets and contains minor changes in relation to the measurement of financial liabilities. With the new Standard, there is a decline in the number of measurement categories for financial assets. IFRS 9 (2011) becomes effective for the first time for fiscal years starting on or after 1 January 2018.

IFRS 15 (2014) “Revenue from Contracts with Customers” mainly encompasses to what extend and at which date or over which period of time, respectively, revenues are to be recognized. IFRS 15 (2014) becomes effective for the first time for fiscal years starting on or after 1 January 2017.

We are currently reviewing what effects the new standards will have on the DEA Group’s consolidated financial statements.

The following standards, amendments to standards, and interpretations are not expected to have any material effects on the DEA Group’s consolidated financial statements:

- Amendments to IAS 19 (2013) “Defined Benefit Plans: Employee Contributions”

- Improvements to IFRSs 2010–2012 (2013)

The application becomes effective for the first time for fiscal years starting on or after 1 July 2014 (1 February 2015 for EU entities).

- Improvements to IFRSs 2012–2014 (2014)
- IFRS 14 (2014) "Regulatory Deferral Accounts"
- Amendments to IAS 27 (2014) "Equity Method in Separate Financial Statements"
- Amendments to IAS 16 and IAS 41 (2014) "Bearer Plants"
- Amendments to IAS 16 and IAS 38 (2014) "Clarification of Acceptable Methods of Depreciation and Amortisation"
- Amendments to IFRS 11 (2014) "Accounting for Acquisitions of Interest in Joint Operations"
- Amendments to IFRS 10, IFRS 12 and IAS 28 (2014) "Investment Entities: Applying Consolidation Exception"
- Amendments to IAS 1 (2014) "Disclosure Initiative"

The application becomes effective for the first time for fiscal years starting on or after 1 January 2016.

- Amendments to IFRS 10 and IAS 28 (2014) "Sale or Contribution of Assets between an Investor and its Assocate or Joint Venture"

For EU entities the date of initial application has been postponed for an undefined period of time.

Notes to the Income Statement

(1) Sales revenues

Sales revenues are recognised in principle when a service has been rendered or goods have been supplied and the associated risks have passed to the customer.

€ '000	Jan.–Mar. 2015	2014
Oil	187,556	1,205,223
Gas	220,357	746,049
Other	10,779	79,646
	418,692	2,030,918

€ '000	Jan.–Mar. 2015	2014
Germany	176,353	778,949
Europe excl. Germany	198,986	989,995
Africa	43,353	261,974
	418,692	2,030,918

(2) Energy tax expense

Only the declared energy tax expense portion of the sales revenues in the amount of € 119,000 (previous year: € 1,110,000) is openly reported.

(3) Other operating income

€ '000	Jan.–Mar. 2015	2014
Income from other own work capitalised	5,333	29,900
Income from the disposal of fixed assets (without financial assets)	2,772	6,769
Income from reversals of impairment losses on fixed assets (without financial assets)	21,553	—
Currency gains	84,415	101,642
Income from derivatives	7,964	27,149
Income from cost transfers/refunds	21,965	54,330
Income from release of provisions	4,211	3,881
Income from reversals of impairment losses (accounts receivable and other assets)	6,320	2,306
Income from refund of initial costs (Raven unitisation)	13,434	—
Other operating income	3,843	6,247
	171,810	232,224

As in the previous year the income from the disposal of fixed assets mainly comprises fixed assets as well as sales of investment properties.

The currency gains and income from derivatives compare with currency losses and expenses from derivatives reported under other operating expenses.

The income from reversals of impairment losses (accounts receivables and other assets) is related to impaired receivables for which payments were received.

See note (6) for additional information about reversals of impairment losses on fixed assets.

Exploration activities account for other operating income amounting to −€ 2,953,000 (previous year: € 15,379,000).

(4) Cost of materials

€ '000	Jan.–Mar. 2015	2014
Cost of raw materials, supplies and merchandise	9,001	289,965
Cost of purchased services	139,395	457,079

	148,396	747,044

Exploration activities account for cost of material of € 47,347,000 (previous year: € 76,180,000).

The cost of purchased services comprise lease expenses relating to production facilities of € 1,664,000 (previous year: € 5,448,000).

(5) Personnel cost

€ '000	Jan.–Mar. 2015	2014
Wages and salaries	47,812	143,875
Social security, pensions and other benefits	9,924	29,886
thereof pensions	(4,740)	(13,189)
	57,736	173,761

In the short fiscal year the average size of the DEA Group's workforce converted to employee equivalents was 1,444 (previous year: 1,438), of which 1,085 (previous year: 1,076) in Germany. Full-time employees are included in the employee equivalents to an extent of 100%. Part-time employees, or employees with agreements subject to time limits are only recorded to the extent of their part-time quota or their employment time in relation to the annual time worked. In addition, the number of apprentices employed as at 31 March 2015 (headcount) was 21 (previous year: 22).

Exploration activities account for personnel expenses of € 2,992,000 (previous year: € 12,868,000).

(6) Amortisation/depreciation and impairment losses

The breakdown of amortisation/depreciation charges is shown on page 7.

In the year under review impairments had to be carried out due to lower profitability of assets, portfolio measures as well as due to the security situation in Lybia in the amount of € 217,374,000 (previous year: € 77,931,000) for intangible assets and in the amount of € 111,928,000 (previous year: € 194,745,000) for property, plant and equipment. In the previous year, moreover, impairments on investment properties were included in the amount of € 106,000.

In the year under review reversals from impairment losses on intangible assets and on property, plant and equipment were accounted in the amount of € 16,061,000 and in the amount of € 5,492,000 respectively, due to an improved cash flow situation for some concessions in comparison to the previous year.

Extraordinary amortisation/depreciation and impairment losses relate to the following cash generating units and assets:

Cash-generating units/assets	Impairment loss € '000	Reversal of an impairment loss € '000	Recoverable amount after tax million €
Cash-generating units in production Europe	9,967	5,492	55.5
Cash-generating units in production Africa	130,179	16,061	476.6
Individual assets in exploration	189,156	—	−19.4
	329,302	21,553	

The determination of the recoverable amount is based on the value in use

In the year under review an impairment on goodwill was carried out in the amount of € 10,764,000. The goodwill is allocated to the cash-generating unit "production Egypt". The recoverable amount of this unit added up to € 802.9 million and was determined on the basis of the value in use.

Exploration activities account for amortisation/depreciation and impairment losses of € 189,796,000 (previous year: € 115,561,000).

(7) Other operating expenses

€ '000	Jan.–Mar. 2015	2014
Currency losses	17,055	26,109

Expenses from derivatives	68,472	80,149
Legal, consultancy and IT expenses	8,843	37,286
Rentals and leasing	4,565	18,504
Insurance	511	12,306
Public-sector levies and charges	47	1,144
Royalties	1,401	4,830
Losses from disposal of fixed assets (without financial assets)	29,044	37.988
Research and development	802	3,208
Charges on account of administrative expenses of partners	15,766	42,707
Additions to other provisions	34,364	14,486
Impairments and write-offs of financial assets	18,315	11,247
Impairments on non-financial assets	—	4,520
Licence fees	12,951	15,723
Distribution costs	630	2,960
Travel expenditures	1,442	7,529
Public relations	136	642
Other taxes	585	2,205
Apprenticeship and training	883	4,487
Temporary personnel	199	3,400
Miscellaneous other items	7,172	17,552
	223,183	348,982

The currency losses and expenses from derivatives compare with currency gains and income from derivatives reported under other operating income. Miscellaneous other items essentially include administrative expenses for the Company's own organisation as well as contributions.

Exploration activities account for € 59,737,000 in other operating expenses (previous year: € 70,771,000).

(8) Income from investments

Income from investments includes all income and expenses arising in connection with operational investments.

€ '000	**Jan.–Mar. 2015**	**2014**
Impairment on shares in non-consolidated affiliates	−160	—
Income from participations	—	345
Income from loans to non-consolidated affiliates	—	1
Expenses from loans to non-consolidated affiliates	—	−165
Income from investments	**−160**	**181**

(9) Financial result

€ '000	Jan.–Mar. 2015	2014
Interest and similar income	1,692	5,889
thereof affiliated companies	(4)	(8)
Other financial income	—	298
Financial income	**1,692**	**6,187**
Interest and similar expenditure	−1,079	−687
thereof affiliated companies	(−590)	(—)
Interest from additions to		
Provisions for pensions and similar obligations less plan assets (net pension obligation)	−725	−2,786
Provisions for reconditioning of sites and plugging of wells	−6,444	−21,246
Other provisions	−372	−981
Other financial expenses	—	−1,474
Financial expenses	**−8,620**	**−27,174**
Financial result	**−6,928**	**−20,987**

Interest addition to provisions contains the reversal allocable to the current year of the discounting of non-current provisions from the annual update of the present value calculation. Included is interest income on plan assets for the coverage of pension obligations.

In connection with the acquisition and production of qualified assets, in the year under review borrowing costs amounting to € 431,000 (previous year: € 2,372,000) were capitalised as part of acquisition and production costs. In the short fiscal year the financing cost rate applied in this context was 0.75%. In the previous year the financing cost rate ranged from 4.90% to 5.00%.

Exploration activities account for financial result of −€ 68,000 (previous year: −€ 317,000).

(10) Income taxes

€ '000	Jan.–Mar. 2015	2014
Current income taxes		
Germany	20,235	73,369
Foreign operations	−595	183,578
Deferred taxes	−83,049	−75,587
	−63,409	181,360

Current income taxes relate to expenses from other periods, amounting to € 660,000 (previous year: € 4,848,000).

The average consolidated income tax rate on earnings generated by companies liable to German taxation accounts for 30.13% (previous year: 30.13%). Deferred taxes of foreign subsidiaries are based on the tax-related conditions prevailing in the countries in question.

Temporary differences resulted in deferred tax income of € 126,628,000 (previous year: € 105,625,000).

With effect from 1 April 2015 DEA Deutsche Erdoel AG will likely conclude a tax allocation contract with the future controlling company.

Taxes on income are derived from the theoretical tax expenses as follows:

€ '000	Jan.–Mar. 2015	2014
Income before taxes	−320,817	248,580
Theoretical tax expenses 30.13% (previous year 30.13%)	−96,662	74,897
Changes in theoretical tax expenses due to:		
Differences versus foreign tax rates	−21,393	79,174
Taxes relating to a different accounting period	−660	−4,848
Tax effects on		
other tax-free earnings and earnings from foreign operations	−6,305	9,682
Expenses not deductible for tax purposes	13	632
different trade tax assessment bases and tax rates	36,602	4,177
Consolidation effects	43,884	−20

Changes in tax loss carry-forwards	2	−77
Effects of changes to British (previous year: German) tax rates on deferred taxes	−30,950	298
Other	12,060	17,445
Effective tax expense	−63,409	181,360
Effective tax rate in %	19.76	72.96

Notes to the Balance Sheet

Assets

The development of intangible assets, property, plant and equipment as well as investment property is shown on page 7.

(11) Intangible assets

Additions to intangibles essentially relate to the capitalization of cost recovery rights from Egyptian activities in the Gulf of Suez as well as concession acquisition costs.

Exploration activities account for intangible assets of € 100,271,000 (previous year: € 255,445,000).

(12) Property, plant and equipment

Additions to property, plant and equipment above all comprise investments in the field developments in Egypt (Disouq and in the West Nile Delta), in Algeria (Reggane Nord) as well as in Norway (Knarr and infrastructure facilities), the extension of the Mittelplate oil field as well as in wells and production facilities in the gas operations in Lower Saxony and in Norwegian production facilities. Besides, the additions include successful exploration wells.

In the year under review, items of property, plant and equipment in the amount of € − are subject to restrictions on disposal (previous year: € 719,000).

Exploration activities account for property, plant and equipment amounting to € 292,680,000 (previous year: € 273,547,000).

(13) Investment property

Investment properties are valued at amortised cost of acquisition or production. The fair value of investment property amounts to € 28,113,000 (previous year € 27,781,000). For vacant properties the fair value is derived from current land appraisal tables (level 2 of fair value hierarchy) and for real estate the fair value measurement is based on the discounted cash flow method using actual and customary comparative rentals (level 3 of fair value hierarchy) or, if applicable, on available sale prices (level 2 of fair value hierarchy). Accordingly the fair value is allocated to level 2 in the amount of € 9,374,000 (previous year € 9,042,000) and to level 3 in the amount of € 18,739,000 (previous year € 18,739,000). The rental income from investment property is € − (previous year € 791,000). Direct operating expenses for rented investment property for the reporting period amounted to € − (previous year € 99,000).

(14) Other financial assets

Other financial assets comprise investments in two (previous year: two) non-consolidated subsidiaries with an amount of € 365,000 (previous year: € 365,000) and other investments unchanged at € 151,000. For a non-consolidated subsidiary a capital increase in the amount of € 160,000 was carried out. Due to a lack of recoverability an impairment in the same amount took place. The fair value of other financial assets essentially corresponds to their carrying amount.

(15) Financial receivables

	31-03-2015		31-12-2014	
€ '000	**Non-current**	**current**	**Non-current**	**current**
Loans to non-consolidated affiliates	—	—	—	1
Loans to participations	231	—	231	—
Other loans	8,561	—	8,297	—
	8,792	—	8,528	1

(16) Other receivables and other assets

€ '000	31-03-2015 Non-current	31-03-2015 current	31-12-2014 Non-current	31-12-2014 current
Derivatives	1,441	127,949	10,627	131,715
Prepayments	—	46,443	—	38,211
Prepaid expenses	16,529	59,337	9,995	52,513
Receivables from finance lease	77,109	5,492	78,528	5,431
Receivables from interest reductions	45,158	17,613	26,769	—
Receivables from production underlift	—	26,627	—	6,678
Receivables from other taxes	—	2,302	—	6,914
Contingent purchase price receivable	16,920	—	18,690	—
Cost carried forward Ras Budran	—	10.533		
Miscellaneous other assets	—	30,004	—	23,403
	157,157	326,300	144,609	264,865

Exploration activities account for € 16,914,000 in other receivables and other assets (previous year: € 14,491,000).

With the exception of derivative financial instruments and the contingent purchase price receivable which are measured at fair value, the other accounts receivables and other assets are reported at amortised costs. The amortised costs largely correspond to their fair values. The fair value of the purchase price receivable decreased by € 1,770,000 due to an adjusted probability estimate which is based on the current project progress (previous year: increase by € 15,680,000).

The receivables from finance lease refer to the lease of two gas storage facilities. Gross investments in leasing agreements amount to € 108,158,000 (previous year: € 110,460,000) and are broken down as follows at the present value of minimum lease payments:

€ '000	31-03-2015	31-12-2014
Gross investments	108,158	110,460
Unrealised interest income	25,557	26,501
Present value of minimum lease payments	82,601	83,959

(16) Other receivables and other assets

Minimum lease payments for receivables from finance lease agreements have the following terms to maturity:

€ '000	31-03-2015 Nominal value	Present value	Difference from discounting	31-12-2014 Nominal value	Cash value	Difference from discounting
Due in up to 1 year	9,205	8,809	396	9,205	8,809	396
Due in 1–5 years	36,820	31,606	5,214	36,820	31,606	5,214
Due after more than 5 years	62,133	42,186	19,947	64,435	43,544	20,891
	108,158	82,601	25,557	110,460	83,959	26,501

Rental income recorded in the short fiscal year amounted to € 2,301,000 (previous year: € 7,816,000).

The fair value of receivables from finance leases corresponds at least equal to the book value. Detailed amounts are not stated because assumptions with regard to the calculation of different variables over an extended period are required.

(17) Deferred taxes

Deferred tax assets and liabilities of € 85,669,000 and € 342,080,000 (previous year € 51,490,000 and € 384,714,000) relate to valuation differences versus tax balance sheets and the capitalisation of tax loss carry-forwards. Deferred taxes on loss carry-forwards are included in deferred taxes assets to an extent of € 344,378,000 (€ 364,030,000) being netted against deferred tax liabilities. Of the total amount of deferred tax assets and deferred tax liabilities, € 106,447,000 (previous year: € 151,715,000) and € 182,857,000 (previous year: € 199,337,000) are expected to be realised within twelve months.

The deferred tax assets and liabilities are allocable to the following balance sheet items:

€ '000	31-03-2015 Deferred tax assets	31-03-2015 Deferred tax liabilities	31-12-2014 Deferred tax assets	31-12-2014 Deferred tax liabilities
Non-current assets	50,900	712,624	26,146	780,030
Current assets	11,015	59,670	566	49,411
Tax-related special items	—	8,387	—	7,928
Non-current liabilities				
Pension provisions	47,400	—	41,644	—
Other non-current provisions/ liabilities	26,667	1,566	23,009	—
Other current provisions/liabilities	46,325	849	49,424	674
	182,307	783,096	140,789	838,043
Loss carry-forwards	344,378	—	364,030	—
Gross	526,685	784,171	504,819	838,043
Netting	−441,016	−441,016	−453,329	−453,329
Net amount	85,669	342,080	51,490	384,714

Deferred tax assets and liabilities for each company are netted.

In the year under review, deferred taxes of € 9,903,000 (previous year: −€ 1,782,000) were netted against equity with no effect on profit and loss. They result from the valuation of derivative financial instruments with no effect on profit and loss, amounting to € 3,935,000 (previous year: −€ 21,120,000) as well as from the remeasurement of defined benefit plans amounting to € 5,968,000 (previous year: € 19,338,000).

Effects resulting from currency translation of deferred tax items in foreign financial statements amounting to −€ 16,139,000 (previous year: € 17,537,000) were recognised with no impact on profit or loss.

Deferred tax assets as a rule comprise capitalised tax credit claims resulting from the expected utilisation of loss carry-forwards in subsequent years. The realisation of these loss carry-forwards is guaranteed to an adequate level of certainty. The amount of loss carry-forwards not covered by deferred tax claims totals € 54,131,000 (previous year: € 51,973,000).

(18) Inventories

€ '000	31-03-2015	31-12-2014
Raw materials, supplies and merchandise	75,114	77,219
Finished goods	570	614
Prepayments for inventories	43	87
	75,727	77,920

Inventories are charged by cumulated impairments in the amount of € 39,947,000 (previous year: € 39,959,000). Of raw materials, supplies and merchandise, € 2,674,000 (previous year: € 2,116,000) is accounted for by the exploration division.

(19) Trade accounts receivable

€ '000	31-03-2015	31-12-2014
Trade accounts receivable	369,162	270,732
Accounts receivable intercompany	3	71,112
Accounts receivable from participations	30,552	30,156
	399,717	372,000

Exploration activities account for € 1,290,000 of trade accounts receivable (previous year: € 4,756,000).

(20) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and bank deposits with original maturities of up to three months. Exploration activities account for no cash and cash equivalents, as in the preceding year.

There are no restraints on disposal of cash and cash equivalents.

Equity and Liabilities

(21) Equity

A breakdown of equity is shown on page 6.

The subscribed capital and capital reserves relate to DEA Deutsche Erdoel AG. The subscribed capital is divided up into 13,440,000 shares with full voting rights.

Since 2 March 2015 the shares in DEA Deutsche Erdoel AG are totally held by L1E Acquisitions GmbH, Hamburg. Beforehand BGE Beteiligungs-Gesellschaft für Energieunternehmen mbH, Essen, a wholly owned subsidiary of RWE Aktiengesellschaft headquartered in Essen, was the sole owner of DEA Deutsche Erdoel AG, formerly RWE Dea AG.

Equity capital includes changes to the fair value of cash flow hedges, taking account of deferred taxes, changes to the fair value of financial assets available for sale and currency translation differences relating to foreign financial statements in the revaluation reserve. Changes in actuarial gains and losses from defined benefit pension plans and similar obligations taking into account deferred taxes are immediately assigned to retained earnings.

In the other comprehensive income, changes to fair values with no impact on profit and loss were recorded in the year under review in connection with the hedge instruments deployed in the form of cash flow hedges, in the amount of −€ 4,818,000 (previous year: € 66,459,000). These changes in value represent the effective portion of hedge relationships and include both existing cash flow hedges and prematurely terminated hedging transactions. In the year under review, € 8,507,000 from cash flow hedges (previous year: € 7,889,000) were realised as income (previous year: expense). Reclassification were made against sales revenues amounting to € 41,377,000 (previous year: € 8,237,000), against other operating income in the amount of € 536,000 (previous year: € 5,955,000) as well as against other operating expenses, at € 33,406,000 (previous year: € 22,081,000).

Non-controlling interests relate to Speicher Breitbrunn/Eggstätt DEA & Storengy GbR.

(22) Provisions

The following discount rates are applied to determine the present value of non-current provisions:

	31-03-2015	31-12-2014
Provisions for reconditioning of sites and plugging of wells	1.95–5.53%	1.22–4.78%
Provisions for anniversaries	1.55%	2.50%
Provisions for early retirement benefits	0.50%	0.50%
Other provisions		
with terms of 5–10 years	2.25%	1.25%
with terms of 1–4 years	1.75%	0.50%

For the provision for reconditioning of sites and plugging of wells country-/currency-specific interest rates are applied. The obligations were held in Germany, Great Britain, Norway, Denmark and Algeria. The interest rate change has been effected in the amount of € 13,304,000. The other provisions with term maturity greater than one year only relate to obligations in the Euro area.

	31-03-2015			31-12-2014		
€ '000	Non-current	current	Total	Non-current	current	Total
Provisions for pensions and similar obligations	161,428	—	161,428	138,098	—	138,098
Provisions for reconditioning of sites and plugging of wells	641,026	68,644	709,670	622,725	47,317	670,042
Provisions for taxes	26,000	42,751	68,751	23,000	38,038	61,038
Other provisions						
Obligations arising from personnel division	8,687	11,980	20,667	10,213	15,926	26,139
Obligations relating to environmental protection and pollution clean-up	2,904	6,483	9,387	2,813	8,824	11,637
Miscellaneous other provisions	5,042	135,247	140,289	5,219	89,298	94,517
	16,633	153,710	170,343	18,245	114,048	132,293
	845,087	265,105	1,110,192	802,068	199,403	1,001,471

Provisions accounted for by the Exploration Division amount to € 125,714,000 (previous year: € 77,640,000).

Breakdown of provisions:

€ '000	As of 1-1-2015	Addition	Release	Interest component(1)	Other changes(2)	Amounts used	As of 31-3-2015
Provisions for pensions and similar obligations	138,098	4,283	—	725	20,408	2,086	161,428
Provisions for reconditioning of sites and plugging of wells	670,042	37,954	27,698	6,444	23,821	893	709,670
Provisions for taxes	61,038	7,824	111	—	—	—	68,751
Other provisions	132,293	69,469	6,527	372	614	25,878	170,343
	1,001,471	119,530	34,336	7,541	44,843	28,857	1,110,192

(1) Interest components included in additions/interest rate changes affecting net income

(2) Currency adjustments, transfers, neutral changes

(22) Provisions

€ '000	As of 1-1-2014	Addition	Release	Interest component[1]	Other changes[2]	Amounts used	As of 31-12-2014
Provisions for pensions and similar obligations	81,447	11,804	—	2,786	53,633	11,572	138,098
Provisions for reconditioning of sites and plugging of wells	505,148	168,159	15,830	21,246	−5,215	3,466	670,042
Provisions for taxes	61,460	41,237	1,443	—	—	40,216	61,038
Other provisions	102,393	61,562	5,485	981	−1,209	25,949	132,293
	750,448	282,762	22,758	25,013	47,209	81,203	1,001,471

(1) Interest components included in additions/interest rate changes affecting net income

(2) Currency adjustments, transfers, neutral changes

Provisions for pensions and similar obligations

The company pension plan consists of defined benefit and defined contribution-schemes.

DEA Deutsche Erdoel AG had transferred assets to Towers Watson Treuhand e. V. within the framework of Contractual Trust Arrangements (CTA) as well as to Towers Watson Pensionsfonds AG for insolvency insurance of parts of the company pension plan.

Towers Watson Pensionsfonds AG falls under the scope of the Act on the Supervision of Insurance Undertakings and oversight by the Federal Financial Supervisory Agency (BaFin). Insofar as a regulatory deficit occurs in the pension fund, supplementary payment shall be requested from the employer. Independently of the aforementioned rules, the liability of the employer shall remain in place. The bodies of Towers Watson Treuhand e. V. and Towers Watson Pensionsfonds AG are responsible for ensuring that the funds under management are used in compliance with the contract and thus fulfil the requirements for recognition as plan assets.

In the short fiscal year no allocation to the Contractual Trust Arrangement (CTA), took place. In the fiscal year 2014 € 9,174,000 were transferred.

The amount of the provision for defined benefit pension schemes was determined on the basis of actuarial methods on the following underlying assumptions. The mortality tables currently effective in the respective countries are applied.

	31-03-2015		31-12-2014	
	Germany	Norway	Germany	Norway
Discount rate	1.55%	2.50%	2.10%	2.50%
Salary growth	2.35%	3.00%	2.35%	3.25%
Pension growth	1.00 and 1.60%	1.75%	1.00–1.75%	1.75%

The change in the way of derivation of the discount rate is a change in accounting estimates according to IAS 8 and has an effect on the provision as well as on the equity amounting to € 14,872 with no impact on profit or loss.

Composition of plan assets (fair value) € '000	31-03-2015				31-12-2014			
	Germany	thereof active market	Norway	thereof active market	Germany	thereof active market	Norway	thereof active market
Equity instruments	132,202	132,202	1,603	1,088	118,799	118,799	1,402	952
Interest-bearing instruments	301,881	301,881	10,887	10,887	294,711	294,711	9,524	9,524
Real estate	—	—	2,147	—	—	—	1,879	—
Mixed funds	—	—	—	—	—	—	—	—
Alternative investments	—	—	—	—	—	—	—	—
Other	2,224	—	484	—	2,547	—	423	—
	436,307	434,083	15,121	11,975	416,057	413,510	13,228	10,476

The investment policy is based on a detailed analysis of the plan assets and the pension commitments and the relation of these two items to each other. The analysis will be refined through a fully comprehensive and detailed Asset Liability Management Study during 2015. As a target value a combination of financial- and commitment values will be defined. By using a comparable analysis of different allocations those portfolios within the scope of a given risk will be identified that yield the best target value. Based on the efficient portfolios the strategic asset allocation is derived as well as the related risk broardly analysed.

The focus of the strategic investment policy is on domestic and foreign government bonds. In order to increase the average yield, high-yield corporate bonds and emerging-market bonds are also included in portfolio. The ratio of equities in the portfolio is lower than that of bonds. Investment occurs in various regions. The investment position in equities is intended to earn a risk premium over bond investments over the long term.

€ '000	Present Value of defined benefit obligations	Fair value of plan assets	Net defined benefit obligations
As at 01-01-2014	**481,123**	**−399,676**	**81,447**
Current service cost	11,804	—	11,804
Interest expense/(income)	16,451	−13,665	2,786
	28,255	**−13,665**	**14,590**
Remeasurements			
Return on plan assets, excluding amounts already recognised in interest income	—	−35,625	−35,625
Gains/losses from changes in demographic assumptions	—	—	—
Gains/losses from changes in financial assumptions	91,457	—	91,457
Experience gains/losses	−1,301	—	−1,301
	90,156	**−35,625**	**54,531**
Effect of exchange rate differences	−2,013	1,065	−948
Transfers	50	—	50
Contribution to the funded plans:			
Employers	—	−11,552	−11,552
Employee	78	−78	—
Benefit payments	−30,266	30,246	−20
As at 31-12-2014	**567,383**	**−429,285**	**138,098**
As at 01-01-2015	**567,383**	**−429,285**	**138,098**
Current service cost	4,283	—	4,283
Interest expense/(income)	3,019	−2,294	725
	7,302	**−2,294**	**5,008**
Remeasurements			
Return on plan assets, excluding amounts already recognised in interest income	—	−25,210	−25,210
Gains/losses from changes in demographic assumptions	—	—	—
Gains/losses from changes in financial assumptions	46,554	—	46,554
Experience gains/losses	−1,399	—	−1,399
	45,155	**−25,210**	**19,945**
Effect of exchange rate differences	982	−519	463
Transfers	—	—	
Contribution to the funded plans:			—
Employers	—	−2,081	−2,081
Employee	—	—	—
Benefit payments	−7,966	7,961	−5
As at 31-03-2015	**612,856**	**−451,428**	**161,428**

The present value of the defined benefit obligations less plan assets measured at fair value results in the net defined benefit obligations arising from funded and unfunded plans and is recognised as provisions for pensions and similar obligations in the balance sheet. Of the present value of defined benefit obligations € 586,471,000 refer to benefit obligations in Germany and € 26,385,000 refer to benefit obligations in Norway.

Domestic company pensions are subject to an obligation to review for adjustment every three years pursuant to the Act on the Improvement of Company Pensions (Sec 16 of the German Company Pension Act (BetrAVG)). Additionally, some commitments grant annual adjustments of pensions, which may exceed the legally mandated adjustment obligation.

The weighted average duration of the pension obligations is 19 years in Germany (previous years: 17 years) and 24 years in Norway (previous years: 24 years).

An increase or decrease of the discount rate as well as of the salary and pension growths would have the following impact on the defined benefit obligations:

		Impact on defined benefit	
		31-03-2015	
€ ’000	**Change in actuarial assumptions**	**in Germany**	**in Norway**
Discount rate	Increase by 0.5 percentage points	−43,176	−2,820
	Reduction by 0.5 percentage points	49,572	3,277
Salary growth	Increase by 0.5 percentage points	8,623	578
	Reduction by 0.5 percentage points	−8,111	−700
Pensions growth	Increase by 0.5 percentage points	33,594	1,929
	Reduction by 0.5 percentage points	−30,030	−1,744
Life expectancy	Increase by 1 year	29,760	1,076

The sensitivity analyses are based on a change in one assumption, with all other assumptions remaining unchanged. Actual developments will probably be different than this. The methods of calculating the aforementioned sensitivities and for calculating the pension provisions are in agreement.

The dependence of pension provisions on market interest rates is limited by an opposite effect. The background of this is that the commitments stemming from company pension plans are primarily covered by funds, and mostly plan assets exhibit negative correlation with the market yields of fixed-interest securities. Consequently, declines in market interest rates are typically reflected in an increase in plan assets, and vice-versa.

For defined contribution plans, expenses of € 664,000 (previous year: € 1,786,000) were incurred in the year under review.

For the period from 1 April to 31 December 2015 contributions in the amount of € 13,550,000 for defined benefit plans are expected.

Provisions for reconditioning of sites and plugging of wells

The provision for reconditioning of sites and plugging of wells is stated at the settlement amount discounted to the balance sheet date. In the year under review, the addition amounting to € 37,954,000 (previous year: € 168,159,000) was mainly the result of quantity effects, shortenings of maturity as well as a decrease in the discount rate in Germany. In contrast, the release of provision of € 27,698,000 (previous year € 15,830,000) was mainly caused by an increase in the discount rates in other countries as well as due to a reduction in price inflation in Great Britain. The expected settlement date of the provision depends on the ratio of produced reserves to expected reserves and varied within a range of less than one year up to approx. 30 years.

(22) Provisions

Provisions for share-based remuneration plans

Due to the fact that DEA Group left RWE Group the Long Term Incentive Plan BEAT launched by RWE AG was satisfied through a compensation payment from RWE AG to eligible employees. The provisions for share-based renumeration plans were not used but released accordingly.

(23) Financial liabilities

€ '000	31-03-2015 Non-current	31-03-2015 current	31-12-2014 Non-current	31-12-2014 current
Financial liabilities to affiliated companies	631,069	186,151	—	372,064
	631,069	186,151	—	372,064

Financial liabilities to affiliated companies apply to loans issued by the parent company L1E Acquisitions GmbH. The term of the non-current loans is seven years. The carrying amounts accounted for are close to their fair value.

The financial liabilities have been assigned to the valuation category "valued at amortised cost".

(24) Trade accounts payable

€ '000	31-03-2015	31-12-2014
Trade accounts payable	246,293	294,674
Accounts payable intercompany	—	2,636
Accounts payable to participations	32,357	32,404
	278,650	329,717

Exploration activities account for € 54,346,000 of trade accounts payable (previous year: € 62,872,000).

Trade accounts payable generally have short residual terms to maturity. The carrying amounts accounted for therefore are close to their fair values.

(25) Other liabilities

€ '000	31-03-2015 Non-current	31-03-2015 current	31-12-2014 Non-current	31-12-2014 current
Liabilities arising from taxes	—	8,743	—	6,035
Liabilities from social welfare and security	—	216	—	470
Derivatives	599	—	2,560	90,236
Deferred income	—	2,082	—	1,427
Prepayments	9,977	30,220	9,604	2,296
Liabilities from production overlift	—	3,867	—	12,105
Accrued future overlifts oil	—	28,992	—	28,909
Other miscellaneous liabilities	—	18,217	—	11,922
	10,576	92,337	12,164	153,400

Exploration activities account for € 8,039,000 in other miscellaneous liabilities (previous year: € 7,702,000).

The financial instruments reported under other liabilities have short residual terms to maturity. The carrying amounts accounted for therefore are close to their fair values. The derivatives reported are recorded at fair value.

Other disclosures

(26) Contingent and financial liabilities

Commitments regarding the former chemical business are subject to joint and several liability for a limited period of time (until 2018). The probability for a claim under the joint and several liability is considered to be low.

With regard to participations in various joint ownerships, DEA Group is subject to statutory liability.

In the course of their regular business activities, DEA Group companies are involved in legal disputes. Irrespective of the outcome of such legal disputes, we do not expect any significant negative effects on the economic and financial position of the DEA Group.

As of 31 March 2015, the commitments based on rental, lease and similar commitments relate to operating leases, primarily for offices as well as transport and production vessels.

Minimum operating lease payments under non-cancellable operating leases are due as follows:

€ '000	31-03-2015	31-12-2014
Due within 1 year	32,940	32,507
Due within 1–5 years	100,071	91,202
Due after more than 5 years	78,837	72,189
	211,848	195,898

The commitments from firm contracts for property, plant and equipment total € 128,472,000 (previous year: € 158,860,000) and those from other long-term commitments € 239,246,000 (previous year: € 187,598,000).

(27) Reporting on financial instruments

The financial instruments comprise both primary and derivative financial instruments.

Financial instruments on the assets side chiefly comprise financial assets, receivables and cash and cash equivalents. Financial assets in the category "available for sale" are recognised at fair value, and other primary financial assets at amortised cost. On the liabilities side, the primary financial instruments include liabilities recorded at amortised cost. The primary financial instruments are stated in the Balance Sheet, with the carrying amounts of financial assets reflecting the maximum risk of default. Wherever default risks are apparent in the financial assets, they are covered by impairments.

Fair values of derivatives are determined using customary market valuation methods taking into account the market data available on the measurement date. Due to materiality reasons the counterparty default risk was not considered.

Due to unavailable market data the fair value of the other asset ("available-for-sale") resulting from the contingent purchase price payment is determined on the basis of future cash flows weighted with different probabilities. The expected cash flows are discounted using the interest rate corresponding to the remaining maturity in the amount of 2.86%. The fair value of this asset is € 35,000,000 on the basis of a "best-case-scenario", while the fair value amounts to € 0 on the basis of a "worst-case-scenario". The fair value is reviewed on a quarterly basis and adjusted, if necessary.

The following overview represents the financial instruments to be recognised at fair value and the essential parameters on which the measurement is based. The individual levels are defined as follows in accordance with IFRS 13:

Level 1: Measurement at (unadjusted) prices quoted for identical assets or liabilities on active markets.
Level 2: Measurement based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or in-directly.
Level 3: Measurement on the basis of unobservable inputs.

(27) Reporting on financial instruments

Fair value hierarchy in € '000s	31-03-2015 Total	Level 1	Level 2	Level 3
Other assets	16,920			16,920
Other financial assets	516			516
Derivative financial assets	129,390		129,390	
Derivative financial liabilities	599		599	

Fair value hierarchy in € '000s	31-12-2014 Total	Level 1	Level 2	Level 3
Other assets	18,690			18,690
Other financial assets	516			516
Derivative financial assets	142,342		142,342	
Derivative financial liabilities	92,796		92,796	

No transfers between the levels occurred during the period under review or during the previous year.

The following overview shows the development of Level 3 financial instruments to be recognised at fair value:

Development of Level 3 financial instruments in € '000s	As of 1-1-2015	Changes in the scope of consolidation and currency adjustments	Changes recognised in profit or loss	Changes not recognised in profit or loss	Changes with a cash effect	As of 31-3-2015
Other financial assets	516		−160		160	516
Other assets	18,690			−1,770		16,920

With regard to financial instruments within level 3 impairment losses are recognised as income from investments in the amount of € 160,000.

Development of Level 3 financial instruments in € '000s	As of 1-1-2014	Changes in the scope of consolidation and currency adjustments	Changes recognised in profit or loss	Changes not recognised in profit or loss	Changes with a cash effect	As of 31-12-2014
Other financial assets	224	−25			317	516
Other assets	3,010			15,680		18,690

In the short fiscal year impairments are made on assets in the category of "Loans and receivables". The following table shows the financial assets subject to impairments within the scope of application of IFRS 7:

€ '000	Financial receivables	Trade accounts receivable	Other receivables and other assets	Total
As at 1 Jan. 2015	165	6,027	5,583	11,775
Impairment (+)/reversal of impairment (−) in the year under review	−165	10,319	3,417	13,571
Disposals			−1,217	−1,217
Currency translation adjustments			184	184
As at 31 Mar. 2015	—	16,346	7,967	24,313

Impairments on trade accounts receivable relate to contested claims on partners as well as overdue receivables.

Impairments on financial assets in fiscal 2014 were as follows:

€ '000	Financial receivables	Trade accounts receivable	Other receivables and other assets	Total
As at 1 Jan. 2014	—	1,248	742	1,990
Impairment (+)/reversal of impairment (−) in the year under review	165	4,779	4,841	9,785
Disposals	—	—	—	—

As at 31 Dec. 2014	165	6,027	5,583	11,775

Financial assets that are overdue and not impaired exist as at the balance-sheet date within the scope of IFRS 7 in the category of "loans and receivables":

	Trade accounts receivable		Other receivables and other assets	
€ '000	**31-03-2015**	**31-12-2014**	**31-03-2015**	**31-12-2014**
Up to 30 days	23,234	24,460	2,862	53
31 to 60 days	16,254	15,303	—	—
61 to 90 days	9,524	18,229	1,058	392
91 to 120 days	27,102	21,889	1,031	382
More than 120 days	78,756	40,368	1,889	700

Financial assets and liabilities have been assigned to valuation categories with the following carrying amounts:

	31-03-2015							
€ '000	**Available for sale**	**Held for trading**	**Loans and receivables**	**Valued at amortised cost**	**In hedge relationship**	**Finance lease**	**Beyond the scope of IFRS 7**	**Total**
Financial assets	516	—	—	—	—	—	—	516
Financial receivables	—	—	8,792	—	—	—	—	8,792
Trade accounts receivable	—	—	399,717	—	—	—	—	399,717
Other accounts receivable and other assets	16,920	—	65,471	—	129,390	82,601	189,075	483,457
Cash and cash equivalents	—	—	277,769		—	—	—	277,769
Financial liabilities	—	—	—	817,220	—	—	—	817,220
Trade accounts payable	—	—	—	278,650	—	—	—	278,650
Other liabilities	—	—	—	37,654	599	—	64,660	102,913

	31-12-2014							
€ '000	**Available for sale**	**Held for trading**	**Loans and receivables**	**Valued at amortised cost**	**In hedge relationship**	**Finance lease**	**Beyond the scope of IFRS 7**	**Total**
Financial assets	516	—	—	—	—	—	—	516
Financial receivables	—	—	8,529	—	—	—	—	8,529
Trade accounts receivable	—	—	372,000	—	—	—	—	372,000
Other accounts receivable and other assets	18,690	80	19,696	—	142,262	83,959	144,787	409,474
Cash and cash equivalents	—	—	85,929		—	—	—	85,929
Financial liabilities	—	—	—	372,064	—	—	—	372,064
Trade accounts payable	—	—	—	329,717	—	—	—	329,717
Other liabilities	—	3,474	—	37,025	89,322	—	35,743	165,564

(27) Reporting on financial instruments

In the year under review and in the previous year, the following net income from financial instruments was recorded in the income statement:

	Jan.–Mar. 2015			
€ '000	**Available for sale**	**Held for trading**	**Loans and receivables**	**Liabilities valued at amortised cost**
Other operating income	—	7,427	88,935	1,800
Other operating expenses	—	−35,066	−22,088	−13,282
Income from investments	−160	—	—	—
Financial result	—	—	1,692	−1,080

	2014			
€ '000	**Available for sale**	**Held for trading**	**Loans and receivables**	**Liabilities valued at amortised cost**
Other operating income	—	21,193	101,101	3,155
Other operating expenses	—	−58,067	−27,599	−9,757
Income from investments	345	—	−163	—
Financial result	—	—	5,889	−687

Other operating income and expenses essentially contain income from the valuation in foreign currency and from the valuation of financial derivatives.

As an E&P enterprise operating on an international scale, the DEA Group is exposed to credit, liquidity and market risks within the ordinary course of its business.

Our subsidiaries are subject to a strict risk management regime. The scope of action, responsibilities and controls are enshrined in binding, internal corporate instructions. Financial derivatives are used exclusively to hedge the risk related to underlying operating and in the previous year also financial transactions, but never for speculation purposes.

Cash Flow Hedges serve as protection against the risk of fluctuations in commodity prices (in the previous year also in exchange rates) from future sales. The effective parts of changes in fair value for the hedging transactions effected are recorded under other comprehensive income in the equity until such time as the hedging transaction is realised. Changes in fair value of the hedge transactions deployed, caused by market price changes, are counteracted to an equal extent by expected changes in the fair value of the existing underlying transactions. As a rule, fair value changes are reported with an impact on profit and loss when the hedge transaction is realised through profit or loss. The contribution to earnings from the hedging transaction is then transferred from other comprehensive income to the Income Statement. The fair value of hedging instruments deployed within the scope of cash flow hedges amounts to € 128,791,000 as at the balance-sheet date (previous year: € 142,242,000).

The future sales currently hedged by cash flow hedges will fall due with an effect on profit or loss within the following two years. An ineffectiveness did not have to be taken into account in the year under review or in the previous year.

In the course of leaving the RWE Group the hedging transactions for currency risks with RWE AG were settled and negative market values were compensated through a compensation payment to RWE AG. The hedging relationship existing until this point in time was discontinued prospectively. The cumulative losses remain in equity without impact on profit or loss until the hedged transaction occurs. This will take place within the following two years. As of balance sheet date a loss of € 89,177,000 is recognised in equity. In the previous year the fair value of hedging instruments for currency risks added up to −€ 89,302,000.

Market risks

Market risks result in particular from changes in oil and gas commodity prices, changes in USD/EUR and USD/NOK exchange rates and corresponding unexpected negative changes regarding planned incoming and outgoing

payments as well as their cash values. In addition, currency risks arising from financial transactions between companies in the DEA Group may result if the functional currencies of the two partners do not match.

These risks are mitigated in the DEA Group using systematic risk management methods. Risks are countered by deploying financial derivatives, among other solutions. Financial derivatives are only used to hedge oil price risks arising from payments received for future sales revenues. Instruments used are commodity price swaps. In the previous year currency risks arising from payments received for future sales revenues (in USD) as well as financing transactions were hedged in addition.

Irrespective of their purpose, all derivative financial instruments are measured at fair value. In interpreting positive or negative fair values, care is therefore taken that they are offset by underlying transactions with compensating risks. All derivative financial instruments are reported as assets or liabilities. Measurement of the fair values of financial derivatives is performed by using current market price quotations within a trading system developed externally for the commodity markets. On this basis, commodity price swaps are valued by means of internal computations of the relevant swap curves and subsequent discounting as at the balance sheet date.

The terms of commodity derivatives are based on the term of the underlying transaction and are therefore predominantly short to medium-term.

To quantify the risk relating to market price fluctuations and financial instruments deployed, we use the earnings-at-risk and the sensitivity methods. Earnings-at-risk reflect the estimated, maximum deviation from an expected, budgeted result within a pre-defined observation method that is not exceeded in normal market conditions with a certain degree of probability (confidence). While earnings-at-risk are based on the value-at-risk concept, it analyses fluctuations of periodical earnings data. Our earnings-at-risk valuation is based on a confidence level of 95% and an observation period comprising the calender year. In quantifying market prices using the sensitivity method, a statement is made concerning the impact on earnings of a percentage-based change in market prices. Our sensitivity calculations are based on a 10% market price change for the oil price risk, and an observation period comprising the short fiscal year.

The sensitivity figures shown below in accordance with the mandatory rules and regulations of IFRS 7 refer only to financial instruments recognised in the balance sheet. Financial instruments are used exclusively to hedge the risks relating to underlying operating and in the previous year also financial transactions, but never for speculation. Accordingly, the reporting of the risk position of the DEA Group is incomplete. In line with the sensitivity method, the market price risks reflected in the following tables apply to financial instruments contracted without taking the underlying transactions into account. Changes in the market values of concluded commodity hedge instruments that would have resulted from a 10% increase or decline of the oil price are presented, with the calculation of oil price sensitivities being based on Brent quotations. For the previous year also changes in the market values for foreign-currency transactions were presented for the currency pairs EUR/USD and NOK/USD that would have occurred both in the event of an increase in the USD forward curve by 10% in relation to the EUR and NOK and in the event of a 10% decline at the end of the year. The sensitivity risks regarding the market values of derivatives used in hedge accounting are shown in equity. Moreover, changes to the market values of USD receivables arising from Egyptian activities and not being hedged against currency risks are shown that would have occurred both in the event of an increase and a decline by 10% in the USD forward curve in relation to the EUR. The presentation of market value changes is shown after taxes. As in the previous year, a tax rate of 30.13% is applied.

	Jan.–Mar. 2015		**2014**	
€ ‘000	**Changes impacting on profit and loss**	**Impacts on equity**	**Changes impacting on profit and loss**	**Impacts on equity**
	Increase in USD by 10%			
USD/EUR	12,600	—	10,800	−19,600
USD/NOK	—	—	—	−23,000
	Decrease in USD by 10%			
USD/EUR	−11,500	—	−9,800	17,800
USD/NOK	—	—	—	25,600
	Increase in oil price by 10%			
Oil	—	−17,300	—	−16,800
	Decrease in oil price by 10%			
Oil	—	15,600	—	15,200

The stated nominal amounts of the following hedging transactions are not netted. They represent the sum total of all purchases and sales underlying the transactions. The nominal amounts allow conclusions on the extent to which derivatives are used, but do not reflect the risks the DEA Group incurs from their use.

The following derivatives were concluded:

Currency hedges € '000	Nominal volume 31-03-2015	Nominal volume 31-12-2014	Maturity > 1 year 31-03-2015	Maturity > 1 year 31-12-2014	Fair value 31-03-2015	Fair value 31-12-2014
Currency forwards	—	1,115,723	—	54,361	—	−88,907
Currency options.............	—	30,242	—	—	—	−198
Currency swaps...............	—	84,491	—	—	—	−3,592
	—	1,230,456	—	54,361	—	−92,697

Price hedges € '000	Nominal volume 31-03-2015	Nominal volume 31-12-2014	Maturity > 1 year 31-03-2015	Maturity > 1 year 31-12-2014	Fair value 31-03-2015	Fair value 31-12-2014
Commodity-price swaps ...	364,654	372,685	32,244	56,063	128,791	142,242

Derivatives are exposed to default risks in the amount of their positive fair values. These risks are minimised because deals are made only with partners of the highest credit standing.

Counterparty default risk

Generally, the management of counterparty default risks is performed within the scope of a uniform directive in place throughout the Group. As regards original and derivative financial instruments, there is no substantial counterparty default risks because the contractual partners generally have a high credit standing. Existing past due payments are subject to permanent monitoring by Management. Based on an intensive analysis, Management perceives no further need for impairment charges. The maximum risk of default corresponds to the carrying amounts of financial assets accounted for.

Liquidity risk

The required liquidity to meet financial obligations at all times and the optimisation of DEA Deutsche Erdoel AG's liquidity position and that of its subsidiaries is ensured by the liquidity risk management. The basis of liquidity risk management is the establishment of centralised financial planning for the DEA Group. Financial planning with matching currencies is effected for the following twelve months in a monthly system and for the following two months in a system correct to the respective day.

Financial liabilities within the scope of application of IFRS 7 in the next several years are expected to result in the following payments:

€ '000	Carrying amounts 31-03-2015	Amortisation payments 01-04-2015–31-03-2016	Amortisation payments 01-04-2016–31-03-2020	Amortisation payments from 01-04-2020	Interest payments 01-04-2015–31-03-2016	Interest payments 01-04-2016–31-03-2020	Interest payments from 01-04-2020
Financial liabilities	817,220	185,890	—	630,628	22,929	75,675	33,549
Commodity derivative financial liabilities	599	—	599	—	—	—	—
Miscellaneous other financial liabilities	316,304	316,304		—	—	—	—

€ '000	Carrying amounts 31-12-2014	Amortisation payments 2015	Amortisation payments Years 2016–2019	Amortisation payments from 2020	Interest payments 2015	Interest payments Years 2016 2019	Interest payments from 2020
Financial liabilities.............	372,064	372,064	—	—	—	—	—
Currency derivative financial liabilities	92,796						
—cash inflow................		1,060,759	53,216	—	—	—	—
—cash outflow..............		1,151,862	55,843	—	—	—	—
Commodity derivative financial liabilities	—	—	—	—	—	—	—
Miscellaneous other financial liabilities	366,742	366,742		—	—	—	—

(28) Notes to the Cash Flow Statement

The Cash Flow Statement classifies cash flows by operating, investment and financing activities. Cash flows from the acquisition and sale of consolidated companies are included in the cash flow from investment activities. The effects of exchange rate fluctuations of the cash and cash equivalents are reported separately. Cash and cash equivalents in the year under review only comprise those reported in the balance sheet.

The cash flow from operating activities includes e.g. interest income in the amount of € 1,692,000 (previous year: € 5,889,000), and interest expenses of € 1,511,000 (previous year € 687,000). Income tax payments total € 24,099,000 (previous year: € 156,741,000); refunds total € 661,000 (previous year: € 3,612,000). External dividends received totalled € − (previous year: € 345,000). In the year under review € − (previous year: € 3,694,000) was distributed to minority interests.

The cash flow from operating activities attributable to exploration amounts to −€ 57,773,000 (previous year: −€ 63,307,000). In addition, the cash flow from investment activities of the exploration division amounts to −€ 58,414,000 (previous year: −€ 111,281,000).

(29) Capital management

Until 24 February 2015 a cash pooling agreement with the former parent company RWE AG was in place and DEA-Group was subject to the capital management of RWE-Group. In the future the capital management system of the DEA Deutsche Erdoel AG will be determined by DEA Group’s strategic objectives and will be focused on increasing the value of business over the long term. To achieve this goal, the DEA Group endeavours to constantly optimise its existing operations, to safeguard its market position and to optimise its portfolio via value-creating acquisitions and divestments.

The DEA Group will monitor its capital structures on the basis of the gearing ratio. This ratio is calculated as relationship between EBITDAX and the net debt. The net debt is calculated as interest bearing liabilities plus bank guarantees less cash balances that are not freely convertible in USD. EBITDAX is defined as earnings before interest, taxes, depreciation and amortisation as well as exploration expenses.

With regard to financial liabilities see note (23) and with regard to cash and cash equivalents see note (20).

The group-wide integrated financial and liquidity planning secures that the Group as well as the individual companies have always sufficient liquidity. Financing requirements at the subsidiaries are covered by loans from DEA Deutsche Erdoel AG.

(30) Related party disclosures

Since 2 March 2015 the DEA Group is controlled by L1E Acquisitions GmbH (incorporated in Germany), which owns 100% of the shares in DEA Deutsche Erdoel AG. The Group's ultimate parent is LetterOne Holdings S.A. (incorporated in Luxembourg). Related companies are all companies in which LetterOne Holdings S.A. has a direct or indirect holding.

In the reporting period mainly financial transactions with L1E Acquisitions GmbH and L1E Funding GmbH were carried out on the basis of usual banking terms and conditions (refer to "Important financing transactions")

€ '000	L1E Funding GmbH	L1E Acquisitions GmbH
Financial receivables		
Interest income		
Financial liabilities		
Interest expenses		
Trade accounts receivable		
Receivables from net loss transfer		

Until 2 March 2015 the Group was controlled by RWE AG, which indirectly owned 100% of the company's shares. The deliveries and services received from companies of the RWE Group until this point in time amounted to € 3,318,000.The deliveries and services to companies of the RWE Group until this point in time amounted to € 124,169,000. For the hedge transactions settled in the course of leaving the RWE Group a compensation payment was made to RWE AG in the amount of the negative market values (€ 132,838,000). Moreover, derivative transactions concluded with companies of the RWE Group up to the point of leaving the RWE Group generated other operating income in the amount of € 7,173,000, other operating expenses in the amount of € 56,552,000 as well as revenues in the amount of € 27,717,000.

All transactions are subject to market terms and conditions.

Related persons are the members of the Board of Management and of the Supervisory Board of DEA Deutsche Erdoel AG as well as of the parent company. No business relations exist with members of the Board of Management and of the Supervisory Board or individuals close to them.

The information on the members of the Board of Management and of the Supervisory Board is provided on pages 71 to 72.

For the statutory remuneration of the members of the Supervisory Board of DEA Deutsche Erdoel AG a liability amounting to € 75,000 was recognised in the short fiscal year. Each Supervisory Board member receives a fixed remuneration in the unchanged amount of € 20,000 per calendar year for his or her activities. The Chairman receives double this amount, and his Deputy one-and-a-half times the annual fixed remuneration. In addition, expenses incurred are refunded. Some employee representatives on the Supervisory Board have labour contracts with the respective Group companies. Remuneration occurs in accordance with the relevant contractual conditions.

Remuneration paid to members of the Board of Management consists of a fixed and a performance-related variable component as current remuneration components. The remuneration paid to the Board of Management of DEA Deutsche Erdoel AG for the fiscal year amounted to € 1,889,000 (previous year: € 1,650,000), including variable remuneration of € 1,661,000 (previous year: € 654,000). In addition, the fixed remuneration component for members of the Board of Management includes non-cash and other perquisites essentially comprising the values to be recognised subject to tax directives for the use of company cars and insurance premiums for accident insurance. Moreover, pension service costs amounted to € 94,000 (previous year: € 275,000). In the previous year the members of the Board of Management held in addition 246,417 performance shares within the scope for the long-term incentive plan BEAT created by RWE AG at a fair value of 557,000. The change in provisions resulted in expenses of € 125,000 in the previous year.

Furthermore, (direct) pension commitments were granted to the members of the Board of Management, entitling them to life-long pension and benefits to their surviving dependants. The cash or present value of the overall commitment (defined benefit obligation) amounted to € 7,817,000 as at 31 March 2015 (previous year: € 6,948,000).

(31) Auditor's fees

DEA Group recognised the following fees as expenses for the services rendered by the auditors of the consolidated financial statements, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft (PwC) and companies belonging to PwC's international network:

€ '000	Jan.–Mar. 2015	2014
Audit services	616	664
Tax services	18	229
Other services	24	183

The fees of audit services primarily contain the fees for the audit of the consolidated financial statements and for the audit of the financial statements of DEA Deutsche Erdoel AG. In particular, the fees for tax services include compensation for consultation in the preparation of tax returns and other national and international tax-related matters. The fees for others services mainly comprise E&P specific advisory and assurance services.

During the year under review, DEA Deutsche Erdoel AG recognised fees amounting to € 2,000 (previous year € 10,000) in relation to audit services rendered by the companies of the BDO network.

(32) Events after the balance sheet date

Information on events after the balance sheet date is presented in the management report.

Supervisory Board, Board of Management

Supervisory Board

Lord Edmund John Phillip Browne of Madingley, London (Chairman—since 2 March 2015)
Executive Chairman, L1 Energy (UK) LLP

Peter Terium, Essen (Chairman—until 2 March 2015)
Chairman of the Board of Management RWE Aktiengesellschaft

Werner Bischoff, Monheim (Deputy Chairman)
Former member of the Managing Executive Council, Union of the Mining, Chemical and Energy Industry Employees

Hans-Hermann Andreae, Hamburg
Head of Geo Support Centre DEA Deutsche Erdoel AG

Dmitry Avdeev, London (since 2 March 2015)
Investment Professional, L1 Energy (UK) LLP

Thomas Birr, Essen (until 2 March 2015)
Head of Corporate Development & Group Strategy RWE Aktiengesellschaft

Dr. Markus Coenen, Essen (until 2 March 2015)
Head of Group Finance RWE Aktiengesellschaft

Ralf Erkens, Neumünster
District Chairman Rhine-Main, Union of Mining, Chemical and Energy Industry Employees

Mikhail Fridman, London/Moscow (since 2 March 2015)
Chairman, LetterOne Holdings S.A.

German Khan, London/Moscow (since 2 March 2015)
Director, LetterOne Holdings S.A.

Dr. Claudia Mayfeld, Essen (until 2 March 2015)
Head of Legal & Compliance RWE Aktiengesellschaft

Dr. Martin Muhr, Essen (until 2 March 2015)
Chief Financial Officer Essent N.V.

Jonathan Muir, Luxembourg (since 2 March 2015)
Chief Executive Officer, LetterOne Holdings S.A.

Holger Pittelkow, Hamburg
Functional Department Head Indirect Taxes and Tax Audits DEA Deutsche Erdoel AG

Günther Prien, Hamburg
Chairman of the Joint Works Council DEA Deutsche Erdoel AG

Andreas Schöpf, Lachendorf
Chairman of the Works Council Betriebe Wietze DEA Deutsche Erdoel AG

John Christopher Smith, London (since 2 March 2015)
General Counsel, L1 Energy (UK) LLP

Andreas Zetzsche, Essen (until 2 March 2015)
Head of Merger & Acquisitions RWE Aktiengesellschaft

Board of Management

Thomas Rappuhn (Chairman)
Responsible for: Chairing the Board of Management

Dr Johannes Karlisch
Responsible for: Finance

Dirk Warzecha
Responsible for: Operations

Hamburg, 30 April 2015

The Board of Management

Rappuhn Karlisch Warzecha

List of holdings of DEA Deutsche Erdoel AG as at 31 March 2015

	Share of capital %	Equity as of 31.12.2014 €'000	Net income (loss) for the fiscal year 2014 €'000
Affiliated companies wich are included in the consolidated financial statements			
DEA Cyrenaica GmbH, Hamburg	100.00	26	—[3]
DEA E&P GmbH, Hamburg	100.00	32,930	—[3]
DEA Global Limited, London/Great Britain[1]	100.00	23	(12)
DEA Guyana GmbH, Hamburg	100.00	25	—[3]
DEA Idku GmbH, Hamburg	100.00	13,772	—[3]
DEA International GmbH, Hamburg	100.00	290,741	—[3]
DEA Nile GmbH, Hamburg	100.00	130,581	—[3]
DEA Norge A/S, Oslo/Norway[1]	100.00	419,012	69,558
DEA North Africa/Middle East GmbH, Hamburg	100.00	130,025	—[3]
DEA Speicher GmbH, Hamburg	100.00	25	—[3]
DEA Suez GmbH, Hamburg	100.00	87,226	—[3]
DEA Suriname GmbH, Hamburg	100.00	25	—[3]
DEA Trinidad & Tobago GmbH, Hamburg	100.00	25	—[3]
DEA UK E&P Holdings Limited, Aberdeen/Great Britain[1][4]	100.00	320,270	2,001
DEA UK SNS Limited, London/Great Britain[1][4]	100,00	92,428	(98,095)
DEA UK Upstream Limited, London/Great Britain[1]	100.00	8	—
DEA Upstream Polska Sp. z o.o., Warsaw/Poland[2]	100.00	57	(6)
Speicher Breitbrunn/Eggstätt DEA & Storengy GbR,Hamburg	80.28	—	18,733
Affiliated companies wich are not included in the consolidated financial statements			
RWE Dea Petróleo e Gás do Brasil Ltda., Rio de Janeiro/Brazil[2]	100.00	44	—
RWE DEA Ukraine LLC, Kiev/Ukraine[1]	100.00	(73)	(149)

(1) translated at exchange rates on the balance sheet date and at the average rate for 2015

(1) Annual financial statements as of 31 December 2013, translated at exchange rates on the balance sheet date and at the average rate for 2015

(3) Company is under a profit transfer agreement.

(4) The shares were transferred to Highland Marine Stichting, Amsterdam, in exchange for depository receipts under Dutch law.

The following auditor's report (*Bestätigungsvermerk*) has been issued in accordance with Section 322 of the German Commercial Code (*Handelsgesetzbuch*) on the consolidated financial statements and group management report (*Konzernlagebericht*) of DEA Deutsche Erdoel AG, Hamburg as of and for the short financial year ended December 31, 2015. The group management report is neither included nor incorporated by reference in this Offering Memorandum.

Auditor's Report

We have audited the consolidated financial statements prepared by DEA Deutsche Erdoel AG, Hamburg, comprising the income statement, the statement of comprehensive income, statement of financial position, cash flow statement, statement of changes in equity, the notes to the consolidated financial statements, and the group management report of DEA Deutsche Erdoel AG, which is combined with the Company's management report, for the short financial year from April 1 to December 31, 2015. The preparation of the consolidated financial statements and the combined management report in accordance with the IFRSs as to be applied in the EU, and the additional requirements of German Commercial Law pursuant to Section 315a (1) HGB ("Handelsgesetzbuch": "German Commercial Code") is the responsibility of the Company's Board of Managing Directors. Our responsibility is to express an opinion on the consolidated financial statements and the combined management report, based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements and the combined management report in accordance with the applicable reporting standards are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting- related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the combined management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of the companies included in consolidation, the determination of the companies to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company's Board of Managing Directors as well as evaluating the overall presentation of the consolidated financial statements and the combined management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit, the consolidated financial statements comply with the IFRS as to be applied in the EU and the additional commercial law provisions according to § 315a (1) HGB, and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The combined management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Essen, February 4, 2016

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Ralph Welter
Wirtschaftsprüfer
(German Public Auditor)

ppa. Michael Servos
Wirtschaftsprüfer
(German Public Auditor)

DEA Deutsche Erdoel AG—Consolidated Financial Statements

Consolidated Income Statement

from 1 April to 31 December 2015

€ ’000	(Notes)	April–December 2015	January–March[1] 2015
Sales revenues	(1)	1,142,197	322,410
Energy tax expense	(2)	−756	−119
		1,141,441	322,291
Other operating income	(3)	127,636	159,380
Cost of materials	(4)	−400,149	−116,791
Personnel cost	(5)	−126,391	−41,230
Amortisation/depreciation and impairment losses	(6)	−496,361	−406,521
Other operating expenses	(7)	−371,835	−193,404
Income from operating activities		−125,659	−276,275
Income from investments	(8)	372	−160
Financial Income	(9)	63,870	3,174
Financial expenses	(9)	−65,063	−6,516
Result from continuing operations before taxes		−126,480	−279,777
Income taxes	(10)	−26,610	16,538
Result from continuing operations		−153,090	−263,239
Result from discontinued operations	(11)	−241,310	5,831
Net result		−394,400	−257,408
Thereof attributable to:			
Shareholders of the parent company		−396,363	−257,902
Non-controlling interests		1,963	494

(1) Due to the reporting of discontinued operations, the comparative prior-year figures have been adjusted (see also note 11)

DEA Deutsche Erdoel AG—Consolidated Financial Statements

Consolidated Statement of Comprehensive Income[1]

from 1 April to 31 December 2015

€ '000	April–December 2015	January–March 2015
Net result	−394,400	−257,408
Items that may be reclassified to profit or loss		
Currency translation adjustments	−16,243	30,187
Fair valuation of financial instruments in connection with hedges	2,661	−8,652
Fair valuation of financial assets available for sale	−1,645	−1,764
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit plans	34,348	−13,977
Other comprehensive income	19,121	5,794
Total comprehensive income	−375,279	−251,614
Thereof attributable to:		
Shareholders of the parent company	−377,242	−252,108
Non-controlling interests	1,963	494

(1) Amounts indicated after taxes in accordance with IAS 1.91 (a)

DEA Deutsche Erdoel AG—Consolidated Financial Statements

Consolidated Balance Sheet as at 31 December 2015

	(Notes)	31-12-2015	31-03-2015[1]	01-01-2015[1]
Assets (€ '000)				
Non-current assets				
Intangible assets	(12)	635,594	694,488	860,988
Property, plant and equipment	(13)	2,432,221	2,668,122	2,684,060
Investment property	(14)	3,632	4,090	4,221
Financial investments	(15)	516	516	516
Financial receivables	(16)	2,164,619	8,792	8,528
Other receivables and other assets	(17)	161,984	157,157	144,609
Deferred tax assets	(18)	74,366	85,669	51,490
		5,472,932	3,618,834	3,754,412
Current assets				
Inventories	(19)	81,882	75,727	77,920
Financial receivables	(16)	24	—	1
Trade accounts receivable	(20)	765,851	399,717	372,000
Other receivables and other assets	(17)	303,822	326,300	264,865
Income tax assets		12,483	546	438
Cash and cash equivalents	(21)	319,747	277,769	85,929
		1,483,809	1,080,059	801,153
		6,956,741	4,698,893	4,555,565
Equity and Liabilities (€'000)				
Equity	(22)			
Shareholder's equity		1,954,061	1,957,421	2,209,529
Non-controlling interests		4,326	4,995	4,501
		1,958,387	1,962,416	2,214,030
Non-current liabilities				
Provisions	(23)	665,250	819,087	779,068
Debt to banks	(24)	2,020,766	—	—
Other financial debt	(24)	778,730	631,069	—
Income tax liabilities	(26)	26,000	26,000	23,000
Other liabilities	(27)	7,552	10,576	12,164
Deferred tax liabilities	(18)	544,164	342,080	384,714
		4,042,462	1,828,812	1,198,946
Current liabilities				
Provisions	(23)	241,612	222,354	138,365
Debt to banks	(24)	5,088	—	—
Other financial debt	(24)	282,785	186,151	372,064
Trade accounts payable	(25)	305,824	278,650	329,717
Income tax liabilities	(26)	53,225	128,173	149,043
Other liabilities	(27)	67,359	92,337	153,400
		955,892	907,665	1,142,589
		6,956,741	4,698,893	4,555,565

(1) As from the reporting period exploration wells are recognised as intangible assets. In preceding consolidated financial statements they were reported under property, plant and equipment. Furthermore tax provisions are no longer shown as provision, but are instead recognised under income tax liabilities. Prior-year figures as well as opening balance sheet values have been adjusted accordingly.

DEA Deutsche Erdoel AG—Consolidated Financial Statements

Consolidated Cash Flow Statement

from 1 April to 31 December 2015

€ '000	Notes (30)	April–December 2015	January–March[1] 2015
Result from continuing operations		−153,090	−263,239
Depreciation/impairment losses/reversal of impairment losses		500,630	379,393
Changes in provisions		−27,211	42,730
Changes in deferred taxes		1,654	−36,113
Income from disposal of assets		14,403	9,023
Other non-cash income/expenses		33,146	12,343
Changes in working capital		−9,385	−139,671
Changes in other balance sheet items		144,686	−89,575
Cash flow operating activities—discontinued operations		15,708	42,002
Cash flow from operating activities		**520,541**	**−43,107**
Intangible assets/property, plant and equipment/investment property			
Capital expenditure		−411,577	−198,898
Proceeds from disposal of fixed assets		114,673	2,476
Acquisitions, investments and loans to investments			
Capital expenditure		−874,718	−160
Divestments		532,878	—
Change in cash investments		857	225
Cash flow investment activities—discontinued operations		−20,054	−15,130
Cash flow from investment activities		**−657.941**	**−211,487**
Distribution to non-controlling interests		−2,632	—
Increase of financial debt		198,301	445,155
Cash flow financing activities—discontinued operations		—	—
Cash flow from financing activities		**195,669**	**445,155**
Net change in cash and cash equivalents[2]		**58,269**	**190,561**
Effects of changes in foreign exchange rates and acquired/sold cash and cash equivalents		−16,291	1,279
Net cash change in cash and cash equivalents		**41,978**	**191,840**
Cash and cash equivalents at beginning of reporting period		277,769	85,929

Cash and cash equivalents at end of reporting period	**319,747**	**277,769**

(1) Due to the reporting of discontinued operations, the comparative prior-year figures have been adjusted (see also note 11).

(2) This includes changes from discontinued operations (April–December 2015: −€ 4,346,000 and January–March 2015: € 26,872,000).

DEA Deutsche Erdoel AG—Consolidated Financial Statements

Consolidated Statement of Changes in Equity

from 1 April to 31 December 2015

€ '000	Subcribed capital of DEA Deutsche Erdoel AG	Capital reserve of DEA Deutsche Erdoel AG	Retained earnings	Currency translation adjustments	Fair valuation of financial instruments	Shareholder's equity	Non-controlling interests	Total
As at 01-01-2015	344,064	979,841	924,543	−90,981	52,062	2,209,529	4,501	2,214,030
Fair value of derivative financial instruments with no impact on profit or loss					−8,652			
Fair value of financial assets available for sale with no impact on profit or loss					−1,764			
Currency translation adjustments			155	29,967	65			
Remeasurement of defined benefit plans			−13,977					
Other comprehensive income			−13,822	29,967	−10,351			
Net result			−257,902					
Total comprehensive income			−271,724	29,967	−10,351	−252,108	494	−251,614
Profit transfer/distribution								
Other changes								
As at 31-03-2015/01-04-2015	344,064	979,841	652,819	−61,014	41,711	1,957,421	4,995	1,962,416
Fair value of derivative financial instruments with no impact on profit or loss					2,661			
Fair value of financial assets available for sale with no impact on profit or loss					−1,645			
Currency translation adjustments			145	−14,840	−1,548			
Remeasurement of defined benefit plans			34,348					
Other comprehensive income			34,493	−14,840	−532			
Net result			−396,363					
Total comprehensive income			−361,870	−14,840	−532	−377,242	1,963	−375,279
Loss transfer/distribution			373,882			373,882	−2,632	371,250
Other changes								
As at 31-12-2015	344,064	979,841	664,831	−75,854	41,179	1,954,061	4,326	1,958,387

General rules

DEA Deutsche Erdoel AG is a German limited company and is headquartered at Überseering 40 in 22297 Hamburg, Germany. It is registered at the Hamburg local court under HRB 6882.

The presented consolidated financial statements as at 31 December 2015 were approved for publication by the Board of Management of DEA Deutsche Erdoel AG on 1 February 2016. The statements were prepared in accordance with the International Financial Reporting Standards (IFRS) applicable in the EU, as well as in accordance with the supplementary accounting regulations applicable pursuant to Sec. 315a, Para. 3 of the German Commercial Code (HGB). All figures for the previous year were determined in conformity with the same principles unless new accounting methods have been used prospectively for the reporting period.

In addition to the Income Statement, the Balance Sheet and the Cash Flow Statement, the Financial Statements include the Statement of Comprehensive Income, Changes in Stockholder's Equity and Minority Interests, as well as Notes.

Various items of the Income Statement and the Balance Sheet are combined to improve the transparency of presentation. These items are shown and explained separately in the Notes. The Income Statement is structured in line with the total cost method of accounting.

The financial statements are prepared in euros (€). All amounts, including prior-year figures, are reported in thousands of euros (€ 000). This rounding effect does not produce a loss of information.

Since 2 March 2015 the shares in the company are totally held by L1E Acquisitions GmbH. A domination and profit and loss transfer agreement was concluded with L1E Acquisitions GmbH as controlling enterprise. The obligation to transfer a profit or loss became effective for the first time for the fiscal year starting on 1 April 2015.

Following the preceding short fiscal year for the period from 1 January to 31 March 2015 the DEA Group created a further short fiscal year for the period from 1 April to 31 December 2015 for the purpose of bringing the financial year back into line with the calendar year. Since the current short fiscal year comprises a 9-month period, a comparison with the 3-month period of the previous short fiscal year is of limited value.

Internal control systems, the use of uniform directives throughout the Group, and our measures for employee training ensure that the Consolidated Financial Statements are adequately prepared. Compliance with legal regulations and internal directives as well as the reliability and viability of the control systems are continuously reviewed throughout the Group.

Our risk management system enables the Board of Management to identify potential risks at an early stage and initiate countermeasures where appropriate.

The consolidated financial statements of DEA Deutsche Erdoel AG are available from DEA Deutsche Erdoel AG, Überseering 40, 22297 Hamburg. The consolidated financial statements are filed electronically with the operator of the German Government Gazette and promulgated therein after the filing.

In accordance with the resolution adopted at the annual general meeting, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft audited the consolidated financial statements of DEA Deutsche Erdoel AG and issued its unqualified audit certificate documented in a separate annex to these consolidated financial statements.

Scope of consolidation

In principle, the DEA Consolidated Financial Statements comprise DEA Deutsche Erdoel AG and all domestic and foreign subsidiaries directly or indirectly controlled by DEA Deutsche Erdoel AG. There are 18 consolidated subsidiaries (previous year: 19), 5 of them foreign (previous year: 6).

Joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor.

There are joint arrangements at DEA Group in course of development and production activities. They are classified as joint operations since the arrangements transfer the rights and obligations relating to the assets and liabilities to the investors. DEA's shares in joint operations are accounted by recognising its assets and liabilities as well as its income and expenses.

The following joint operations are structured as separate entities:

Name	Nature of the joint arrangements	Principle place of business	Ownership interest/ voting rights %
SUEZ OIL COMPANY (Suco)	Operating company for the development and production phase	Cairo, Egypt	50.00
DEMINEX EGYPT OIL COMPANY (Deoco)	Operating company for the development and production phase; performed by Suco as a service	Cairo, Egypt	50.00
DISOUQ PETROLEUM COMPANY (DISOUCO)	Operating company for the development and production phase; performed by Suco as a service	Cairo, Egypt	50.00
North Idku Petroleum Company (NIPETCO)	Operating company for the development and production phase; performed by Suco as a service	Cairo, Egypt	50.00
Petro Delta	Operating company for the development and production phase	Cairo, Egypt	12.50
Groupement Reggane	Operating company for the development and production phase	Algiers, Algeria	19.50

Participation in 3 foreign subsidiaries (previous year: 2) of minor importance to the DEA Group are reported at fair value in accordance with IAS 39. In total, these subsidiaries account for less than 1% of the consolidated revenue and income as well as of consolidated debt.

Consolidation principles

The financial statements of the domestic and foreign companies included in the Consolidated Financial Statements of DEA Deutsche Erdoel AG are drawn up in conformity with uniform accounting and valuation methods.

Business combinations must be reported using the purchase method of accounting. According to this method, the capital consolidation of the purchase price is netted against the restated pro-rata net assets of the subsidiaries acquired at the time of acquisition. In the process, the eligible assets, liabilities and contingent liabilities of the subsidiaries are stated at their full fair value, regardless of the level of non-controlling interests. Intangible assets must be reported separately from goodwill provided they are separable from the company or result from a contractual or other right. In accordance with IFRS 3, restructuring provisions must not be set up as part of the purchase price allocation. Any residual positive differences are capitalised as goodwill. Negative differences from the first-time consolidation are recognised as income.

The results of the subsidiaries acquired or disposed of during the year are included in the consolidated statement of income from the date of acquisition or until their disposal, respectively.

Expenses and earnings as well as accounts receivable and payable between the consolidated subsidiaries are eliminated. Intercompany profits or losses are eliminated, unless they are negligible. Depreciation charged in the companies' individual statements on shares in, and loans to, consolidated subsidiaries are reversed.

Acquisitions

With purchase contract dated 9 October 2015 DEA Norge AS acquired 100% of the shares in DEA E&P Norge AS (formerly E.ON E&P Norge AS), a Norwegian oil and gas producer located in Stavanger. After having obtained required official approval, the agreement became effective as of 16 December 2015. With the acquisition DEA will double its current production in Norway. Furthermore this acquisition provides access to promising growth options through material development and exploration. DEA Norge AS paid 273 Mio USD (239 Mio €) for the acquisition of the shares. The purchase price was completely paid in cash.

The transaction was accounted for as a business combination. The following table comprises the fair values of assets acquired and liabilities assumed at the date of acquisition. The amounts are determined on a preliminary basis. The final evaluation has not yet been completed.

	€'000
Purchase price	239,258
Identifiable assets acquired and liabilities assumed	
Intangible assets and property, plant and equipment	1,029,967
Inventories and receivables	211,024
Cash and cash equivalents	7,384
Provisions	−172,818

Liabilities	−676,025
Deferred tax	−263,978
	135,554
Goodwill	103,704
Net assets acquired	239,258

The initial consolidation took place as of 31 December 2015. The goodwill in the amount of € 103,704,000 that was acquired as part of the acquisition is mainly based on synergies expected to arise after the integration within the DEA Group. The goodwill is not deductible for tax purpose in Norway.

Acquisition related-costs of € 9,424,000 were recognised as other operating expenses.

If the acquisition had been completed as of 1 April 2015, group revenues would have been 1,708 Mio € and group income after taxes would have been −737 Mio €.

Divestments

The shares in the subsidiaries DEA UK E&P Holdings Limited and DEA UK SNS Limited, which had been transferred to a Dutch foundation in exchange for depository receipts in the previous year, were sold by way of agreement dated 9 October 2015, which became effective as of 30 November 2015. Due to existing control until disposal the companies were included in the consolidated financial statements as discontinued operations (see note 11) up to this point in time.

Currency translation

In the companies' individual statements, foreign currencies transactions are translated at exchange rates prevailing at the date of the transaction. Monetary foreign currency items are measured at the current exchange rate at each balance sheet date. Exchange gains or losses incurred by the balance sheet date are recognised in the income statement.

The financial statements of Group companies with functional currencies different from the Group's presentation currency (Euro) are translated using the current rate method. All balance sheet items are translated at the current exchange rates prevailing at the balance sheet date. Differences to previous-year translation are recognised in other comprehensive income without impact on profit or loss. In principle income statement items are translated at annual average rates. The use of average rates for the income statement creates additional differences compared to the application of current exchange rates for balance sheet items which are also recognised in other comprehensive income.

The following exchange rates were applied in translating foreign currencies to Euro:

	Rate on balance sheet date		**Average rate**	
€	**31-12-2015**	**31-03-2015**	**January–December 2015**	**January–March 2015**
1 Pound Sterling	1.36	1.37	1.38	1.34
100 Norwegian Kroners	10.41	11.49	11.18	11.45
100 Polish Zloty	23.45	24.48	23.91	23.85

Accounting and valuation methods

Changes in reporting

After separation from the RWE Group the following changes in presentation are carried out in order to present the balance sheet structure in a more appropriate way and to increase the comparability with other companies in the industry.

1. The exploration expenditures are shown separately under intangible assets. They comprise, in addition to concession acquisition costs and signature bonuses, exploration wells which had been shown as property, plant and equipment under assets under construction in preceding consolidated financial statements.

2. Under property, plant and equipment oil and gas assets are shown separately. They contain all assets that are allocated to the production and development of oil and gas. Assets that do not fall within this category are shown as other plant, machinery and equipment.

3. Provisions for taxes are combined with current tax liabilities under the balance sheet item income tax liabilities.

The prior-year figures have been adjusted accordingly.

Income Statement

Realisation of income

Sales revenues are valued at the fair value of counter-performance received or to be received, revenue reductions being considered in the process. Income from the delivery of goods is realised at the time of transfer of control to the customer. No sales revenues worthy of mention are derived from services.

Income taxes

In the DEA Group, despite the existence of a fiscal unit, actual and deferred taxes are recognized on the basis of a tax allocation contract.

Balance Sheet

Intangible assets are reported at amortised acquisition or production cost. Amongst other things, they comprise goodwill, successful exploration wells, concession acquisition costs and other licence rights arising from the oil and gas business as well as commercial and technical software.

Cost recovery rights from investments are also reported under intangibles. These rights arise in connection with production sharing agreements, in which there is no legal ownership of property, plant and equipment. The right is valued at cost according the production sharing agreement, reduced to take into account on the portion settled. Settlement of such a right is reported under depreciation. Other immediately recoverable expenses not yet accounted are reported as rights under other current assets.

With the exception of goodwill, all intangible assets have a finite useful life and are therefore subject to systematic linear or production-related depreciation. The useful life of concessions and other licence rights corresponds to the contractual term or comprises the period until the end of economic production. Software for commercial or technical applications is depreciated under the straight-line method over three years. The useful economic life and amortisation methods are subject to annual review.

Goodwill is not subject to systematic amortisation. It is subjected to an impairment test on an annual basis or whenever there are indications of a diminution in value (impairment test). Goodwill is part of cash-generating units.

Exploration expenditures for example comprise concession acquisition costs, licences and rights to exploration and exploration wells. Exploration wells are accounted for at their historic cost of acquisition or production according to the successful efforts method, i.e. expenses incurred on exploration wells are only capitalised in principle if they were successful, in the sense that they led in particular to the discovery of crude oil and gas deposits. Once the reserves are proved and commercial viability is established as well as the development is highly probable the exploration wells are reclassified into property, plant and equipment. During the exploration phase, the exploration assets capitalised are not subject to scheduled amortisation/depreciation. With the start of production they are amortised/depreciated according to the unit-of-production method described below.

Property, plant and equipment are valued at amortised acquisition or production cost. Borrowing costs that can be directly allocated to the acquisition or production of an asset are capitalised as part of acquisition or production costs if a considerable period is necessary to convert the asset into its intended state for use or sale ("qualified asset"). The cost of property, plant and equipment includes the estimated cost of de-installation or demolition and removal and of the reconditioning of the asset under public or private law obligations, to the extent related provisions were set up. Maintenance and repair costs are stated as expenses.

Oil and gas assets are generally depreciated using the unit-of-production method. For capitalised wells the depreciation is based on the current production of the period in relation to proved developed producing reserves. In case of acquisition costs and production facilities/support equipment the current production of the period is set in relation to total proved reserves.

Other property, plant and equipment, with the exception of land and similar rights is depreciated using the straight-line method. The typical useful lives of the DEA Group's non-production-related property, plant and equipment are as follows:

	Years
Buildings	24–50
Gas storage	33
Technical plant and machinery	5–15
Factory and office equipment	3–20

Operating leases are in place which need not to be reported in the balance sheet.

Investment Properties (land or buildings held as financial investments) include any property held to earn rentals or for long-term capital appreciation and not utilised for production or administrative purposes. Valuation is made at amortised cost of acquisition or production. Depletable investments properties are amortised under the straight-line method over a period of up to 50 years.

Vacant properties are valued by means of comparable land appraisals and taking account of special features and burdens. Built-up real estate is valued with the aid of the automated discounted cash flow method, drawing on actual rentals and comparative rentals customary in the market, respectively.

Impairment test and impairment losses

An impairment loss is recognised for intangible assets (including goodwill) as well as for property, plant and equipment and investment properties if the recoverable amount of the asset is less than its carrying amount. Exploration assets are required to be tested for impairment as soon as the technical feasibility and profitability of a resource can be proven. The presence of facts and circumstances indicating an impairment also gives rise to an impairment test. If the asset is part of a cash-generating unit (the smallest identifiable group of assets generating cash flows, which are largely independent of the cash inflows of other assets or other groups of assets), then an impairment is derived on the basis of the recoverable amount of the cash-generating unit. In the event that the carrying amount of a cash-generating unit to which a goodwill was allocated exceeds the recoverable amount, a resulting impairment loss is initially applied to the allocated goodwill. Any further impairment loss required will be taken into account through a pro-rata reduction in the remaining carrying amounts of the cash-generating unit. An reversal of an impairment loss up to the value of amortised cost is made if the reasons for an earlier impairment are no longer in existence. In this case, the increased book value resulting from a reversal must not exceed the amortised cost of acquisition or production. Impairment losses on goodwill are not reversed.

Within the scope of the impairment test, the recoverable amount of the cash-generation unit is determined. The recoverable amount is defined as the higher of fair value less cost to sell or value in use. The fair value represents the best possible estimate for the amount for which an independent third party would acquire the cash-generating unit on the balance sheet date; the cost of sale is deducted. Value in use reflects the present value of the future cash flows which are expected to be generated with the cash-generating unit.

For all impairment tests the recoverable amount was determined on the basis of the value in use. Measuring the value in use based on cash flow forecast, which in turn, are generally based on the current corporate planning approved by the Board of Management taking into account new knowledge for material concessions.

The cash flow forecasts pertain to the life-of-field-period for the individual concession/licences. The calculations are based on historical experiences as well as the expectations for future market trends. The principal assumptions underlying the determination by management of recoverable amount are the forecasts for market prices of crude oil and natural gas, the estimated reserves, the production forecast as well as the discount rate.

In the year under review the interest rate used for discounting future cash flows after tax ranged between 5.06% and 12.04% (previous year: 6.37%–10.91%). The interest rates were determined for each country in which cash-generating units were tested on impairment. This involves weighted average cost of capital rates (WACCs) derived from current capital market data. Specific country risks were also taken into account. The calculation of the country risks was not related to the actual capital structure of the company but was generate as a derivation from Peer Group.

For the impairment test of the cash generating unit Production Norway, which includes the goodwill resulting from the acquisition of DEA E&P Norge AS, an interest rate of 6.38% was applied.

Financial assets and liabilities are allocated to the following valuation categories:

- "available-for-sale financial assets"
- "loans and receivables"
- "financial assets at fair value through profit or loss"
- "financial liabilities at fair value through profit or loss"
- "liabilities valued at amortised cost of acquisition"

The category "available-for-sale" includes financial instruments which are neither loans nor receivables, nor financial investments held to maturity, and which are not measured at fair value through profit or loss.

Financial assets are recognised in the balance sheet if a company is a party to a contract for the asset in question. Purchases or sales of financial assets common on the market are recognised or derecognised, respectively, on the day of trading. Financial assets are derecognised when the contractual rights to cash flows from the asset expire or the entity transfers the financial asset. The latter applies when substantially all the risks and rewards of ownership of the asset are transferred, or the entity no longer has control of the asset.

The shares in non-consolidated subsidiaries and other investments of the DEA Group reported under **financial investments** have been assigned to the category "available-for-sale".

Receivables comprise **financial receivables** and **accounts receivable trade** assigned to the category of "loans and receivables" as well as other receivables allocated to the categories of "loans and receivables", "available-for-sale" and "financial assets at fair value through profit or loss" and here as "held in hedging relationship".

Financial assets, with the exception of financial derivatives and available-for-sale financial assets, are valued at amortised cost of acquisition. Any impairments necessary are determined by the actual risk of default. In the presence of appropriate indications, such as the insolvency of a customer or disputed invoices, specific impairments are made. Receivables are generally corrected via an allowance account. Impairments are reversed if payments are received or the default risk is reduced accordingly.

The available-for-sale financial assets are recognised initially and in the following periods at fair value as long as such can be determined reliably. Unrealised gains and losses are stated as other comprehensive income without impact on profit or loss. If there are objective and material indications of a reduction in the value of an asset, an impairment loss is recognised in profit or loss.

The loans granted by the company reported under financial receivables are valued at amortised cost. Loans subject to interest at rates not common on the market are generally accounted for at their discounted amounts, using an interest rate that is adequate to cover the risk involved.

Other receivables include finance lease receivables on account of the application of IFRIC 4 in conjunction with IAS 17.

Prepayments to joint venture partners and deferred income are reported under other assets.

Deferred taxes result from temporary differences between the IFRS and tax balance sheets of individual companies and from consolidation processes. Deferred tax assets as a rule comprise tax credit claims resulting from the expected utilisation of loss carry-forwards in subsequent years, provided their realisation is reasonably certain. They are capitalised to the extent that it is probable that future taxable profit will be available. Deferred taxes are determined on the basis of expected tax rates applicable or expected in different countries at the time of realisation. The calculation is subject to the tax rules in place or enacted at the time of the balance sheet date. Deferred taxes in Germany are generally subject to

a tax rate of 30.14% (previous year: 30.13%). It results from the corporation tax rate 15.0% applicable and the solidarity surcharge of 5.5% as well as the average trade income tax rate of the DEA Group. By way of derogation from this German companies that have activities in countries with which no double taxation agreement exists, a tax rate of 15.83% (without trade income tax) is applied. Deferred tax assets and liabilities are netted per company provided the preconditions for netting in accordance with IAS 12.74 ff. have been met.

Assets held for sale in the ordinary course of business (finished products) are reported under **inventories** along with assets consumed in the process of manufacturing products or rendering services (supplies and purchased merchandise).

Inventories are carried at cost of acquisition or production or at the lower net realisable value. Production costs reflect the full costs directly related to production and are determined based on the normal capacity. Specifically, in addition to directly allocable costs, production costs include adequate portions of required materials and production overheads, including production-related depreciation. The borrowing cost is not capitalised as part of the cost of acquisition or production. Inventory valuation is generally based on average values. To the extent that the net realisable value of previously written down inventories has risen, the resulting write-up is recorded as a reduction in the cost of materials.

Cash and cash equivalents consist of cash on hand and demand deposits with a maturity of three months or less from the date of acquisition.

Provisions are set up for all legal or factual obligations to third parties as at the balance sheet date which are based on past events, will probably lead to an outflow of resources in the future and the extent of which can be reliably estimated. Provisions are carried at their foreseeable settlement amount and not netted against any recovery claims. Provisions based on large number of similar events are reported at their expected value.

All long-term provisions are stated at the expected future settlement amount discounted to the balance sheet date. Therefore the market interest rate applicable as of the respective balance sheet date is applied. The settlement amount also comprises cost increases to be taken into account as of the balance sheet date. Releases of provisions are generally written back against the expense item in respect of which the provision was originally set up.

Provisions for pensions and similar obligations are recognised for defined benefit plans. This relates to commitments by the company to cover vested entitlements of employees in active service and current benefits to active and former employees or their dependents. These commitments relate in particular to old-age pension payments. The specific commitments are based on benefits that vary throughout the industry; however, as a rule they are measured according to the term of service and remuneration of the employees.

The companies' pension plan consists both of defined benefit and contribution-oriented benefit plans. Provisions for defined benefit plans are based on the actuarial present value of the respective obligation, measured using the projected unit credit method. This benefit/years of service method not only takes into account the pension benefits and benefit entitlements known as of the balance sheet date, but also anticipated future increases in salaries and pension benefits. The calculation is based on actuarial reports, taking into account appropriate biometric parameters (for Germany, in particular the "Richttafeln 2005G" by Klaus Heubeck; for Norway the mortality table "K2013"). The provision is reduced by the fair value of the plan assets set up to cover the pension commitments. The service cost, i.e. the increase in the obligation resulting from the work performed by employees in the period under review no longer applies and is disclosed in staff cost, and the interest cost/income are reported in the financial result.

Results of the remeasurement of defined benefit plans are fully recognised in the fiscal year in which they occur. They are reported outside of profit or loss in the consolidated statement of comprehensive income and immediately assigned to retained earnings. Therefore, they remain outside profit or loss in subsequent periods as well.

In the case of contribution-oriented benefit plans, the company does not incur any further obligations beyond making contribution payments to special-purpose funds. The contribution payments are recorded as expenses and reported under personnel expenditure.

Provisions for reconditioning of sites and plugging of wells cover the updated commitments for the plugging wells, the de-installation of onshore and offshore production facilities and the reconditioning of operations and drilling sites. Their extent is based on the anticipated full costs, taking into account the empirical data and the cost benchmarks determined by the Association of German Crude Oil and Natural Gas Producers, with comparable assumptions being available for foreign subsidiaries. Should any changes in interest rates or estimates in terms of the time or the level of payouts lead to changes in this provision, then the carrying amount of the associated asset is adjusted accordingly; an excess amount must be recorded with direct impact on income.

Liabilities comprise financial liabilities, accounts payable trade and other liabilities. Financial liabilities are classified in the category “valued at amortised cost of acquisition” or, on the case of financial derivatives, in the category “financial liabilities at fair value through profit or loss” and here under “held for trading” or “designated as hedging instruments”.

Liabilities recognised for the first time are stated at fair value. For subsequent periods, liabilities, with the exception of financial derivatives, are valued at amortised cost of acquisition.

Prepayments received from customers and deferred tax liabilities are reported under other liabilities.

Derivative financial instruments are reported as assets or liabilities. All derivative financial instruments are measured at fair value regardless of their purpose. Derivative hedge transactions are reported in the balance sheet as at the relevant transaction dates. Changes in the fair value are recognised with an effect on income unless the instruments are used for hedge accounting purposes. Transaction costs neither arise in the year under review nor in the previous year.

Cash flow hedges are used to hedge the risk of variability in cash flows related to an asset or liability carried on the balance sheet or related to a highly probable forecast transaction. If a cash flow hedge exists, unrealised gains and losses from the hedging instrument are initially stated as other comprehensive income. Generally, such gains or losses are disclosed in the income statement when the hedged underlying transaction has an effect on income. If forecast transactions are hedged and such transactions lead to recognition of a financial asset or financial liability in subsequent periods, the amounts that were recognised in equity until this point in time are recognised in the income statement in the period during which the asset or liability affects the income statement.

IAS 39 establishes certain requirements when accounting for hedging transactions. In particular, hedging relationships need to be documented in detail and be effective, i.e. the changes in fair value of the hedge must lie within a bandwidth of 80 to 125% to the diametrically opposed changes in fair value of the underlying transaction, both prospectively and retrospectively. Only the effective portion of a hedging relationship may be accounted for according to the rules described for cash flow hedges. The ineffective part of the hedge is immediately taken to the income statement.

Agreements concluded for the purpose of receiving of supplying non-financial items in accordance with the company’s expected buying, selling or utilisation demand and held for this purpose (own consumption agreements) are not accounted for as financial derivatives but as pending transactions. If the agreements contain embedded derivatives, then the derivatives will be accounted for separately from the underlying agreement if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the underlying agreement.

Contingent liabilities are possible obligations to third parties or existing obligations where an outflow of resources is improbable or the extent thereof cannot be reliably determined. Contingent liabilities are not reported in the balance sheet. They have to be disclosed in the notes unless the possibility of an outflow of resources embodying benefits is remote.

Important estimates and assumptions

Preparation of the consolidated financial statements on the basis of IFRS requires management to make estimates and assumptions that affect the amounts reported for assets, liabilities, income and expenses as well as disclosed contingent liabilities and fair values. The assumptions and estimates are mainly concerning oil and natural gas reserves, the recognition and measurement of provisions (particularly decommissioning provisions), the recoverability of intangible assets and property, plant and equipment as well as recognition of derivatives including application of hedge accounting.

Estimates of oil and natural gas reserves are applied to determine the value in use within in the framework of the impairment test as well as for the production-related depreciation and amortisation using the unit-of-production method. Reserves are estimated by the Group’s own qualified engineers and geoscientists applying standardised valuation methods and classified correspondent to international industry standards. This process is subject to defined principles and takes place on a regular basis. Furthermore the estimates are verified by independent consultants (generally on an annual basis).

Key assumptions within impairment tests for intangible assets and property, plant and equipment relate to estimated reserves, forecasts for market prices of crude oil and natural gas, production forecasts as well as discount rates.

Decommissioning provisions mainly require estimates and assumptions with regard to terms, exchange rates, costs to be considered and discount rates. Due to changes in relation to these items, the future actual cash outflows can be different.

With regard to pension provisions and similar obligations, the discount rate is one of the very important estimates. The discount factor for pension obligations is determined on the basis of yields on highly quality, fixed-rate corporate bonds on the financial markets as of the balance sheet date.

In accounting for derivative financial instruments, assumptions have to be made as to whether the principles of hedge accounting apply. In addition, for certain contracts a decision is required as to whether they are to be recognised as derivatives or treated as pending transactions like so-called own use contracts.

All assumptions and estimates are based on conditions and evaluations made as at the balance sheet date. In addition, with regard to expected future business trends, the future development (considered realistic at the present time) of the economic environment in the industries and regions in which the DEA Group operates was taken into account. Depending on changes of the fundamentals the actual amounts may deviate from those estimated. If the actual trend deviates from the assumed developments, then the assumptions and, if necessary, the carrying amounts of the assets and liabilities concerned will be adjusted accordingly.

As of the date of preparation of the consolidated financial statements, it is not presumed that there will be a material change in the assumptions and estimates.

Changes in accounting policies

The International Accounting Standards Board (IASB) has adopted changes in the existing International Financial Reporting Standards (IFRS), which became effective for the DEA Group as of 1 April 2015:

- Amendments to IAS 19 (2013) "Defined Benefit Plans: Employee Contributions"
- Improvements to IFRSs 2010–2012 (2013)

The first-time adaption does not have any material effects on the DEA Group's consolidated financial statements.

New accounting policies

The IASB and the IFRS IC have adopted further standards as well as amendments to standards, which were not yet mandatory in the European Union (EU) for fiscal years which begin on 1 April 2015. The most important changes are presented below. EU endorsement is still pending in some cases.

IFRS 9 (2014) "Financial Instruments" replaces the previous regulations of IAS 39 for the classification and measurement of financial assets and contains minor changes in relation to the measurement of financial liabilities. With the new standard, there is a decline in the number of measurement categories for financial assets. IFRS 9 (2014) becomes effective for the first time for fiscal years starting on or after 1 January 2018.

IFRS 15 (2014) "Revenue from Contracts with Customers" mainly encompasses to what extend and at which date or over which period of time, respectively, revenues are to be recognised. IFRS 15 (2014) becomes effective for the first time for fiscal years starting on or after 1 January 2018.

IFRS 16 (2016) "Leases" replaces the previous regulations of IAS 17 and IFRIC 4 in respect of the accounting of leases in the financial statements of lessees and lessors. IFRS 16 (2016) is applicable for the first time for reporting years that begin on or after 1 January 2019.

Amendments to IAS 12 (2016) "Recognition of Deferred Tax Assets for Unrealised Losses": The application of which is obligatory in fiscal years that begin on or after 1 January 2017.

We are currently reviewing what effects the new standards will have on the DEA Group's consolidated financial statements.

The following standards, amendments to standards, and interpretations are not expected to have any material effects on the DEA Group's consolidated financial statements:

- Improvements to IFRSs 2012–2014 (2014)
- IFRS 14 (2014) "Regulatory Deferral Accounts"
- Amendments to IAS 27 (2014) "Equity Method in Separate Financial Statements"

- Amendments to IAS 16 and IAS 41 (2014) “Bearer Plants”

- Amendments to IAS 16 and IAS 38 (2014) “Clarification of Acceptable Methods of Depreciation and Amortisation”

- Amendments to IFRS 11 (2014) “Accounting for Acquisitions of Interests in Joint Operations”

- Amendments to IFRS 10, IFRS 12 and IAS 28 (2014) “Investment Entities: Applying Consolidation Exception”

- Amendments to IAS 1 (2014) “Disclosure Initiative”

The application becomes effective for the first time for fiscal years starting on or after 1 January 2016.

- Amendments to IFRS 10 and IAS 28 (2014) “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

For EU entities the date of initial application has been postponed for an undefined period of time.

Notes to the Income Statement

(1) Sales revenues

Sales revenues are recognised in principle when a service has been rendered or goods have been supplied and the associated risks have passed to the customers.

€ '000	April–December 2015	January–March 2015
Oil	709,385	183,899
Germany/Denmark	296,756	87,513
Norway	340,394	70,665
Egypt	72,235	25,721
Gas	401,808	127,911
Germany/Denmark	250,525	89,083
Norway	81,292	21,198
Egypt	69,991	17,630
Others	31,004	10,600
Germany/Denmark	22,797	7,502
Norway	8,207	3,097
Egypt	—	1
	1,142,197	322,410

The oil revenues comprise income from commodity derivatives in the amount of € 128,479,000 (previous year: € 41,377,000).

(2) Energy tax expense

Only the declared energy tax expense portion of the sales revenues in the amount of € 756,000 (previous year: € 119,000) is openly reported.

(3) Other operating income

€ '000	April–December 2015	January–March 2015
Income from other own work capitalised	13,843	4,380
Income from intangible assets/property, plant and equipment/investment property		
from disposals	4,375	2,200
from reversals of impairment losses (see note 6)	1,585	21,553
Currency gains	47,034	84,312
Income from financial derivatives	1,610	7,964
Income from cost transfers/refunds	22,030	11,163
Income from release of provisions	23,398	4,211
Income from reversals of impairment losses (accounts receivables and other assets)	5,232	6,320
Income from refund of initial costs (Raven Unitisation)	—	13,434
Other operating income	8,529	3,843
	127,636	159,380

As in the previous year, the income from reversals of impairment losses (accounts receivables and other assets) is related to impaired receivables for which payments were received.

Exploration activities account for other operating income amounting to € 12,870,000 (previous year: −€ 2,922,000).

(4) Cost of materials

€ '000	April–December 2015	January–March 2015
Cost of raw materials, supplies and merchandise	162,515	9,040
Cost of purchased services	237,634	107,751

	400,149	116,791

Exploration activities account for cost of material of € 48,092,000 (previous year: € 36,801,000).

The cost of purchased services comprise lease expenses relating to production facilities of € 15,891,000 (previous year: € 2,940,000).

(5) Personnel cost

€ '000	April–December 2015	January–March 2015
Wages and salaries	99,112	31,461
Social security, pensions and other benefits	27,279	9,769
Thereof pensions	(15,072)	(4,597)
	126,391	41,230

In the short fiscal year the average size of the DEA Group's workforce (excluding discontinued operations) converted to employee equivalents was 1,395 (previous year: 1,385), of which 1,083 (previous year: 1,085) in Germany. Full-time employees are included in the employee equivalents to an extent of 100%. Part-time employees, or employees with agreements subject to time limits are only recorded to the extent of their part-time quota or their employment time in relation to the annual time worked. In addition, the number of apprentices employed as 31 December 2015 (headcount) was 19 (previous year: 21).

Exploration activities account for personnel expenses of € 7,579,000 (previous year: € 2,992,000).

(6) Amortisation/depreciation and impairment losses

Amortisation/depreciation and impairment losses on intangible assets, property, plant and equipment as well as investment property are composed as follows:

€ '000	April–December 2015	January–March 2015
Intangible assets		
Scheduled amortisation	43,340	13,014
Impairment losses[1]	96,448	228,138
Property, plant and equipment and investment property		
Scheduled depreciation	222,526	62,846
Impairment losses	134,047	102,523
	496,361	406,521

(1) Prior-year figures include impairment loss on goodwill (€ 10,764,000).

In the year under review impairments had to be carried out due to lower profitability of assets and portfolio measures.

In the year under review reversals of impairment losses were accounted for investment property of € 9,000 as well as on property, plant and equipment in the amount of € 1,576,000 (previous year: € 5,492,000). In the previous year, moreover, reversals of impairment losses on intangible assets were accounted in the amount of € 16,061,000. Income from reversals of impairment losses are recognised as other operating income.

Extraordinary amortisation/depreciation and impairment losses relate to the following cash-generating units and assets:

	April–December 2015		
Cash-generating units/assets	Impairment loss €'000	Reversal of an impairment loss €'000	Recoverable amount after tax million €
Cash-generating units in production Europe	63,720	—	107.5
Cash-generating units in production North Africa	123,517	1,576	491.4
Individual assets in exploration	43,258	—	−20.4
Investment property	—	9	0.4

	230,495	1,585	

Cash-generating units/assets	January–March 2015 Impairment loss €'000	Reversal of an impairment loss €'000	Recoverable amount after tax million €
Cash-generating units in production Europe	—	5,492	54.4
Cash-generating units in production North Africa	130,179	16,061	476.6
Individual assets in exploration	189,719	—	−19.4
	319,898	21,553	

The determination of the recoverable amount is based on the value in use.

Exploration activities account for amortisation/depreciation and impairment losses of € 45,438,000 (previous year: € 189,796,000).

(7) Other operating expenses

€ '000	April–December 2015	January–March 2015
Currency losses	60,531	17,014
Expenses from financial derivatives	82,946	68,472
Legal, consultancy and IT expenses	16,883	6,274
Rentals and leasing	7,730	2,438
Insurance	4,168	440
Royalties	2,395	489
Losses from disposal of intangible assets/property, plant and equipment/investment property	26,949	5,487
Charges on account of administrative expenses of partners	60,974	20,908
Additions to other provisions	48,867	34,789
Impairments and write-offs of financial assets	30,362	18,315
Impairments on non-financial assets	8,639	—
Licence fees	580	8,693
Distribution costs	2,249	297
Miscellaneous other items	18,562	9,788
	371,835	193,404

Miscellaneous other items essentially include administrative expenses for the company's own organisation as well as contributions.

Exploration activities account for € 79,834,000 (previous year: € 49,268,000) in other operating expenses.

(8) Income from investments

€ '000	April–December 2015	January–March 2015
Income from loans to non-consolidated affiliates	1	—
Impairment on shares in non-consolidated affiliates	—	−160
Income from participations	371	—
	372	−160

(9) Financial result

€ '000	April–December 2015	January–March 2015
Interest and similar income	63,870	3,174
Thereof from affiliated companies	(44,244)	(4)
Financial income	**63,870**	**3,174**
Interest and similar expenditure	−50,177	−1,037
Thereof to affiliated companies	(−10,463)	(−590)
Interest from additions to		
Provisions for pensions and similar obligations less plan assets (net pension obligations)	−1,949	−725
Provisions for reconditioning of sites and plugging of wells	−13,192	−4,382
Other provisions	258	−372
Other financial expenses	−3	—
Financial expenses	**−65,063**	**−6,516**
Financial result	**−1,193**	**−3,342**

The interest from addition to provisions include the annual compounding amounts as the net present value of non-current provisions is rolled over into the next fiscal year as well as effects of changes in the discount rates of other provisions. Furthermore the interest income on plan assets for the coverage of pension obligations is included.

In connection with the acquisition and production of qualified assets, in the year under review borrowing costs amounting to € 4,399,000 (previous year: € 431,000) were capitalised as part of acquisition and production costs. In the short fiscal year the financing cost rate applied in this context was between 2.4% and 2.5%. In the previous year the financing cost rate was 0.75%.

Exploration activities account for financial result of € 257,000 (previous year: −€ 7,000).

(10) Income taxes

€ '000	April–December 2015	January–March 2015
Current income taxes		
Germany	34,068	20,235
Foreign operations	−9,111	−661
Deferred taxes		
arising from temporary differences	−45,422	11,863
resulting from loss carry-forwards	47,075	−47,975
	26,610	−16,538

Current income taxes relate to expenses from other periods, amounting to € 15,425,000 (previous year: € 660,000).

The average consolidated income tax rate on earnings generated by companies liable to German taxation generally accounts for 30.14% (previous year: 30.13%). Deferred taxes of foreign subsidiaries are based on the tax-related conditions prevailing in the countries in question.

Taxes on income are derived from the theoretical tax expenses as follows:

€ '000	April–December 2015	January–March 2015
Income before taxes	−126,480	−279,777

Theoretical tax expenses 30.14% (previous year: 30.13%)	−38,121	−84,325
Changes in theoretical tax expenses due to:		
Differences versus foreign tax rates	26,534	−19,188
Taxes relating to a different accounting period	−14,765	−660
Tax effects on		
other tax-free earnings and earnings from foreign operations	26,762	−6,305
expenses not deductible for tax purposes	4,407	13
different trade tax assessment bases and tax rates	632	36,602
consolidation effects	−8,654	43,884
changes in tax loss carry-forwards	4,868	—
lump-sum tax	9,000	3,000
Other	15,947	10,441
Effective tax expense	26,610	−16,538
Effective tax rate in %	n.a.	5.91

(11) Result from discontinued operations

The sold subsidiaries DEA UK E&P Holdings Limited and DEA UK SNS Limited were classified as a discontinued operation according to IFRS 5. Accordingly, the results of the companies were reported as results from discontinued operations in the income statement. With the classification as discontinued operation as of 30 September 2015, a measurement at the agreed purchase price was carried out. This resulted in an impairment requirement after tax amounting to € 145,124,000. The disposal of the companies as of 30 November 2015 led to a remaining loss on deconsolidation in the amount of € 74,927,000.

€ ’000	April–November 2015	January–March 2015
Post-tax result of discontinued operations		
Sales revenues	192,452	96,282
Other income/expenses	−221,161	−137,322
Result before taxes	−28,709	−41,040
Income taxes	7,450	46,871
thereof deferred tax income	(7,700)	(46,937)
Result after taxes	−21,259	5,831
Impairment loss	−180,053	—
Deferred tax income	34,929	—
Impairment loss, net	−145,124	—
Remaining loss on deconsolidation (including disposal costs)	−74,927	—
Result from discontinued operations	−241,310	5,831

In the previous year deferred tax income in the amount of € 30,950,000 relate to a change in the tax rate in the United Kingdom.

In connection with the disposal the following assets and liabilities were derecognised:

	€’000
Non-current assets	1,057,892
Current assets	64,752
thereof cash and cash equivalents	(23,303)
Non-current liabilities	234,810
Current liabilities	82,311

The sales price of € 628,723,000 consists of cash amounting to € 532,878,000.

Notes to the Balance Sheet

(12) Intangible assets

€’000	Exploration	Other intangible assets	Goodwill	Total
At cost of acquisition and production				
1 April 2015	761,093	635,297	10,764	1,407,154

Changes in scope of consolidation	265,347	−328,189	103,704	40,862
Additions	77,127	18,935	—	96,062
Transfers	−1,804	—	—	−1,804
Currency translation adjustments	−15,690	9,130	—	−6,560
Disposals	149,894	80,610	10,764	241,268
31 December 2015	936,179	254,563	103,704	1,294,446
Accumulated amortisation and impairment losses				
1 April 2015	361,118	340,784	10,764	712,666
Changes in scope of consolidation	173,693	−345,611	—	−171,918
Amortisation/impairment losses	45,340	281,773	—	327,113
Transfers	—	—	—	—
Currency translation adjustments	−699	4,803	—	4,104
Disposals	119,763	82,586	10,764	213,113
Reversal of impairment losses	—	—	—	—
31 December 2015	459,689	199,163	—	658,852
Carrying amount 31 December 2015	476,490	55,400	103,704	635,594
At cost of acquisition and production				
1 January 2015	710,153	616,344	10,764	1,337,261
Changes in scope of consolidation	—	—	—	—
Additions	58,294	9,278	—	67,572
Transfers	—	−69	—	−69
Currency translation adjustments	16,005	21,751	—	37,756
Disposals	23,359	12,007	—	35,366
31 March 2015	761,093	635,297	10,764	1,407,154
Accumulated amortisation and impairment losses				
1 January 2015	179,961	296,312	—	476,273
Changes in scope of consolidation	—	—	—	—
Amortisation/impairment losses	178,635	61,277	10,764	250,676
Transfers	—	−55	—	−55
Currency translation adjustments	2,522	11,317	—	13,839
Disposals	—	12,006	—	12,006
Reversal of impairment losses	—	16,061	—	16,061
31 March 2015	361,118	340,784	10,764	712,666
Carrying amount 31 March 2015	399,975	294,513	—	694,488

The additions in exploration mainly relate to capitalised expenditures for successful or not yet completed exploration wells.

(13) Property, plant and equipment

€ ’000	Land and buildings	Oil and gas assets	Other plant, machinery and equipment	Fixtures and fittings and office equipment	Total
At cost of acquisition and production					
1 April 2015	104,623	6,153,070	154,558	51,584	6,463,835
Changes in scope of consolidation	−119	1,072,428	—	3,382	1,075,691
Additions	397	356,031	2,865	2,042	361,335
Transfers	151	−168	−263	304	24
Currency translation adjustments	−26	−155,275	—	−442	−155,743
Disposals	546	287,017	1,951	1,209	290,723
31 December 2015	104,480	7,139,069	155,209	55,661	7,454,419
Accumulated depreciation and impairment losses					
1 April 2015	65,911	3,565,526	127,684	36,592	3,795,713
Changes in scope of consolidation	−8	1,031,489	—	916	1,032,397
Depreciation/impairment losses	2,467	441,743	2,485	3,331	450,026
Transfers	2	−2	—	—	—
Currency translation adjustments	−4	−113,610	—	−277	−113,891
Disposals	67	138,564	658	1,182	140,471
Reversal of impairment losses	—	1,576	—	—	1.576
31 December 2015	68,301	4,785,006	129,511	39,380	5,022,198
Carrying amount					
31 December 2015	36,179	2,354,063	25,698	16,281	2,432,221
At cost of acquisition and production					
1 January 2015	100,145	5,923,830	120,237	50,042	6,194,254
Changes in scope of consolidation	—	—	—	—	—
Additions	600	166,124	2,965	1,027	170,716
Transfers	3,858	−36,035	31,574	221	−382
Currency translation adjustments	20	190.685	—	390	191,095
Disposals	—	91,534	218	96	91,848
31 March 2015	104,623	6,153,070	154,558	51,584	6,463,835
Accumulated depreciation and impairment losses					
1 January 2015	65,014	3,312,895	97,687	34,598	3,510,194
Changes in scope of consolidation	—	—	—	—	—
Depreciation/impairment losses	810	220,550	794	1,830	223,984
Transfers	86	−29,636	29,419	−6	−137
Currency translation adjustments	1	101,006	—	226	101,233
Disposals	—	33,797	216	56	34,069
Reversal of impairment losses	—	5,492	—	—	5,492
31 March 2015	65,911	3,565,526	127,684	36,592	3,795,713
Carrying amount					
31 March 2015	38,712	2,587,544	26,874	14,992	2,668,122

Additions to the oil and gas assets above all comprise investments in the field developments in Egypt (Disouq and in West Nile Delta), in Algeria (Reggane Nord) as well as in Norway (Knarr and infrastructure facilities), the extension of

the Mittelplate/Dieksand oil field as well as in wells and production facilities in the gas operations in Lower Saxony and in Norwegian production facilities.

(14) Investment Property

€ '000	Investment property
At cost of acquisition and production	
1 April 2015	29,178
Additions	—
Transfers	—
Disposals	160
31 December 2015	29,018
Accumulated depreciation and impairment losses	
1 April 2015	25,088
Depreciation/impairment losses	323
Transfers	—
Disposals	16
Reversal of impairment losses	9
31 December 2015	25,386
Carrying amount 31 December 2015	3,632
At cost of acquisition and production	
1 January 2015	28,985
Additions	—
Transfers	451
Disposals	258
31 March 2015	29,178
Accumulated depreciation and impairment losses	
1 January 2015	24,764
Depreciation/impairment losses	137
Transfers	192
Disposals	5
Reversal of impairment losses	—
31 March 2015	25,088
Carrying amount 31 March 2015	4,090

Investment properties are valued at amortised cost of acquisition or production. The fair value of investment property amounts to € 21,400,000 (previous year: € 28,113,000). For vacant properties the fair value is derived from current land appraisal tables (level 2 of fair value hierarchy) and for real estate the fair value measurement is based on the discounted cash flow method using actual and customary comparative rentals (level 3 of fair value hierarchy) or, if applicable, on available sale prices (level 2 of fair value hierarchy). Accordingly the fair value is allocated to level 2 in the amount of € 7,128,000 (previous year: € 9,374,000) and to level 3 in the amount of € 14,272,000 (previous year: € 18,739,000). The rental income from investment property is € 640,000 (previous year: €−). Direct operating expenses for rented investment property for the reporting period amounted to € 73,000 (previous year: €−).

(15) Financial investments

Financial investments comprise interests in three (previous year: two) non-consolidated subsidiaries with an amount of € 365,000 (previous year: € 365,000) and other investments unchanged at € 151,000. The fair value of financial investments essentially corresponds to their carrying amount.

(16) Financial receivables

	31-12-2015		31-03-2015	
€ '000	non-current	current	Non-current	current
Loans to affiliated companies	2,065,369	24	—	—
Loans to participations	221	—	231	—
Other loans	99,029	—	8,561	—
	2,164,619	24	8,792	—

The non-current loans to affiliated companies relate to an USD-loan which was granted by DEA Deutsche Erdoel AG to L1E Funding GmbH in return for a debt assumption (see note 24). The loan carries floating interest rates (LIBOR plus margin) and runs until 31 December 2021.

(17) Other receivables and other assets

€ '000	31-12-2015 non-current	31-12-2015 current	31-03-2015 non-current	31-03-2015 current
Derivatives	43,620	119,588	1,441	127,949
Prepayments	—	62,710	—	46,443
Prepaid expense	17,806	47,050	16,529	59,337
Receivables from finance leasing	72,853	5,675	77,109	5,492
Receivables from interest reduction	27,605	17,406	45,158	17,613
Receivables from production underlift	—	8,654	—	26,627
Receivables from other taxes	—	715	—	2,302
Contingent purchase price receivable	—	15,350	16,920	—
Cost carried forward Ras Budran	—	—	—	10,533
Miscellaneous other assets	100	26,674	—	30,004
	161,984	303,822	157,157	326,300

With the exception of derivative financial instruments and the contingent purchase price receivable which are measured at fair value, the other accounts receivables and other assets are reported at amortised costs. The amortised costs largely correspond to their fair values. The fair value of the purchase price receivable decreased by € 1,570,000 due to an adjusted probability estimate which is based on the current project progress (previous year: decrease by € 1,770,000).

The receivables from finance lease refer to the lease of two gas storage facilities. Gross investments in leasing agreements amount to € 101,255,000 (previous year: € 108,158,000) and are broken down as follows at the present value minimum lease payments:

€ '000	31-12-2015	31-03-2015
Gross investments	101,255	108,158
unrealised interest income	22,727	25,557
present value of minimum lease payments	78,528	82,601

Minimum lease payments for receivables from finance lease agreements have the following terms of maturity:

€ '000	31-12-2015 Nominal value	31-12-2015 Present value	31-12-2015 Difference from discounting	31-03-2015 Nominal value	31-03-2015 Present value	31-03-2015 Difference from discounting
Due in up to 1 year	9,205	8,809	396	9,205	8,809	396
Due in 1–5 years	36,820	31,606	5,214	36,820	31,606	5,214
Due after more than 5 years	55,230	38,113	17,117	62,133	42,186	19,947
	101,255	78,528	22,727	108,158	82,601	25,557

(17) Other receivables and other assets

Rental income recorded in the short fiscal year amounted to € 9,205,000 (previous year: € 2,301,000).

The fair value of receivables from finance leases corresponds at least equal to the book value. Detailed amounts are not stated because assumptions with regard to the calculation of different variables over an extended period are required.

(18) Deferred taxes

Deferred tax assets and liabilities of € 74,366,000 and € 544,164,000 (previous year: € 85,669,000 and € 342,080,000) relate to valuation differences versus tax balance sheets and the capitalisation of tax loss carry-forwards.

The deferred tax assets and liabilities are allocable to the following balance sheet items:

	31-12-2015		31-03-2015	
€ '000	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Non-current assets	37,118	714,499	50,900	712,624
Current assets	10,686	85,624	11,015	59,670
Tax-related special items	—	8,178	—	8,387
Non-current liabilities				
Pension provisions	36,235	—	47,400	—
Other non-current provisions/ liabilities	133,466	3,202	26,667	1,566
Other current provisions/liabilities	23,328	1	46,325	849
	240,833	811,504	182,307	783,096
Loss carry-forwards	100,873	—	344,378	—
Gross	341,706	811,504	526,685	784,171
Netting	−267,340	−267,340	−441,016	−441,016
Net amount	74,366	544,164	85,669	342,080

Deferred tax assets and liabilities for each company are netted. Deferred taxes on loss carry-forwards are netted against deferred tax liabilities.

In the year under review, deferred tax of −€ 13,327,000 (previous year: € 9,903,000) were netted against equity with no effect on profit or loss. They result from the valuation of derivative financial instruments with no effect on profit or loss, amounting to € 2,214,000 (previous year: € 3,935,000) as well as from the remeasurement of defined benefit plans amounting to −€ 15,541,000 (previous year: € 5,968,000).

Effects resulting from currency translation of deferred tax items in foreign financial statements amounting to € 27,043,000 (previous year: −€ 16,139,000) were recognised with no impact on profit or loss.

Deferred tax assets as a rule comprise capitalised tax credit claims resulting from the expected utilisation of loss carry-forwards in subsequent years. The realisation of these loss carry-forwards is guaranteed to an adequate level of certainty. The amount of loss-carry-forwards not covered by deferred tax claims totals € 30,937,000 (previous year: € 54,131,000).

Of the total amount of deferred tax assets and deferred tax liabilities, € 45,554,000 (previous year: € 106,447,000) and € 197,532,000 (previous year: € 182,857,000) are expected to be realised within twelve months.

(19) Inventories

€ '000	31-12-2015	31-03-2015
Raw materials, supplies and merchandise	81,461	75,114
Finished goods	402	570
Prepayments for inventories	19	43
	81,882	75,727

Inventories are charged by cumulated impairments in the amount of € 43,697,000 (previous year: € 39,947,000). Of raw materials, supplies and merchandise, € 2,515,000 (previous year: € 2,674,000) are allocated to the exploration division.

(20) Trade accounts receivable

€ '000	31-12-2015	31-03-2015
Trade accounts receivable	405,966	369,162
Accounts receivable from affiliated companies	359,885	3
Accounts receivable from participations	—	30,552
	765,851	399,717

(21) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and bank deposits with original maturities of up to three months.

There are no restraints on disposal of cash and cash equivalents.

(22) Equity

A breakdown of equity is shown on page 6.

The subscribed capital and capital reserves relate to DEA Deutsche Erdoel AG. The subscribed capital is divided up into 13,440,000 shares with full voting rights.

Since 2 March 2015 the shares in DEA Deutsche Erdoel AG are totally held by L1E Acquisitions GmbH, Hamburg. Beforehand BGE Beteiligungs-Gesellschaft für Energieunternehmen mbH, Essen, a wholly owned subsidiary of RWE Aktiengesellschaft headquarted in Essen, was the sole owner of DEA Deutsche Erdoel AG.

Equity capital includes changes to the fair value of cash flow hedges, taking account of deferred taxes, changes to the fair value of financial assets available for sale and currency translation differences relating to foreign financial statements in the revaluation reserve. Changes in actuarial gains and losses from defined benefit pension plans and similar obligations taking into account deferred taxes are immediately assigned to retained earnings.

In the other comprehensive income, changes to fair values with no impact on profit and loss were recorded in the year under review in connection with the hedge instruments deployed in the form of cash flow hedges, in the amount of € 47,853,000 (previous year: −€ 4,818,000). These changes in value represent the effective portion of hedge relationships and include both existing cash flow hedges and prematurely terminated hedging transactions. In the year under review, € 47,620,000 from cash flow hedges (previous year: € 8,507,000) were realised as income (previous year: income). Reclassification were made against sales revenues amounting to € 128,479,000 (previous year: € 41,377,000), against other operating income in the amount of €−(previous year: € 536,000) as well as against other operating expenses, at € 80,859,000 (previous year: € 33,406,000).

Non-controlling interests relate to Speicher Breitbrunn/Eggstätt DEA & Storengy GbR.

(23) Provisions

The following discount rates are applied to determine the present value of non-current provisions:

	31-12-2015	31-03-2015
Decommissioning provisions	2.40–6.19%	1.95–5.53%
Provisions for anniversaries	2.45%	1.55%
Provisions for early retirement benefits	0.50%	0.50%
Other provisions		
with terms of 5–10 years	2.75%	2.25%
with terms of 1–4 years	2.00%	1.75%

For decommissioning provisions country-/currency-specific interest rates are applied. The obligations were held in Germany, Norway, Denmark and Algeria. The interest rate change has been effected in the amount of −€ 31,699,000 (previous year: € 13,304,000). The other provisions with term maturity greater than one year only relate to obligations in the Euro area.

	31-12-2015			31-03-2015		
€ '000	non-current	current	total	non-current	current	total
Provisions for pensions and similar obligations	120,088	—	120,088	161,428	—	161,428

Decommissioning provisions	535,167	34,017	569,184	641,026	68,644	709,670
Other provisions						
Obligations arising from personnel divison	4,481	20,000	24,481	8,687	11,980	20,667
Obligations relating to environmental protection and pollution clean-up	1,978	7,262	9,240	2,904	6,483	9,387
Miscellaneous other provisions	3,536	180,333	183,869	5,042	135,247	140,289
	9,995	207,595	217,590	16,633	153,710	170,343
	665,250	241,612	906,862	819,087	222,354	1,041,441

The provisions comprise commitments from exploration commitments in the amount of € 139,397,000 (previous year: € 107,607,000).

Breakdown of provisions:

€ '000	As of 01-04-2015	Changes in scope of consolidation	Addition	Release	Interest component(1)	Other changes(2)	Amounts used	As of 31-12-2015
Provisions for pensions and similar obligations	161,428	8,881	14,453	—	1,949	−51,070	15,553	120,088
Decommissioning provisions	709,670	−98,421	26,441	64,385	21,006	−8,777	16,350	569,184
Other provisions	170,343	19,016	62,696	20,753	−258	−1,492	11,962	217,590
	1,041,441	−70,524	103,590	85,138	22,697	−61,339	43,865	906,862

(1) Interest components included in additions/interest rate changes affecting net income

(2) Currency adjustments, transfers, neutral changes

€ '000	As of 01-01-2015	Addition	Release	Interest component(1)	Other changes(2)	Amounts used	As of 31-03-2015
Provisions for pensions and similar obligations	138,098	4,283	—	725	20,408	2,086	161,428
Decommissioning provisions	670,042	37,954	27,698	6,444	23,821	893	709,670
Other provisions	132,293	69,469	6,527	372	614	25,878	170,343
	940,433	111,706	34,225	7,541	44,843	28,857	1,041,441

(1) Interest components included in additions/interest rate changes affecting net income

(2) Currency adjustments, transfers, neutral changes

Provisions for pensions and similar obligations

The company pension plan consists of defined benefit and defined contribution schemes. Defined benefit schemes are in Germany and Norway. With the acquisition of DEA E&P Norge AS there is an additional defined benefit scheme in Norway.

DEA Deutsche Erdoel AG has transferred assets to Towers Watson Treuhand e. V. within a framework of Contractual Trust Arrangements (CTA) as well as to Towers Watson Pensionsfonds AG for insolvency insurance of parts of the company pension plan.

Towers Watson Pensionsfonds AG falls under the scope fo the Act on Supervision of Insurance Undertakings and Oversight by the Federal Financial Supervisory Agency (BaFin). Insofar as a regulatory deficit occurs in the pension fund, supplementary payment shall be requested from the employer. Independently of the aforementioned rules, the liability of the employer shall remain in place. The bodies of Towers Watson Treuhand e. V. and Towers Watson Pensionsfonds AG are responsible for ensuring that the funds under management are used in compliance with the contract and thus fulfil the requirements for recognition as plan assets.

Within the scope of the Contractual Trust Arrangement (CTA) € 15,390,000 were transferred to Towers Watson Treuhand e. V. in the year under review.

The amount of the provision for defined benefit pension schemes was determined on the basis of actuarial methods on the following underlying assumptions. The mortality tables currently effective in the respective countries are applied.

	31-12-2015		31-03-2015	
	Germany	Norway	Germany	Norway
Discount rate	2.45%	2.50%	1.55%	2.50%
Salary growth rate	2.35%	2.50%	2.35%	3.00%
Pension growth	1.00 and 1.60%	1.75 and 2.25%	1.00 and 1.60%	1.75%

The change in the way of derivation of the discount rate is a change in accounting estimates according to IAS 8 and has an effect on the provision as well as on the equity amounting to € 7,114,000 with no impact on profit or loss.

	31-12-2015				31-03-2015			
Composition of plan assets (fair value) € '000	**Germany**	**thereof active market**	**Norway**	**thereof active market**	**Germany**	**thereof active market**	**Norway**	**thereof active market**
Equity instruments	117,989	117,989	1,924	1,468	132,202	132,202	1,603	1,088
Interest-bearing instruments	292,730	292,730	17,652	17,652	301,881	301,881	10,887	10,887
Real estate	—	—	3,205	—	—	—	2,147	—
Mixed funds	—	—	—	—	—	—	—	—
Alternative investments	—	—	—	—	—	—	—	—
Other	2,588	—	1,754	217	2,224	—	484	—
	413,307	410,719	24,535	19,337	436,307	434,083	15,121	11,975

The investment policy in the DEA Group is based on a detailed analysis of the plan assets and the pension obligations as well as the relation of these two items to each other. On behalf of the DEA investment advisory committee a comprehensive asset liability management study (ALM study) was conducted in 2015. As a target value several asset key figures are considered relative to the amount of pension obligations in various scenarios. The sensitivities of the obligation and the capital assets in relation to the change of the market interest rate are taken into account with particular attention. By using a comparable analysis of different allocations those portfolios within the scope of a given risk were identified that yield the best target value. Based on the efficient portfolios the strategic asset allocation was derived as well as the related risk broadly analysed. Recommendations for the improvement of strategic asset allocation by including further asset classes were elaborated within the ALM study. Therefore two new asset classes were implemented n December.

The focus of the strategic investment policy is still on European government and corporate bonds. In order to increase average yield and diversification, high-yield corporate bonds and emerging-market bonds are also included in the portfolio. The ratio of global equities in the portfolio is lower than that of bonds. The investment position in equities is intended to earn a risk premium over bond investment over the long term.

(23) Provisions

€ '000	Present value of defined benefit obligations	Fair value of plan assets	Total
As at 01-01-2015	**567,383**	**−429,285**	**138,098**
Current service cost	4,283	—	4,283
Interest expense/(income)	3,019	−2,294	725
	7,302	**−2,294**	**5,008**
Remeasurements			
Return on plan assets, excluding amounts already recognised in interest income	—	−25,210	−25,210
Gains/losses from changes in demographic assumptions	—	—	—
Gains/losses from changes in financial assumptions	46,554	—	46,554
Experience gains/losses	−1,399		−1,399
	45,155	**−25,210**	**19,945**
Effect of exchange rate differences	982	−519	463
Transfers	—	—	—
Contribution to the funded plans:			
Employers	—	−2,081	−2,081
Employee	—	—	—
Benefit payments	−7,966	7.961	−5
As at 31-03-2015	**612,856**	**−451,428**	**161,428**
As at 01-04-2015	**612,856**	**−451,428**	**161,428**
Current service cost	14,453	—	14,453
Interest expense/(income)	7,192	−5,243	1,949
	21,645	**−5,243**	**16,402**
Remeasurements			
Return on plan assets, excluding amounts already recognised in interest income	—	22,056	22,056
Gains/losses from changes in demographic assumptions	—	—	—
Gains/losses from changes in financial assumptions	−74,920	—	−74,920
Experience gains/losses	2,975	—	2,975
	−71,945	**22,056**	**−49,889**
Effect of exchange rate differences	−2,563	1,382	−1,181
Transfers	—	—	—
Contribution to the funded plans:			
Employers	—	−15,539	−15,539
Employee	312	−312	—
Benefit payments	−22,118	22,104	−14
Changes in scope of consolidation	19,743	−10,862	8,881
As at 31-12-2015	**557,930**	**−437,842**	**120,088**

The present value of the defined benefit obligations less plan assets measured at fair value results in the net defined benefit obligation arising from funded and unfunded plans and is recognised as provisions for pensions and similar obligations in the balance sheet. Of the present value of defined benefit obligations € 512,994,000 (previous year: € 586,471,000) refer to benefit obligations in Germany and € 44,936,000 (previous year: € 26,385,000) refer to benefit obligations in Norway.

Domestic company pensions are subject to an obligation to review for adjustment every three years pursuant to the Act on the Improvement of Company Pensions (Sec 16 of the German Company Pension Act (BetrAVG)). Additionally, some commitments grant annual adjustments of pensions, which may exceed the legally mandated adjustment obligation.

The weighted average duration of the pension obligations is 15 years in Germany (previous year: 19 years) and 24 respectively 32 years in Norway (previous year: 24 years).

An increase or decrease of the discount rate as well as of the salary and pension growths would have the following impact on the defined benefit obligations:

Impact on defined benefit obligations

€ '000	Change in actuarial assumptions	31-12-2015 in Germany	31-12-2015 in Norway	31-03-2015 in Germany	31-03-2015 in Norway
Discount rate	Increase by 0.5 percentage points	−35,571	−5,477	−43,176	−2,820
	Reduction by 0.5 percentage points	38,284	7,223	49,572	3,277
Salary growth	Increase by 0.5 percentage points	7,262	1,644	8,623	578
	Reduction by 0.5 percentage points	−6,828	−1,245	−8,111	−700
Pension growth	Increase by 0.5 percentage points	29,348	4,235	33,594	1,929
	Reduction by 0.5 percentage points	−26,235	−3,033	−30,030	−1,744
Life expectancy	Increase by 1 year	23,483	1,023[1]	29,760	1,076

(1) only related to defined benefit obligations of DEA Norge AS

The sensitivity analyses are based on a change in one assumption, with all other assumptions remaining unchanged. Actual developments will probably be different than this. The methods of calculating the aforementioned sensitivities and for calculating the pension provisions are in agreement.

The dependence of pension provisions on market interest rates is limited by an opposite effect. The background of this is that the commitments stemming from company pension plans are primarily covered by funds, and plan assets mostly exhibit negative correlation with the market yields of fixed-interest securities. Consequently, declines in market interest rates are typically reflected in an increase in plan assets, and vice-versa.

For defined contribution plans, expenses of € 842,000 (previous year: € 520,000) were incurred in the year under review.

In the financial year 2016 contributions in the amount of € 12,523,000 for defined benefit plans are expected.

Decommissioning provisions

The decommissioning provisions are stated at the settlement amount discounted to the balance sheet date. In the year under review, the addition amounting to € 27,160,000 (previous year: € 37,954,000) was mainly the result of quantity and price effects and shortenings of maturity for some concessions. In contrast, the release of provision of € 63,365,000 (previous year: € 27,698,000) was mainly caused by an increase in the discount rates, lower cost estimates as well as life extensions for some concessions. The expected settlement date of the provision depends on the ratio of produced reserves to expected reserves and varied within a range of less than one year up to approx. 30 years.

(24) Debt to banks and other financial debt

€ '000	31-12-2015 non-current	31-12-2015 current	31-03-2015 non-current	31-03-2015 current
Debt to banks	2,020,766	5,088	—	—
Other financial debt	778,730	282,785	631,069	186,151
thereof to affiliated companies	(778,730)	(282,785)	(631,069)	(186,151)
	2,799,496	287,873	631,069	186,151

With effect from 2 April 2015, DEA Deutsche Erdoel AG assumed the rights and obligations established by a senior secured reserve-based lending facility (RBL facility), which had been concluded between L1E Funding GmbH and a banking syndicate as of 30 December 2014. The RBL is a revolving 2,300 Mio USD credit facility with a term ending on 31 December 2021. The amount available under the facility is recalculated on an annual basis or if certain triggering events occur and is mainly based on the reserves of the underlying licences. The RBL does not require repayment in the initial four years and will afterwards be repaid according to schedule.

As of 31 December 2015 a loan amount of 2,200 Mio USD (2,021 Mio €) was utilised. The floating interest rate is currently Libor plus a margin of 2.25%.

Among other obligations, this RBL facility requires us to meet specific financial covenants. In particular the ratio of net debt to EBITDAX should not exceed the factor 3 : 1.

The RBL facility is secured by a pledge over the shares of certain group companies, a charge over some of the bank counts of the pledged companies as well as over all existing hedging transactions within the DEA Group. Regarding

the unrealised market values of our derivatives we refer to note 17. The pledged amount of the shares is represented by the accounting value of net assets of the concerned group companies.

In return for the debt assumption DEA Deutsche Erdoel AG granted a loan to L1E Funding GmbH in the amount of 2,200 Mio USD (see note 16).

Financial debt to affiliated companies apply to loans issued by the parent company L1E Acquisitions GmbH. The loans predominantly bear variable interest rates (LIBOR plus margin).

The carrying amounts are close to their fair values.

The financial debt have been assigned to the valuation category "valued at amortised cost".

(25) Trade accounts payable

€ '000	31-12-2015	31-03-2015
Trade accounts payable	271,475	246,293
Accounts payable intercompany	32,869	—
Accounts payable to participations	1,480	32,357
	305,824	278,650

Trade accounts payable generally have short residual terms of maturity. The carrying amounts accounted for therefore are close to their fair values.

(26) Income tax liabilities

Income tax liabilities consist primarily of income taxes for the respective current year and prior-year periods that have not been definitively examined by the tax authorities.

(27) Other liabilities

	31-12-2015		31-03-2015	
€ '000	non-current	current	non-current	current
Liabilities arising from taxes	—	25,759	—	8,743
Liabilities from social welfare and security	—	1,050	—	216
Derivatives	—	—	599	—
Deferred income	—	23	—	2,082
Prepayments	7,552	1,645	9,977	30,220
Liabilities from production overlift	—	7,105	—	3,867
Accrued future overlifts oil	—	21,173	—	28,992
Other miscellaneous liabilities	—	10,604	—	18,217
	7,552	67,359	10,576	92,337

The financial instruments reported under other liabilities have short residual terms to maturity. The carrying amounts accounted for therefore are close to their fair values. The derivatives reported are recorded at fair value.

(27) Other liabilities

Other disclosures

(28) Contingent and financial liabilities

Commitments regarding the former chemical business are subject to joint and several liability for a limited period of time (until 2018). The probability for a claim under the joint and several liability is considered to be low.

With regard to participations in various joint ownerships, DEA Group is subject to statutory liability.

In the course of their regular business activities, DEA Group companies are involved in legal disputes. Irrespective of the outcome of such legal disputes, we do not expect any significant negative effects on the economic and financial position of the DEA Group.

As of 31 December 2015, the commitments based on rental, lease and similar commitments relate to operating leases, primarily for offices as well as transport and production vessels.

Minimum operating lease payments under non-cancellable operating leases are due as follows:

€ '000	31-12-2015	31-03-2015
Due within 1 year	28,644	32,940
Due within 1–5 years	88,971	100,071
Due after more than 5 years	60,631	78,837
	178,246	211,848

The commitments from firm contracts for property, plant and equipment total € 27,403,000 (previous year: € 128,472,000) and those from other long-term commitments € 78,688,000 (previous year: € 239,246,000).

(29) Reporting on financial instruments

The financial instruments comprise both primary and derivative financial instruments.

Financial instruments on the assets side chiefly comprise financial assets, receivables and cash and cash equivalents. Financial assets in the category "available for sale" are recognised at fair value, and other primary financial assets at amortised cost. On the liabilities side, the primary financial instruments include liabilities recorded at amortised cost. The primary financial instruments are stated in the balance sheet, with the carrying amounts of financial assets reflecting the maximum risk of default. Wherever default risks are apparent in the financial assets, they are covered by impairments.

Fair values of derivatives are determined using customary market valuation methods taking into account the market data available on the measurement date. Due to materiality reasons the counterparty default risk was not considered.

Due to unavailable market data the fair value of the other asset ("available for sale") resulting from the contingent purchase price payment is determined on the basis of future cash flows weighted with different probabilities. The expected cash flows are discounted using the interest rate corresponding to the remaining maturity in the amount of 2.86%. The fair value of this asset is € 19,200,000 on the basis of a "best-case-scenario", while the fair value amounts to € 0 on the basis of a "worst-case-scenario". The fair value is reviewed on a quarterly basis and adjusted, if necessary.

The following overview represents the financial instruments to be recognised at fair value and the essential parameters on which the measurement is based. The individual levels are defined as follows in accordance with IFRS 13:

Level 1: Measurement at (unadjusted) prices quoted for identical assets or liabilities on active markets.

Level 2: Measurement based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Measurement on the basis of unobservable inputs.

Fair value hierarchy € '000	31-12-2015 Total	Level 1	Level 2	Level 3
Other assets	15,350			15,350
Financial investments	516			516
Derivative financial assets	163,208		163,208	

Fair value hierarchy € '000	31-03-2015 Total	Level 1	Level 2	Level 3
Other assets	16,920			16,920
Financial investments	516			516
Derivative financial assets	129,390		129,390	
Derivative financial liabilities	599		599	

No transfers between the levels occurred during the period under review or during the previous year.

The following overview shows the development of level 3 financial instruments to be recognised at fair value:

Development of level 3 in financial instruments € '000	As of 01-04-2015	Changes in the scope of consolidation and currency adjustments	Changes recognised in profit or loss	Changes not recognised in profit or loss	Changes with a cash effect	As of 31-12-2015
Financial investments	516					516
Other assets	16,920			−1,570		15,350

Development of level 3 in financial instruments € '000	As of 01-01-2015	Changes in the scope of consolidation and currency adjustments	Changes recognised in profit or loss	Changes not recognised in profit or loss	Changes with a cash effect	As of 31-03-2015
Financial investments	516		−160		160	516
Other assets	18,690			−1,770		16,920

With regard to financial instruments within level 3 impairment losses were recognised as income from investments in the amount of € 160,000 in previous year.

In the year und review trade accounts payable amounting to € 29,969,000 are netted with trade accounts receivable amounting to € 28,509,000 at the basis of an unconditional netting agreement.

Impairment losses and financial assets in the category "loans and receivables" have developed as follows:

€ '000	Financial receivables	Trade accounts receivable	Other receivables and other assets	Total
As at 01-04-2015		16,346	7,967	24,313
Impairment (+)/reversal of impairment (−) in the year under review		20,208	−2,352	17,856
Disposals			−1,443	−1,443
Currency translation adjustments			−408	−408
As at 31-12-2015		36,554	3,764	40,318

€ '000	Financial receivables	Trade accounts receivable	Other receivables and other assets	Total
As at 01-01-2015	165	6,027	5,583	11,775
Impairment (+)/reversal of impairment (−) in the year under review	−165	10,319	3,417	13,571
Disposals			−1,217	−1,217
Currency translation adjustments			184	184
As at 31-03-2015	—	16,346	7,967	24,313

Impairments on trade accounts receivable mainly relate to overdue receivables.

Financial assets that are overdue and not impaired exist as the balance sheet date within the scope of IFRS 7 in the category of “loans and receivables”:

€ ‘000	Trade accounts receivable		Other receivable and other assets	
	31-1-2015	**31-03-2015**	**31-12-2015**	**31-03-2015**
Up to 30 days	14,181	23,234	506	2,862
31 to 60 days	5,918	16,254	573	—
61 to 90 days	18,568	9,524	472	1,058
91 to 120 days	11,103	27,102	607	1,031
More than 120 days	55,243	78,756	1,214	1,889

Financial assets and liabilities have been assigned to valuation categories with the following carrying amounts:

€ ‘000	31-12-2015							
	Available for sale	**Held for trading**	**Loans and receivables**	**Valued at amortised cost**	**In hedge relationship**	**Finance lease**	**Beyond the scope of IFRS 7**	**Total**
Financial assets	516	—	—	—	—	—	—	516
Financial receivables	—	—	2,164,643	—	—	—	—	2,164,643
Trade accounts receivable	—	—	765,851	—	—	—	—	765,851
Other accounts receivable and other assets	15,350	117,149	37,922		46,059	78,528	170,798	465,806
Cash and cash equivalents	—	—	319,747	—	—	—	—	319,747
Debt to banks	—	—	—	2,025,854	—	—	—	2,025,854
Other financial liabilities	—	—	—	1,061,515	—	—	—	1,061,515
Trade accounts payable	—	—	—	305,824	—	—	—	305,824
Other liabilities	—	—	—	27,397	—	—	47,514	74,911

€ ‘000	31-03-2015							
	Available for sale	**Held for trading**	**Loans and receivables**	**Valued at amortised cost**	**In hedge relationship**	**Finance lease**	**Beyond the scope of IFRS 7**	**Total**
Financial assets	516	—	—	—	—	—	—	516
Financial receivables	—	—	8,792	—	—	—	—	8,792
Trade accounts receivable	—	—	399,717	—	—	—	—	399,717
Other accounts receivable and other assets	16,920	—	65,471		129,390	82,601	189,075	483,457
Cash and cash equivalents	—	—	277,769	—	—	—	—	277,769
Other financial liabilities	—	—	—	817,220	—	—	—	817,220
Trade accounts payable	—	—	—	278,650	—	—	—	278,650
Other liabilities	—	—	—	37,654	599	—	64,660	102,913

In the year under review and in the previous year, the following net income from financial instruments was recorded in the income statement:

€ ‘000	April–December 2015			
	Available for sale	**Held for trading**	**Loans and receivables**	**Liabilities valued at amortised cost**
Other operating income	—	1,610	33,938	19,936
Other operating expenses	—	−2,087	−76,537	−8,321
Income from investments	371	—	1	—
Financial result	—	—	65,890	−52,198

€ ‘000	January–March 2015			
	Available for sale	**Held for trading**	**Loans and receivables**	**Liabilities valued at amortised cost**
Other operating income	—	7,427	88,225	1,750
Other operating expenses	—	−35,066	−21,515	−13,158
Income from investments	−160	—	—	—
Financial result	—	—	1,154	984

Other operating income and expenses essentially contain income from the valuation of foreign currency and from the valuation of financial derivatives.

As an E&P enterprise operating on an international scale, the DEA Group is exposed to credit, liquidity and market risks within the ordinary course of its business.

Our subsidiaries are subject to a strict risk management regime. The scope of action, responsibilities and controls are enshrined in binding, internal corporate instructions. Financial derivatives are used exclusively to hedge the risk related to underlying operating, but never for speculation purposes.

Cash flow Hedges serve as protection against the risk of fluctuations in commodity prices from future sales. The effective parts of changes in fair value for the hedging transactions effected are recorded under other comprehensive income in the equity until such time as the hedging transaction is realised. Changes in fair value of the hedge transactions deployed, caused by market price changes, are counteracted to an equal extent by expected changes in the fair value of the existing underlying transactions. As a rule, fair value changes are reported with an impact on profit or loss when the hedge transaction is realised through profit or loss. The contribution to earnings from the hedging transaction is then transferred from other comprehensive income to the income statement. The fair value of hedging instruments deployed within the scope of cash flow hedges amounts to € 46,059,000 as at the balance sheet date (previous year: € 128,791,000).

The future sales currently hedged by cash flow hedges will fall due with an effect on profit or loss within the next year. The terms of the used commodity derivatives are thus also of short term nature. Ineffectiveness did not have to be taken into account in the year under review or in the previous year.

In the previous year hedging transactions for currency risks with RWE AG had been settled in the course of the separation from the RWE Group and negative market values had been compensated through a compensation payment to RWE AG. The losses, which had been deferred in equity, are expensed proportionally with occurrence of the hedged transactions. As of balance sheet date a loss of € 6,211,000 (previous year: € 89,177,000) is still recognised in equity. It will be expensed within the next year.

Market risks

Market risks result in particular from changes in oil and gas commodity prices, changes in USD/EUR and USD/NOK exchange rates and corresponding unexpected negative changes regarding planned incoming and outgoing payments as well as their cash values. In addition, currency risks arising from financial transactions between companies in the DEA Group may result if the functional currencies of the two partners do not match.

(29) Reporting on financial instruments

These risks are mitigated in the DEA Group using systematic risk management methods. Among physical forward sales in the gas sector, the risks are also countered by deploying financial derivatives. Financial derivatives are only used to hedge oil price risks arising from payments received for future sales revenues. The instruments used are oil price swaps. Currently oil sales until June 2016 are hedged. Since DEA has left the RWE Group no new hedges were concluded on the basis of the revised hedging strategy due to low oil prices.

Derivative financial instruments are measured at fair value. In interpreting positive or negative fair values, care is therefore taken that they are offset by underlying transactions with compensating risks. All derivative financial instruments are reported as assets or liabilities. Measurement of the fair values of financial derivatives is performed by using current market price quotations within a trading system developed externally for the commodity markets. On this basis commodity price swaps are valued by means of internal computations of the relevant swap curves and subsequent discounting as at the balance sheet date.

To quantify the risk relating to market price fluctuations and financial instruments deployed, we use the sensitivity methods. In quantifying market prices using the sensitivity method, a statement is made concerning the impact on earnings of a percentage-based change in market prices. Our sensitivity calculations are based on a 10% market price change for the oil price risk, and an observation period comprising the short fiscal year.

The sensitivity figures shown below in accordance with the mandatory rules and regulations of IFRS 7 refer only to financial instruments recognised in the balance sheet. Financial instruments are used exclusively to hedge the risks relating to underlying operating transactions, but never for speculation. Accordingly, the reporting of the risk position of the DEA Group is incomplete. In the line with the sensitivity method, the market prices risks reflected in the following tables apply to financial instruments contracted without taking the underlying transactions into account. Changes in the market values of concluded commodity hedge instruments that would have resulted from 10% increase or decline of the oil price are presented, with the calculation of oil price sensitivities being based on Brent quotations. The sensitivity risks regarding the market values of derivatives used in hedging accounting are shown in equity. Moreover, changes to the market values of USD receivables arising from Egyptian activities and not being hedged against currency risks are shown that would have occurred both in the event of an increase and a decline by 10% in the USD forward curve in relation to the EUR. The presentation of market value changes is shown after taxes. A tax rate of 30.14% (previous year: 30.13%) is applied.

	April–December 2015		**January–March 2015**	
€ '000	**Changes impacting on profit and loss**	**Impacts on equity**	**Changes impacting on profit and loss**	**Impacts on equity**
		Increase in USD by 10%		
USD/EUR	11,000		12,600	—
		Decrease in USD by 10%		
USD/EUR	−10,000		−11,500	—
		Increase in oil price by 10%		
Oil	—	−3,100	—	−17,300
		Decrease in oil price by 10%		
Oil	—	2,700	—	15,600

In the following, the nominal amounts of our financial hedging transactions are shown. The nominal amounts allow conclusions on the extent to which derivatives are used, but do not reflect the risks the DEA Group incurs from their use.

	Nominal volume		**Maturity > 1 year**		**Fair value**	
Price hedges € '000	**31-12-2015**	**31-03-2015**	**31-12-2015**	**31-03-2015**	**31-12-2015**	**31-03-2015**
Oil-price swaps	93,166	364,654	—	32,244	46,059	128,791

Financial hedging transactions are exposed to default risks in the amount of their positive fair values. These risks are minimised because deals are made only with partners of the highest credit standing.

In the course of the acquisition of DEA E&P Norge AS non-financial gas forward sales contracts, which will be settled physically, are recognised at fair values in the amount of € 117,149,000. The nominal volume accounts for € 270,983,000; thereof € 112,544,000 have a remaining term of more than one year.

Counterparty default risk

Generally, the management of counterparty default risks is performed within the scope of a uniform directive in place throughout the Group. As regards original and derivative financial instruments, there is no substantial counterparty default risk because the contractual partners generally have a high credit standing. Existing past due payments are subject to permanent monitoring by management. Based on an intensive analysis, management perceives no further need for impairment charges. The maximum risk of default corresponds to the carrying amounts of financial assets accounted for.

Liquidity risk

The required liquidity to meet financial obligations at all times and the optimisation of DEA Deutsche Erdoel AG's liquidity position and that of its subsidiaries is ensured by the liquidity risk management. The basis of liquidity risk management is the establishment of centralised financial planning for the DEA Group. Financial planning with matching currencies is effected for the following twelve months in a monthly system and for the following three months in a system correct to the respective day.

We monitor our liquidity risk by reviewing our cash flow requirements on a regular basis relative to our funding sources, existing bank facilities and cash flow generation from our producing asset base. Specifically we ensure that we have sufficient liquidity to meet our operational funding requirements and service our debt. As part of the liquidity risk management we also carry out sensitivity analyses and monitor the compliance with the financial covenants defined in the RBL facility (see note 23). In case of non-compliance with the financial covenants—unless not cured through additional equity ("equity cure")—the lenders would be allowed to declare that the loan is immediately due and payable. The financial covenants were complied with at all times during the reporting period.

Financial liabilities within the scope of application of IFRS 7 in the next several years are expected to result in the following amortisation payments:

	Amortisation payments			
€ '000	**Carrying amounts 31-12-2015**	**1. succeeding year**	**2.–5. succeeding year**	**from 6. succeeding year**
Debt to banks	2,025,854	5,088	808,306	1,212,460
Other financial debt	1,061,515	282,785	135,496	643,234
Miscellaneous financial liabilities	333,220	333,220	—	—

	Amortisation payments			
€ '000	**Carrying amounts 31-03-2015**	**01-04-2015 to 31-03-2016**	**01-04-2016 to 31-03-2020**	**from 01-04-2020**
Other financial debt	817,220	185,890	—	630,628
Commodity derivative financial liabilities	599	—	599	—
Miscellaneous financial liabilities	316,304	316,304	—	—

Interest rate risk

The DEA Group is exposed to interest risks through the floating rate element of the group's finance debt. An increase/decrease in the floating interest rates by 50 basis points would result in an increase/decrease of our net interest payments by € 2.65 Mio in 2016.

(30) Notes to the cash flow statement

The cash flow statement classifies cash flows by operating, investment and financing activities. Cash flows from the acquisition and sale of consolidated companies are included in the cash flow from investment activities. The effects of exchange rate fluctuations of the cash and cash equivalents are reported separately. Cash and cash equivalents in the year under review only comprise those reported in the balance sheet.

The cash flow from operating activities includes e.g. interest income in the amount of € 11,570,000 (previous year: € 1,692,000) and interest expenses of € 39,223,000 (previous year: € 1,511,000). Income tax payments total € 91,962,000 (previous year: € 24,099,000); refunds total € 4,649,000 (previous year: € 661,000). External dividends received totalled € 371,000 (previous year: € −). In the year under review € 2,632,000 (previous year: € −) was distributed to minority interests.

The cash flow from operating activities attributable to exploration amounts to –€ 15,816,000 (previous year: –€ 30,241,000). In addition, the cash flow from investment activities of the exploration division amounts to –€ 70,945,000 (previous year: –€ 48,297,000).

(31) Capital management

The capital management system of DEA Deutsche Erdoel AG is determined by DEA Group's strategic objectives and focusses on increasing the value of business over the long term. To achieve this goal, the DEA Group endeavours to constantly optimise its existing operations, to safeguard its market position and to optimise its portfolio via value-creating acquisitions and divestments.

Since the current reporting period, the DEA Group monitors its capital structures on the basis of the gearing ratio, which is calculated as the ratio of net debt to EBITDAX. In the past, DEA Group did not have its own capital management system due to its membership in the RWE Group.

The net debt consists of external interest bearing liabilities (see note 24), bank guarantees as well as received prepayments with financing character less cash balances (without cash balances not freely convertible in USD) and net derivative assets.

EBITDAX is defined as income (without non-controlling interests) before interest, taxes, amortisation/ depreciation and impairment losses as well as exploration expenses of the last 12 months. Furthermore exceptional items, unrealised gains and losses arising from foreign currency translation and from derivatives as well as gains and losses from the disposal of property, plant and equipment and from pension obligations are to be eliminated.

€ '000	**31-12-2015**
Net debt	1,669,633
EBITDAX[(1)]	1,333,424
Gearing ratio	1.25

(1) Calculated for the 12 months period from 1 January to 31 December 2015, without both divested UK companies, but including DEA E&P Norge AS.

The group-wide integrated financial and liquidity planning secures that the Group as well as individual companies have always sufficient liquidity. Financing requirements at the subsidiaries are covered by loans from DEA Deutsche Erdoel AG.

(32) Related party disclosures

Since 2 March 2015 the DEA Group is controlled by L1E Acquisitions GmbH (incorporated in Germany) which owns 100% of the shares in DEA Deutsche Erdoel AG. The Group's ultimate parent is LetterOne Holdings S.A. (incorporated in Luxembourg). Related companies are all companies in which LetterOne Holdings S.A. or their controlling shareholders, respectively, have at least a significant holding.

In the reporting period mainly financial transactions with L1E Acquisitions GmbH and L1E Funding GmbH were carried out on the basis of usual banking terms and conditions (refer to "important financing transactions").

	Affiliated companies LetterOne Group	
€ '000	**31-12-2015/ April–December 2015**	**31-03-2015/ January–March 2015**
Financial receivables	2,065,369	
Trade accounts receivable	19,937	
Receivables from net loss transfer	339,948	
Financial debt	1,061,555	817,220
Trade accounts payable	32,869	
Other operating income	229	
Other operating expenses	33,134	
Interest income	44,244	
Interest expenses	15,398	702

Until 2 March 2015 the Group was controlled by RWE AG, which indirectly owned 100% of the company's shares. The deliveries and services received from companies of the RWE Group until this point in time amounted to € 3,318,000. The deliveries and services to companies of the RWE Group until this point in time amounted to € 124,169,000. For the hedge transactions settled in the course of leaving the RWE Group a compensation payment was

made to RWE AG in the amount of the negative market values (€ 132,838,000). Moreover derivative transactions concluded with companies of the RWE Group up to the point of leaving the RWE Group generated other operating income in the amount of € 7,173,000, other operating expenses in the amount of € 56,552,000 as well as revenues in the amount of € 27,717,000.

All transactions are subject to market terms and conditions.

Related persons are the members of the Board of Management and of the Supervisory Board of DEA Deutsche Erdoel AG as well as the parent company. No business relation exists with members of the Board of Management and of the Supervisory Board or individuals close to them.

The information on the members of the Board of Management and of the Supervisory Board of DEA Deutsche Erdoel AG is provided on pages 63 to 64.

In accordance with the by-laws, the members of the Supervisory Board of DEA Deutsche Erdoel AG received an amount of € 213,000 for the year 2015 (previous year: accrual of € 75,000). Each Supervisory Board member receives a fixed remuneration in the unchanged amount of € 20,000 per calendar year for his or her activities. The Chairman receives double this amount, and his Deputy one-and-a-half times the annual fixed remuneration. In addition, expenses incurred are refunded. Some employee representatives on the Supervisory Board have labour contracts with the respective Group companies. Remuneration occurs in accordance with the relevant contractual conditions.

Remuneration paid to members of the Board of Management consists of a fixed and a performance-related variable component as current remuneration components. The remuneration paid to the Board of Management of DEA Deutsche Erdoel AG for the fiscal year amounted to € 2,057,000 (previous year: € 1,889,000), including variable remuneration of € 1,250,000 (previous year: € 1,661,000). In addition, the fixed remuneration component for members of the Board of Management includes non-cash and other perquisites essentially comprising the values to be recognised subject to tax directives for the use of company cars and insurance premiums for accident insurance. Moreover, pension service costs amounted to € 317,000 (previous year: € 94,000).

Furthermore, (direct) pension commitments were granted to the members of the Board of Management, entitling them of life-long pension and benefits to their surviving dependants. The cash or present value of the overall commitment (defined benefit obligation) amounted to € 6,797,000 as at 31 December 2015 (previous year: € 7,817,000).

(33) Auditor's fees

DEA Group recognised the following fees as expenses for the services rendered by the auditors of the consolidated financial statements, PricewaterhouseCoopers Aktiengesellschaft Wirtschafts-prüfungsgesellschaft (PwC) and companies belonging to PwC's international network:

€ '000	April–December 2015	January–March 2015
Audit services	766	616
Tax services	80	18
Other services	98	24

The fees of audit services primarily contain the fees for the audit of the consolidated financial statements and for the audit of the financial statements of DEA Deutsche Erdoel AG. In particular, the fees for tax services include compensation for consultation in the preparation of tax returns and other national and international tax-related matters. The fees for other services mainly comprise E&P specific advisory and assurance services.

During the year under review, DEA Deutsche Erdoel AG recognised fees amounting to € 20,000 (previous year: € 2,000) in relation to audit services rendered by the companies of the BDO network.

(34) Application of § 264 par. 3 of the German Commercial Code (HGB)

In fiscal 2015 the following German subsidiaries made partial use of the exemption clause included in § 264 par. 3 of the German Commercial Code (HGB):

- DEA Cyrenaica GmbH, Hamburg
- DEA E&P GmbH, Hamburg
- DEA Guyana GmbH, Hamburg
- DEA Idku GmbH, Hamburg
- DEA International GmbH, Hamburg
- DEA Nile GmbH, Hamburg
- DEA North Africa/Middle East GmbH, Hamburg
- DEA Suez GmbH, Hamburg
- DEA Suriname GmbH, Hamburg

(35) Events after the balance sheet date

Information on events after the balance sheet date is presented in the management report.

Additional voluntary information

Consolidated Income Statement

€ '000	January–March 2015	April–December 2015	January–December 2015
Sales revenues	322,410	1,142,197	1,464,607
Energy tax expense	−119	−756	−875
	322,291	1,141,441	1,463,732
Other operating income	159,380	127,636	287,016
Cost of materials	−116,791	−400,149	−516,940
Personnel cost	−41,230	−126,391	−167,621
Amortisation/depreciation and impairment losses	−406,521	−496,361	−902,882
Other operating expenses	−193,404	−371,835	−565,239

Income from operating activities	−276,275	−125,659	−401,934
Income from investments	−160	372	212
Financial Income	3,174	63,870	67,044
Financial expenses	−6,516	−65,063	−71,579
Result from continuing operations before taxes	−279,777	−126,480	−406,257
Income taxes	16,538	−26,610	−10,072
Result from continuing operations	−263,329	−153,090	−416,329
Result from discontinued operations	5,831	−241,310	−235,479
Net result	−257,408	−394,400	−651,808
Thereof attributable to:			
Shareholders of the parent company	−257,902	−396,363	−654,265
Non-controlling interests	494	1,963	2,457

Cash Flow Statement

€ '000	January–March 2015	April–December 2015	January–December 2015
Result from continuing operations	−263,239	−153,090	−416,329
Depreciation/impairment losses/reversal of impairment losses	379,393	500,630	880,023
Change in provision	42,730	−27,211	15,519
Changes in deferred taxes	−36,113	1,654	−34,459
Income from disposal of assets	9,023	14,403	23,426
Other non-cash income/expenses	12,343	33,146	45,489
Changes in working capital	−139,671	−9,385	−149,056
Changes in other balance sheet items	−89,575	144,686	55,111
Cash flow operating activities—discontinued operations	42,002	15,708	57,710
Cash flow from operating activities	**−43,107**	**520,541**	**477,434**
Intangible assets/property, plant and equipment/ investment property			
Capital expenditure	−198,898	−411,577	−610,475
Proceeds from disposal of fixed assets	2,476	114,673	117,149
Acquisitions, investments and loans to investments			
Capital expenditure	−160	−874,718	−874,878
Divestments	—	532,878	532,878
Change in cash investments	225	−857	−1,082
Cash flow investment activities—discontinued operations	−15,130	−20,054	−35,184
Cash flow from investment activities	**−211,487**	**−657,941**	**−869,428**
Distribution to non-controlling interests	—	−2,632	−2,632
Increase of financial debt	445,155	198,301	643,456
Cash flow financing activities—discontinued operations	—	—	—

Cash flow from financing activities	**445,155**	**195,669**	**640,824**
Net change in cash and cash equivalents	**190,561**	**58,269**	**248,830**
Effects of changes in foreign exchange rates and acquired/sold cash and cash equivalents	1,279	−16,291	−15,012
Net cash change in cash and cash equivalents	**191,840**	**41,978**	**233,818**
Cash and cash equivalents at beginning of reporting period	85,929	277,769	85,929
Cash and cash equivalents at end of reporting...................	**277,769**	**319,747**	**319,747**

Supervisory Board, Management Board

Supervisory Board

Lord Edmund John Phillip Browne of Madingley, London (Chairman)
Executive Chairman, L1 Energy (UK) LLP

Werner Bischoff, Monheim (Deputy Chairman)
Former member of the Management Executive Council, Union of the Mining, Chemical and Energy Industry Employees

Hans-Hermann Andreae, Hamburg
Head of Project Integration, DEA Deutsche Erdoel AG

Dmitry Avdeev, London (until 31 August 2015)
Investment Professional, L1 Energy (UK) LLP

Ralf Erkens, Neumünster (until 1 April 2015)
District Chairman Rhine-Main, Union of the Mining, Chemical and Energy Industry Employees

Mikhail Fridman, London/Moskau
Chairman, LetterOne Holdings S.A.

Andreas J. Goss, Duisburg (since 1 September 2015)
Executive Chairman, ThyssenKrupp Steel Europe AG

German Khan, London/Moskau
Director, LetterOne Holdings S.A.

Dr Jan Konerding, Hamburg (since 1 September 2015)
Auditor, Tax Advisor, Lawyer

Jonathan Muir, Luxemburg (until 31 August 2015)
Chief Executive Officer, LetterOne Holdings S.A.

Rajko Pientka, Hamburg (since 6 May 2015)
Political Union Secretary, Union of Mining, Chemical and Energy

Holger Pittelkow, Hamburg
Functional Department Head Indirect Taxes and Tax Audits, DEA Deutsche Erdoel AG

Günther Prien, Hamburg
Chairman of the Joint Works Council, DEA Deutsche Erdoel AG

Andreas Schöpf, Lachendorf
Chairman of the Works Council Betriebe Wietze, DEA Deutsche Erdoel AG

John Christopher Smith, London (until 31 August 2015)
General Counsel, L1 Energy (UK) LLP

Alf Henryk Wulf, Stuttgart (since 1 September 2015)
Executive Chairman, ALSTOM Deutschland AG

Board of Management

Thomas Rappuhn (Chairman)
Responsible for: Chairing of the Board

Dr Johannes Karlisch
Responsible for: Finance

Dirk Warzecha
Responsible for: Operations

Hamburg, 1 February 2016

The Board of Management

Rappuhn Karlisch Warzecha

List of holdings of DEA Deutsche Erdoel AG as at 31.12.2015

	Share of capital %	Equity as of 31-12-2015 € '000	Net income (loss) for the fiscal year € '000
Affiliated companies which are included in the consolidated financial statements			
DEA Cyrenaica GmbH, Hamburg	100.00	26	—[2]
DEA E&P GmbH, Hamburg	100.00	32,930	—[2]
DEA E&P Norge AS (formerly E.ON E&P Norge AS), Stavanger/Norway[1]	100.00	324,898	20,466
DEA Global Limited, London/Great Britain[1]	100.00	23	(12)
DEA Guyana GmbH, Hamburg	100.00	25	—[2]
DEA Idku GmbH, Hamburg	100.00	13,772	—[2]
DEA International GmbH, Hamburg	100.00	290,741	—[2]
DEA Nile GmbH, Hamburg	100.00	130,581	—[2]
DEA Norge AS, Oslo/Norway[1]	100.00	379,751	67,922
DEA North Africa/Middle East GmbH, Hamburg	100.00	25	—[2]
DEA Speicher GmbH, Hamburg	100.00	25	—[2]
DEA Suez GmbH, Hamburg	100.00	87,226	—[2]
DEA Suriname GmbH, Hamburg	100.00	25	—[2]
DEA Trinidad & Tobago GmbH, Hamburg	100.00	25	—[2]
DEA UK Upstream Limited, London/Great Britain[1]	100.00	8	—
DEA Upstream Polska Sp. z o.o., Warsaw/Poland[1]	100.00	55	—
Speicher Breitbrunn/Eggstätt DEA & Storengy GbR, Hamburg	80.28	—	13,344
Affiliated companies which are not included in the consolidated financial statements			
DEA Deutsche Erdoel México S. de R.L. de C.V., Santa Fe/Mexico	100.00	—	—
DEA Petróleo e Gás do Brasil Ltda., Rio de Janeiro/Brazil[1]	100.00	206	(68)
DEA Ukraine LLC, Kiev/Ukraine[1]	100.00	(70)	(147)

(1) Annual financial statements as of 31 December 2014, translated at exchange rates on the balance sheet date and at the average rate for 2015.

(2) Company is under a profit transfer agreement.

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DEA Deutsche Erdoel AG
Consolidated Interim
Financial Statements
for the period
1 January–30 June 2016

Income Statement
Statement of Comprehensive Income
Balance Sheet
Cash Flow Statement
Changes in Equity
Notes (condensed)

DEA Deutsche Erdoel AG—Consolidated Interim Financial Statements

Consolidated Income Statement

from 1 January to 30 June 2016

€ ’000	January–June 2016	January–June 2015[1]
Sales revenues	776,968	752,941
Energy tax expense	−409	−338
	776,559	752,603
Other operating income	124,892	260,880
Cost of materials	−272,097	−259,346
Personnel cost	−92,868	−95,687
Amortisation/depreciation and impairment losses	−250,129	−514,937
Other operating expenses	−252,482	−350,985
Income from operating activities	33,875	−207,472
Income from investments	449	−84
Financial Income	42,130	18,468
Financial expenses	−53,902	−26,279
Result from continuing operations before taxes	22,552	−215,367
Income taxes	−49,949	−58,349
Result from continuing operations	−27,397	−273,716
Result from discontinued operations	—	−10,815
Net result	−27,397	−284,531
Thereof attributable to:		
Shareholders of the parent company	−28,677	−285,668
Non-controlling interests	1,280	1,137

(1) The comparative prior-year figures have been adjusted. The UK subsidiaries—which had been sold in the fourth quarter of 2015—are shown as discontinued operations.

DEA Deutsche Erdoel AG—Consolidated Interim Financial Statements

Consolidated Statement of Comprehensive Income[1]

from 1 January to 30 June 2016

€ '000	January–June 2016	January–June 2015
Net result	−27,397	−284,531
Items that may be reclassified to profit or loss		
Currency translation adjustments	9,683	30,820[2]
Fair valuation of financial instruments in connection with hedges	−30,467	−25,300
Fair valuation of financial assets available for sale	−11,810	−1,305
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit plans	−44,594	25,268
Income and expenses recognised directly in equity	−77,188	29,483
Total income and expenses recognized	−104,585	−255,048
Thereof attributable to:		
Shareholders of the parent company	−105,865	−256,185
Non-controlling interests	1,280	1,137

(1) Amounts indicated after taxes in accordance with IAS 1.91 (a)

(2) Thereof 20,242,000 € are related to the UK subsidiaries shown as discontinued operations.

DEA Deutsche Erdoel AG—Consolidated Interim Financial Statements

Consolidated Balance Sheet as at 30 June 2016

	30-06-2016	31-12-2015
Assets (€ '000)		
Non-current assets		
Intangible assets	667,590	635,594
Property, plant and equipment	2,503,605	2,432,221
Investment property	3,298	3,632
Financial investments	652	516
Financial receivables	2,152,525	2,164,619
Other receivables and other assets	131,380	161,984
Deferred tax assets	92,664	74,366
	5,551,714	5,472,932
Current assets		
Inventories	95,008	81,882
Financial receivables	32,153	24
Trade accounts receivable	389,709	765,851
Other receivables and other assets	194,419	303,822
Income tax assets	13,504	12,483
Cash and cash equivalents	194,654	319,747
	919,447	1,483,809
	6,471,161	6,956,741
Equity and Liabilities (€ '000)		
Equity		
Shareholder's equity	1,906,458	1,954,061
Non-controlling interests	4,188	4,326
	1,910,646	1,958,387
Non-current liabilities		
Provisions	738,767	665,250
Debt to banks	1,846,517	2,020,766
Other financial debt	442,541	778,730
Income tax liabilities	26,000	26,000
Other liabilities	7,958	7,552
Deferred tax liabilities	553,962	544,164
	3,615,745	4,042,462
Current liabilities		
Provisions	228,124	241,612
Debt to banks	529	5,088
Other financial debt	274,726	282,785
Trade accounts payable	315,373	305,824
Income tax liabilities	56,473	53,225
Other liabilities	69,545	67,359
	944,770	955,892
	6,471,161	6,956,741

DEA Deutsche Erdoel AG—Consolidated Interim Financial Statements

Consolidated Cash Flow Statement

from 1 January to 30 June 2016

€ '000	January–June 2016	January–June 2015[(1)]
Result from continuing operations	−27,397	−273,716
Depreciation/impairment losses/reversal of impairment losses	250,129	493,493
Changes in provisions	−15,372	66,788
Changes in deferred taxes	3,653	33,832
Income from disposal of assets	−770	2,134
Other non-cash income/expenses	13,861	25,857
Changes in working capital	103,543	−194,551
Changes in other balance sheet items	−26,932	−62,800
Cash flow operating activities—discontinued operations	—	72,161
Cash flow from operating activities	**300,715**	**163,198**
Intangible assets/property, plant and equipment/investment property		
Capital expenditure	−295,821	−395,691
Proceeds from disposal of fixed assets	3,783	5,153
Acquisitions, investments and loans to investments		
Capital expenditure	−136	−160
Change in cash investments	4,637	415
Cash flow investment activities—discontinued operations	—	−18,004
Cash flow from investment activities	**−287,537**	**−408,287**
Distribution to non-controlling interests	−1,130	−1,452
Decrease (previous year increase) in financial debt	−137,389	442,222
Cash flow financing activities—discontinued operations	—	—
Cash flow from financing activities	**−138,519**	**440,770**
Net change in cash and cash equivalents	**−125,341**	**195,681**
Effects of changes in foreign exchange rates and other changes in value on cash and cash equivalents	248	1,624
Net cash change in cash and cash equivalents	**−125,093**	**197,305**
Cash and cash equivalents at beginning of reporting period	319,747	85,929
Cash and cash equivalents at end of reporting period	**194,654**	**283,234**

(1) The comparative prior-year figures have been adjusted. The UK subsidiaries—which had been sold in the fourth quarter of 2015—are shown as discontinued operations.

DEA Deutsche Erdoel AG—Consolidated Interim Financial Statements

Consolidated Statement of Changes in Equity

from 1 January to 30 June 2016

€ '000	Subcribed capital of DEA Deutsche Erdoel AG	Capital reserve of DEA Deutsche Erdoel AG	Retained earnings	Currency translation adjustments	Fair valuation of financial instruments	Shareholder's equity	Non-controlling interests	Total
As at 01-01-2015	344,064	979,841	924,543	−90,981	52,062	2,209,529	4,501	2,214,030
Fair value of derivative financial instruments with no impact on profit or loss					−24,779			
Fair value of financial assets available for sale with no impact on profit or loss					−1,782			
Currency translation adjustments			172	30,648	−44			
Remeasurement of defined benefit plans			25,268					
Other comprehensive income			25,440	30,648	−26,605			
Net result			−285,668					
Total comprehensive income			−260,228	30,648	−26,605	−256,185	1,137	−255,048
Profit transfer/distribution			46,873			46,873	−1,453	45,420
Other changes								
As at 30-06-2015	344,064	979,841	711,188	−60,333	25,457	2,000,217	4,185	2,004,402
As at 01-01-2016	344,064	979,841	664,831	−75,854	41,179	1,954,061	4,326	1,958,387
Fair value of derivative financial instruments with no impact on profit or loss					−30,467			
Fair value of financial assets available for sale with no impact on profit or loss					−11,810			
Currency translation adjustments			−23	9,319	387			
Remeasurement of defined benefit plans			−44,594					
Other comprehensive income			−44,617	9,319	−41,890			
Net result			−28,677					
Total comprehensive income			−73,294	9,319	−41,890	−105,865	1,280	−104,585
Loss transfer/distribution			58,262			58,262	−1,418	56,844
Other changes								
As at 30-06-2016	344,064	979,841	649,799	−66,535	−711	1,906,458	4,188	1,910,646

Notes (condensed)

Accounting policies

DEA Deutsche Erdoel AG is a German stock corporation and is headquartered at Überseering 40 in 22297 Hamburg, Germany. It is registered at the Hamburg local court under HRB 6882.

Since 2 March 2015 the shares in the company are totally held by L1E Acquisitions GmbH. A domination and profit and loss transfer agreement exists with L1E Acquisitions GmbH as controlling enterprise.

The presented consolidated financial statements were prepared for internal purposes on a voluntary basis and comprise the period 1 January to 30 June 2016. The statements were prepared in accordance with the International Financial Reporting Standards (IFRS) applicable in the EU.

In line with IAS 34, for the reporting of the DEA Group's interim financial statements the option to prepare condensed notes compared with the scope applied to annual financial statements was chosen. With the exceptions of the changes and new rules described below, the consolidated interim financial statements were prepared using accounting policies applied in the consolidated financial statements for the period ended 31 December 2015 which provide the basis for the consolidated interim financial statements.

The discount rates applied to provisions for reconditioning of sites and plugging of wells remain unchanged between 2.40 and 6.19%. Provisions for pensions and similar obligations are discounted at an interest rate of 1.55% in Germany and 2.50% in Norway (31 December 2015: 2.45% and 2.50% respectively).

Deferred taxes in Germany are generally subject to a tax rate of 30.14% (first half of 2015: 30.13%).

Changes in accounting policies

The International Accounting Standards Board (IASB) has adopted changes in the existing International Financial Reporting Standards (IFRS), which became effective for the DEA Group as of 1 January 2016:

- Improvements to IFRSs 2012–2014 (2014)
- Amendments to IAS 27 (2014) "Equity Method in Separate Financial Statements"
- Amendments to IAS 16 and IAS 41 (2014) "Bearer Plants"
- Amendments to IAS 16 and IAS 38 (2014) "Clarification of Acceptable Methods of Depreciation and Amortisation"
- Amendments to IFRS 11 (2014) "Accounting for Acquisitions of Interests in Joint Operations"
- Amendments to IAS 1 (2014) "Disclosure Initiative"

The first-time adaption does not have any material effects on the DEA Group's consolidated interim financial statements.

The IASB has issued an additional standard and amendments to existing standards, which became effective for the DEA Group as of 1 January 2016. These standards are not being applied by DEA in the reporting period as adoption by the EU remains outstanding at this time or the adoption into European law should not take place, respectively. Both standards would have no impact on the DEA consolidated interim financial statements.

- Amendments to IFRS 10, IFRS 12 and IAS 28 (2014) "Investment Entities: Applying Consolidation Exception"
- IFRS 14 (2014) "Regulatory Deferral Accounts"

Scope of consolidation

In principle, the DEA Consolidated Interim Financial Statements comprise DEA Deutsche Erdoel AG and all domestic and foreign subsidiaries directly or indirectly controlled by DEA Deutsche Erdoel AG. There are 18 consolidated subsidiaries (31 December 2015: 18), 5 of them foreign (31 December 2015: 5).

Joint agreements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. There are joint arrangements at DEA Group in course of the development and production activities. They are classified as joint operations since the arrangements transfer the rights and obligations relating to the assets and liabilities to the investors. DEA's shares in joint operations are accounted by recognizing its assets and liabilities as well as its income and expenses. As in the previous year 6 joint operations are structured as separate entities.

Participations in 3 foreign subsidiaries (31 December 2015: 3) of minor importance to the DEA Group are reported at fair value in accordance with IAS 39. In total, these subsidiaries account for less than 1% of the consolidated revenue and income as well as of consolidated debt.

Significant impacts on earnings

Sales revenues increased slightly due to additional volumes from the new producing Norwegian fields acquired by end of last year. The increase was partly offset by lower oil and gas prices as well as lower volumes in some regions.

Other operating income mainly decreased due to lower currency gains as well as due to reversals of impairments and income from compensation payments that were comprised in the first half of 2015. The decline of operating expenses is primarily related to lower derivative and currency expenses as well as to additions to provisions for outstanding exploration commitments in the first half of 2015.

Amortisation/depreciation dropped due to lower impairment losses. In contrast, scheduled amortisation/ depreciation increased owing to the new Norwegian assets.

Financial income and financial expenses increased as a result of higher interest income and expenses mainly related to the financial loan to an affiliated company and the corresponding reserve-based bank liability, respectively, both being in place since April 2015.

The decrease in income taxes mainly refers to a decrease in German taxes amongst other due to the utilization of the tax loss carry forward in 2016.

Impairment losses, reversals of impairment losses and losses from disposals of fixed assets

Impairment losses (in the previous year including goodwill) amounting to € 1,691,000 (first half of 2015: € 352,490,000) and reversals of impairment losses amounting to €–(first half of 2015: € 21,605,000) are recognised in the first half of 2016. In the previous year the impairment mainly reflected lower profitability of assets and portfolio measures.

Related party disclosures

Since 2 March 2015 the DEA Group is controlled by L1E Acquisitions GmbH (incorporated in Germany) which owns 100% of the shares in DEA Deutsche Erdoel AG. The Group's ultimate parent is LetterOne Holdings S.A. (incorporated in Luxembourg). Related companies are all companies in which LetterOne Holdings S.A. or their controlling shareholders, respectively, have at least a significant holding.

In the reporting period mainly financial transactions with L1E Acquisitions GmbH and L1E Funding GmbH were carried out on the basis of usual banking terms and conditions.

	Affiliated companies LetterOne Group	
€ '000	**30-06-2016/ January–June 2016**	**31-12-2015/ January–June 2015**
Financial receivables	2,059,612	2,065,369
Trade accounts receivable	19,083	19,937
Receivables from net loss transfer	32,026	339,948
Financial debt	717,267	1,061,555
Trade accounts payable	31,364	32,869
Other operating income	136	2
Interest income	37,177	12,019
Interest expenses	9,695	5,558

Until 2 March 2015 the Group was controlled by RWE AG, which indirectly owned 100% of the company's shares. The transactions made with companies of the RWE Group until this point in time are considered as transactions with related parties according to IAS 24. The deliveries and services received from companies of the RWE Group until this point in time amounted to € 3,376,000. The deliveries and services to companies of the RWE Group until this point in time amounted to € 124,982,000. For the hedge transactions settled in the course of leaving the RWE Group a compensation

payment was made to RWE AG in the amount of the negative market values (€ 132,838,000). Moreover derivative transactions concluded with companies of the RWE Group up to the point of leaving the RWE Group generated other operating income in the amount of € 7,173,000, other operating expenses in the amount of € 56,702,000 as well as revenues in the amount of € 27,816,000.

All transactions are subject to market terms and conditions.

Reporting on financial instruments

The financial instruments comprise both primary and derivative financial instruments.

Financial instruments on the assets side chiefly comprise financial assets, receivables and cash and cash equivalents. Financial assets in the category "available for sale" are recognised at fair value, and other primary financial assets at amortised cost. On the liabilities side, the primary financial instruments include liabilities recorded at amortised cost. The carrying amounts are close to their fair values.

Fair values of derivatives are determined using customary market valuation methods taking into account the market data available on the measurement date.

The fair value of the other asset ("available for sale") resulting from a contingent purchase price payment amounts to zero as of 30 June 2016 since the necessary conditions can no longer occur.

The following overview represents the financial instruments to be recognised at fair value and the essential parameters on which the measurement is based. The individual levels are defined as follows in accordance with IFRS 13:

Level 1: Measurement at (unadjusted) prices quoted for identical assets or liabilities on active markets.

Level 2: Measurement based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Measurement on the basis of unobservable inputs.

Fair value hierarchy € '000	30-06-2016 Total	Level 1	Level 2	Level 3
Financial investments	652			652
Derivative financial assets	59,928		59,928	
Derivative financial liabilities	1,019		1,019	

Fair value hierarchy € '000	31-12-2015 Total	Level 1	Level 2	Level 3
Other assets	15,350			15,350
Financial investments	516			516
Derivative financial assets	163,208		163,208	

No transfers between the levels occurred during the period under review or during the previous year.

The following overview shows the development of level 3 financial instruments to be recognised at fair value:

Development of level 3 in financial instruments € '000	As of 01-01-2016	Changes recognised in profit or loss	Changes not recognised in profit or loss	Changes with a cash effect	As of 30-06-2016
Financial investments	516			136	652
Other assets	15,350	−3,833[(1)]	−11,517		0

(1) Recognised as other operating expenses

Development of level 3 in financial instruments € '000	As of 01-01-2015	Changes recognised in profit or loss	Changes not recognised in profit or loss	Changes with a cash effect	As of 30-06-2015
Financial investments	516	−160[(1)]		160	516
Other assets	18,690		−1,770		16,920

(1) Recognised as income from investments

Events after the balance sheet date

No events subject to mandatory disclosure occurred after the balance sheet date.

Hamburg, 27 July 2016

The Board of Management

Rappuhn Avdeev Karlisch Warzecha

Appendix

Financial Statements of
DEA Norge AS (formerly E.ON E&P Norge AS)
for the year ended December 31, 2015

DEA E&P Norge AS
(Former E.ON E&P Norge AS)
Org.nr. 985 740 909

ANNUAL REPORT 2015

2015 ANNUAL REPORT OF THE BOARD OF DIRECTORS
DEA E&P NORGE AS

DEA E&P Norge AS (DEPN) is a Norwegian company with the head office located in Stavanger, Norway. DEPN's business is exploration, development and production of oil and gas on the Norwegian Continental Shelf. The shares in the Company are owned by DEA Norge AS.

In December 2014 E.ON SE announced that they were undertaking a strategic review of the upstream business including E.ON E&P Norge AS. Consistent with this change of strategy E.ON E&P Norge was sold to DEA Norge AS. The transaction was completed 16th December 2015. Subsequently, the company changed its name to DEA E&P Norge AS.

Activity

The Company has a portfolio of 43 licenses on the Norwegian Continental Shelf (NCS) as of 31st December 2015, of which it operates 11. The Company has a 30% interest in the producing Njord field, a 28.0825% interest in the Skarv/Idun field, a 17.5% interest in the Hyme field and a 25% interest in the Fogelberg discovery. All producing fields are located on the Halten Terrace in the Norwegian Sea.

Health, safety and environment (HSE)

The Company's HSEQ vision is zero harm to people and the environment whilst ensuring operational excellence. The HSEQ Targets for E&P 2015 was: A 12 month average Lost Time Incident Frequency Rate (LTI) of 0.0 and Total Recordable Incident Frequency Rate Corporate Target (TRIF) of 1.25.

The focus for HSE has in 2015 been the planning and drilling of own operated PL650 Salander well, which was drilled with Borgland Dolphin in July-August 2015. Handover from previous operator, pre-laying of anchors and close cooperation and planning within the Borgland Dolphin Rig Consortium 2 (BDC2) created a good basis, which involved frequent transport of personnel and equipment, many lifting operations and potential spills of chemicals and oil to the environment. During the 30 days of operation, it was not reported any lost time incidents regarding personnel, equipment or spills. One medical treatment was recorded. There were zero planned/ unplanned discharges from the DEPN activity in 2015.

In the fall, DEPN started current metering in the PL656. Transport and placing of these current meters was performed without any recordable incidents.

The work DEPN performs as partner in non-operated producing fields (Skarv and Njord) is described in the See-to-it procedure which describes how DEPN follow-ups and documents non-operated activity. HSEQ is actively involved in Technical Committee meetings for Skarv and Njord.

DEPN is a member in Norsk Olje & Gass (NOROG), Small Operators & Licensees (SOL), Norsk Oljevernforening for Operatørselskap (NOFO), Operatørenes forening for Beredskap (OFFB) and Borgland Dolphin Consortium (BDC2-NCS5). As a member this gives valuable experience transfer with other operators and best practice information sharing how to work pro-actively on Health, Safety and Environment.

Exploration

The Company obtained thirteen new licenses in 2015. A record of twelve was awarded as part of APA2014 of which three were new operatorships. Seven new licenses were awarded in the North Sea: PL674CS (Lundin operated), PL676BS (Faroe operated), PL724B (Det norske operated), PL730B (DEPN operated), PL771 (MOL operated), PL781 (DEPN operated), and PL782S (ConocoPhillips operated). The company received three awards in the Norwegian Sea: PL159E (Statoil operated), PL794 (Statoil operated) and PL802 (Repsol operated) and two new licenses in the Barents Sea: PL803 (DEPN operated), and PL806 (ENI operated).

In addition, the Company farmed-in to PL722 (GdF operated) as part of a transaction with Tullow where they in return received 25% equity in PL650 (DEPN operated).

On the divestment side the Company transferred 25% of its ownership in PL650 to Tullow. PL596 (Norwegian Sea) and PL676S&BS (North Sea) were relinquished.

The total number of licenses, as well as number of operatorships, is an all-time high for the Company.

DEPN continued its active license application efforts in both APA2015 and the 23rd license Round. In January 2016 the Ministry of Petroleum and Energy (MPE) announced that DEPN was successful in 5 of its 6 APA2015

applications. The Company applied for 4 licenses in the Barents Sea as part of 23rd Round. It has been accepted by MPE to align and amend the application with its new shareholder.

The activity level in the operated licenses has been very high also in 2015 with multiple drill or drop decisions coming up early 2016. A decision was also made to drill the Stordal prospect in PL705 (Repsol operated). A well here is planned for 2017.

The Company participated in three exploration wells in 2015, of which one as Operator. In PL674BS the operator Lundin discovered a minor gas accumulation in the Zulu prospect. In PL650 the Company drilled the Salander prospect which despite operational success turned out to be dry. In PL348C the operator Statoil drilled the Bister prospect which was dry.

Operations

Njord

Njord production in 2015 exceeded budgets. The good performance showed that well integrity and deliverability had been maintained in spite of almost a year long shut in (2013/2014). Total production in 2015 from the Company's 30% interest in the Njord Unit was 3.34 MBOE; consisting of 0.72 MBOE of oil, 0.79 MBOE of NGLs and 289.8 million Sm3 of gas. Njord gas is delivered to Germany and the UK. The NGL is extracted and sold at Kårstø. Crude oil is delivered at the field.

The current long term plan is to take Njord A to shore for repair in 2016 with an estimated production re-start in 2019. There is currently no drilling on Njord A as the drilling equipment has been removed from Njord A due to the integrity issues.

Skarv

The Skarv total production (oil and gas) for the year was according to plan. Skarv generally performed well with oil production being higher than expected. Skarv experienced some operational challenges impacting mainly gas production as the field produced with one out of two gas export compressors in the beginning of the year. There were also some technical problems with power supply to the compressors that caused curtailment of production in Q4. The production from the Company's 28.0825% share in Skarv for the year was 13.6 MBOE; consisting of 5.41 MBOE of oil, 1.51 MBOE of NGLs and 1 069.5 million Sm3 of gas. Skarv gas is delivered to Germany and the UK. The NGL is extracted and sold at Kårstø. Crude oil is delivered at the field.

Hyme

Total production from the Company's 17.5% share in Hyme for the year was 1.14 MBOE; consisting of 0.92 MBOE of oil, 0.09 MBOE of NGLs and 19.8 million Sm3 of gas. Hyme is a tie-back to Njord and is impacted by Njord shut downs and long term solution. Hyme gas is delivered to Germany and the UK. The NGL is extracted and sold at Kårstø. Crude oil is delivered at the Njord B Offshore Loading Facility.

Organization and work environment

DEA E&P Norge AS had 87 employees at the end of 2015. Women accounted for 37% of the employees, compared to 36% at the end of 2014. The Company aims for a gender balance across the different levels of the organization. The Norwegian Discrimination Act's objective is to promote gender equality, ensure equal opportunities and rights, and to prevent discrimination due to ethnicity, national origin, descent, skin colour, language, religion and faith. The Company is working actively and systematically to encourage the act's purpose. The Company's aim is to be a workplace with no discrimination from functional ability and is working actively to design and implement the physical conditions consistent with this

The Company aims to strengthen the competence of its employees to maintain a position as a leading company within the exploration and production business.

Total sick leave in EPN during 2015 amounted to 1.08%. The board considers the working environment in the Company to be satisfactory and has not initiated any particular measures in this area during 2015.

Financial risks

Market risk

The Company is exposed to changes in prices of crude oil, NGL and gas and changes in foreign currency exchange rates. The sale of crude oil and NGL are in USD. Gas sales are both in Euros and GBP. Part of the gas sale is secured through hedging transactions.

Credit risk

Risk of debtors and business partners not being financially capable of fulfilling their obligations towards DEA E&P Norge is regarded as very low as the debtors are regarded as financially solid. The oil was sold to Shell International Trading & Shipping Company Limited, the NGL was sold to Statoil ASA and Shell International Trading & Shipping Company Limited and the gas was sold to E.ON Global Commodities SE in 2015.

Liquidity risk

The Company considers its liquidity risk as low. Future income related to oil and gas sales, a loan and a credit facility agreement with DEA International GmbH together with cash available in the Company will fund the future exploration expenses and investments in the Skarv/Idun and Njord area. The interest rate risk is considered to be low.

2015 Financial results

The Company's annual accounts for 2015 are prepared on the assumption of going concern. The Board of Directors confirms that the conditions for this assumption are met.

A total of 9.45 million BOE of oil and NGL's and 1 379 million Sm3 of gas were produced in 2015, providing revenues of NOK 6 949 million. The 2015 financial statements reflects an operating loss of NOK 4 822 million, a reduction from the 2014 operating profit of NOK 1 235 million mainly due to lower prices and asset impairments. The 2015 loss after tax is NOK 3 067 million compared to a profit of NOK 183 million in 2014.

The Board of Directors proposes that the 2015 loss after tax is allocated from retained earnings. The total equity including retained earnings is NOK 877 million compared to NOK 3 120 million at the end of 2014.

Net cash flow from operations in 2015 was NOK 5 470 million compared to NOK 4 341 million in 2014. The increase compared to 2014 is mainly due to changes in working capital. Offsetting part of this was significantly lower realized prices. The difference between net cash flow from operations of NOK 5 470 million and operating loss of NOK 4 822 million is mainly due to asset depreciations and impairments.

The reduction in oil prices experienced in 2015 was seen as a triggering event and resulted in impairment testing of the Company's assets. The result of the impairment assessment was that the producing Skarv asset was impaired with NOK 5 525 million, the Skarv Exploration Portfolio with NOK 674 million and Njord asset with NOK 119 million.

Net cash flow from investments was NOK −313 million. Investments do not include any changes in estimates relating to asset retirement obligation nor impairments.

There was a capital increase in the company in 2015. The nominal value of the shares was increased by NOK 1 per share. In addition a share premium was paid. In total the capital was increased with NOK 820 million.

The investment activities are financed by operating activity and by loans from group companies. Throughout the year, loans from group companies were paid down by NOK 5 909 million. By yearend DEPN had NOK 80 million in cash and together with unused overdraft on credit facility of NOK 5 942 million, the Company has a satisfactory liquidity situation.

DEPN will prepare a report showing payments to the government in 2015. The report is based on the reporting template to EITI (Extractive Industries Transparency Initiative) and it will be sent to the Ministry of Finance in Norway during first half of 2016. In addition the company will provide a country by country reporting to the Ministry of Finance.

The Board of Directors is not aware of any significant matters which could affect the Company's financial statement or its financial position as at 31st December 2015 that are not reflected in this report or the financial statements including the notes to the accounts. In addition, the Board of Directors is not aware of any matters of significance that has occurred after 31st December 2015 and up until the date of this report, that are not reflected in this report or financial statements including the notes to the accounts.

Outlook

DEA E&P Norge's and DEA Norge's joint activities and operations represent a material upstream company on the Norwegian Continental Shelf. It will rank among the 10th largest producers, have a significant license portfolio and hold a number of discoveries which provides investment opportunities for the future.

The Ministry of Petroleum and Energy stipulated as a condition for the transaction that the two operating companies have to merge by end 2016. The companies are preparing the basis for such a legal merger and plan to complete this in May.

To establish the new operating company several critical integration projects are being progressed such as designing the new organization structure, determining the organizational size, appointing staff in the merged company and deciding on offices. The companies are located in Stavanger (DEA E&P Norge) and Oslo (DEA Norge) respectively. The company has informed staff that the merger may result in redundancies. The reorganization is expected to be finalized by end of Q2.

In accordance with Norwegian law the company arrange regular consultation meetings related to the above topics with the elected employee representatives. There is additionally an added emphasis on extended communication with all staff through monthly all employee meetings.

The industry downturn which started in 2014 continued through 2015 and has been further exaggerated in 2016 consistent with deteriorating oil and gas prices. With a lowering revenue base the Company is now strongly taking actions to reduce all discretionary spending in own and partner operated assets.

The upstream industry has always been cyclical with material swings in oil and gas prices. The Company is of the opinion that prices will recover and that the Company will prosper in the longer term given its good production base, modest near term capital investment program and strong owner

Oslo, 29th February 2016
The Board of Directors of DEA E&P Norge AS

Rene Christian Pawel
Chairman

Uwe Peter Balasus-Lange

Manfred Böckmann

Sylke Schauer

Annette Gausland Gillebo

DEA E&P Norge AS
Org.nr. 985 740 909

Income Statement	Note	2015	2014
OPERATING REVENUES			
Sales revenue		6 883	7 539
Other operating income		65	41
Operating revenue	2	**6 949**	**7 580**
OPERATING EXPENSES			
Exploration and production expenses	4	2 432	2 008
Salaries and related expenses	9,10	187	124
Depreciations, impairments and write off acquisition cost	3,7,20	9 224	4 794
Currency (gains)/losses related to operating activity		−48	−32
Other operating expenses	10,18	416	136
Other (net gains)/net losses	17,21	−441	−684
Total operating expenses		11 771	6 346
OPERATING PROFIT		**−4 822**	**1 235**
FINANCIAL INCOME/EXPENSE			
Interest income	14	10	27
Currency exchange (gains)/losses		−26	−15
Interest expense	7,14	294	468
Net financial (gains)/expenses		258	425
PROFIT BEFORE TAX		**−5 080**	**809**
Tax on ordinary result	11	2 012	−626
NET RESULT FOR THE YEAR		**−3 067**	**183**
Other comprehensive income and costs			
Changes in pension estimates		19	−28
Tax expense changes in pension estimates		−15	22
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**−3 063**	**177**

DEA E&P Norge AS
Org.nr. 985 740 909

Balance Sheet	Note	2015	2014
Intangible assets	3,20	1 158	2 158
Property, plant and equipment	3,7,20	7 453	16 613
Total fixed assets		8 611	18 771
Materials and supplies	13	73	51
Trade receivables	6,15,17	274	161
Other receivables	6,17	1 839	2 617
Cash and bank deposits	17,19	80	11
Total current assets		2 265	2 840
TOTAL ASSETS		**10 876**	**21 610**
Share capital	5	780	780
Share premium	5	830	10
Paid in share capital		1 610	790
Retained earnings	5	−733	2 330
Retained earnings		−733	2 330
Total equity		877	3 120
Pension liability	9	85	94
Deferred tax	11	1 680	3 928
Plugging, abandonment and removal liabilities	7	1 392	2 085
Long term debt	15,17	750	749
Total long term liabilities		3 907	6 856
Short term loan	15,17	5 099	11 047
Trade payables	6,17	55	165
Current taxes	11	104	0
Public duties payable	17	22	32
Other short term liabilities	6,17	813	391
Total current liabilities		6 093	11 634
Total liabilities		**9 999**	**18 490**
TOTAL EQUITY AND LIABILITIES		**10 876**	**21 610**

Oslo, 29th February 2016

The Board of Directors of DEA E&P Norge AS

Rene Christian Pawel
Chairman

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Manfred Böckmann

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Cash flow statement	Note	2015	2014
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax		−5 080	809
Taxes paid		−146	−3
Depreciations, impairments and write off acquisition cost	3,7,20	9 224	4 794
Impairment dry wells	4	527	156
Change in inventories	13	−22	3
Change in accounts receivable		665	−1 121
Change in accounts payable		−110	3
Difference in pension liability and cost	9	10	0
Changes in other short term items		401	−301
Net cashflow from operating activities		**5 470**	**4 341**
CASH FLOW FROM INVESTMENT ACTIVITIES			
Fixed asset investments	3	−313	−217
Loan to group		0	1 216
Net cash flow from /(used in) investment activities		**−313**	**998**
CASH FLOW FROM FINANCING ACTIVITIES			
Increased share capital and share premium		820	0
Repayment of short term loan	15,17	−1 500	−2 994
Net change in overdraft facility	15,17	−4 409	−2 377
Net cash flow from /(used in) financing activities		**−5 089**	**−5 370**
Net cash flow		69	−31
Cash and bank balance per 01.01		11	42
Cash and bank balance per 31.12		**80**	**11**
Bank deposit, withholding tax		17	8
Unused overdraft facility		5 942	1 617

DEA E&P Norge AS
Org.nr. 985 740 909

NOTES TO THE ANNUAL ACCOUNTS 31.12.2015

NOTE 1 ACCOUNTING PRINCIPLES

The annual accounts, consisting of the Income Statement, Balance Sheet Statement, Cash Flow Statement and Notes to the accounts, are prepared in accordance with the Companies Act, the Norwegian accounting act § 3–9 and "Forskrift om forenklet IFRS fastsatt av Finansdepartementet 21. januar 2008". This implies that recognition and measurement are mainly in accordance with International Financial Reporting Standards (IFRS) and that presentation and disclosures are in accordance with the Norwegian accounting act and good accounting practise.

Since 16th December 2015 the shares in DEA E&P Norge AS are owned by DEA Norge AS, a company registered in Norway. The parent company is DEA Deutsche Erdoel AG, which is part of the Letter One group. DEA E&P Norge AS (DEPN or the Company) is a Norwegian company with the head office located in Stavanger, Norway. DEPN's business is exploration, development and production of oil and gas on the Norwegian Continental Shelf.

BASIS FOR PREPARATION

The financial statement has been prepared on a historical cost basis.

SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The management has used estimates and assumptions that have affected assets, liabilities, incomes, expenses and information on potential liabilities.

The key sources of estimation uncertainty for the Company relates to:

Property, Plant and Equipment including Depreciation

Volumes of recoverable oil and gas reserves effects the fair value of property, plant and equipment and is included in the calculation of the unit of production depreciations. The volumes of recoverable oil and gas reserves are dependent of the characterisation of the individual reservoirs. Estimated oil and gas reserves are based on the economic conditions by year-end and contain uncertainty related to oil prices, estimation method and future technology development.

Decommissioning and abandonment

The decommissioning and abandonment liability is an estimate for costs related to future decommissioning and abandonment of oil and gas installations and equipment. The cost estimate relates to future decommissioning and abandonment and contains significant uncertainty related to timing, market prices, discount rates and methods used.

Capitalised exploration expenditures

There is uncertainty related to the oil and gas reserves and the costs related to future development associated to these reserves as well as the capitalized exploration expenditures that is on the balance sheet.

Pension and Other Post Employment Benefits

The cost of defined benefit pension plans and other post employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to long term nature of these plans, such estimates are subject to significant uncertainty.

Future events may lead to these estimates being changed. Estimates and their underlying assumptions are reviewed on a regular basis. Changes in accounting estimates are recognised during the period when the changes take place. If the changes also apply to future periods, the effect is divided among the present and future periods.

Tax

Tax payable included in the accounts by year end is an estimate for tax payable for the current year. The tax calculation is based on the accounts by year-end and contains estimates for norm prices and other permanent differences

that will be finally determined when the tax return are submitted. Uncertainty also exists due to potential differences between the Company's tax assessment in the tax return and the final tax settlement for the year.

INTERESTS IN JOINT VENTURES

Interests in jointly controlled assets are recognized by including the Company's share of assets, liabilities, income and expenses on a line-by-line basis.

ACQUISITIONS AND DIVESTMENTS

In order for a business combination to exist, the acquired asset or group of assets must constitute a business (an integrated set of activities and assets conducted and managed for the purpose of providing a return to investors), which generally consists of inputs, processes and outputs. This requires judgement to be applied on a case by case basis as to whether the acquisition meets the definition of a business combination.

Acquisitions of interests in oil and gas producing licenses are regarded as business combinations and are accounted for using the purchase method. The acquirer purchases net assets and recognises the assets acquired and liabilities and contingent liabilities assumed, including those not previously recognised by the seller.

At the acquisition date, the costs of a business combination are allocated by recognising the identifiable assets, liabilities and contingent liabilities at their fair values at that date. For oil and gas producing properties the purchase price is allocated between exploration rights, mineral rights, facilities, wells, deferred tax and goodwill.

Acquired licences for which no decision has been made to develop are treated as asset purchases, whereas acquisitions of licences for which a development decision has been made are assessed under the criteria described above to establish whether the transaction represents a business combination or an asset purchase.

The acquisition date for accounting purposes is the date when effective control is transferred to the acquirer (transaction date).

The acquirer's income statement incorporates the profits and losses of the acquired interest from the transaction date.

Farm-ins generally occurs in the exploration and development phase and are characterised by the transferor giving up future economic benefits, in the form of reserves, in exchange for reduced future funding obligations. Farm-ins are not recognized as transactions in the exploration phase. As such no gain or loss is recognised.

TRANSACTIONS AND MONETARY ASSETS AND LIABILITIES

Foreign currency transactions are translated into the functional currency using the exchange rates on the dates of the transactions. Monetary items in foreign currencies are valued at the exchange rates of the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised as financial items or operating items in the income statement. The classification in the income statement is dependent on the cause of the exchange effect.

PROPERTY, PLANT AND EQUIPMENT

Oil and gas properties

Acquired and developed properties used for petroleum production are depreciated using the unit-of-production method. The rate of depreciation is equal to the ratio of oil and gas production for the period to proved and probable reserves for existing properties adjusted for residual value. Any change in the reserves affecting unit of production calculations are reflected prospectively over the revised remaining proved reserves, and revised remaining proved developed reserves.

Depreciation of other assets than oil and gas properties (furniture and fixtures, office machines and improvement to rented offices) are calculated on a straight-line basis rates varying from three to five years and adjusted for impairment charges and residual value, if any. The carrying value of the property, plant and equipment on the balance sheet represents the cost less accumulated depreciation and any impairment charges.

Expected useful lives of long-lived assets are reviewed at each balance sheet date and, where they differ significantly from previous estimates, depreciation periods are changed accordingly. Any change is accounted for prospectively.

The residual value of an asset is the estimated amount that the Company would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the assets were already of the age and in the condition expected at the end of its useful life.

Ordinary repairs and maintenance costs, defined as day-to-day servicing costs, are charged to the income statement during the financial period in which they are incurred. The cost of major overhauls is included in the asset's carrying amount.

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in other operating expenses.

Exploration and development cost for oil and gas properties

The Company employs the successful efforts method to account for exploration and development costs. All exploration costs (including seismic acquisitions, seismic studies, and 'own time'), with the exception of acquisition costs of licenses and drilling costs for exploration wells, are charged to expense as incurred.

Drilling costs for exploration wells are temporarily capitalised pending the evaluation of potential existence of oil and gas reserves. If reserves are not found, or if discoveries are assessed not to be technically and commercially recoverable, the costs are expensed. The costs for acquiring licenses are capitalised and assessed for impairment at each reporting date.

Capitalised exploration costs are classified as intangible assets and are re-classified to tangible assets upon start of development. All costs for developing commercial oil and/or gas fields are capitalised as tangible assets. Pre operating cost is expensed as incurred.

BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction of production of a qualifying asset are capitalized as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

IMPAIRMENT OF FIXED ASSETS

Property, plant and equipment and intangible assets with finite useful life are reviewed for potential impairment indicators annually, and whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. For oil and gas properties this is done on a field by field basis. An impairment loss is the amount by which the carrying amount of the assets exceeds the recoverable amount. The recoverable amount is the higher of the asset's net selling price and its value in use. The value in use is determined by reference to discounted future net cash flows expected to be generated by the asset. Cash flows are discounted using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount, however, not to a higher amount than if no impairment loss had been recognised. Such reversal is recognised in the income statement. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

LEASES

Leases in terms of which the Company assumes substantially all the risks and rewards of the ownership are recorded as finance leases within property, plant and equipment and loans and borrowings. All other leases are classified as operating leases and the costs are charged to the income statement on a straight line basis over the lease term.

TRADE RECEIVABLES

Trade receivables are recognised and carried at their anticipated realisable value, which is the original invoice amount less an estimated valuation allowance for any uncollectible amounts. A provision is made when there is objective evidence that the Company will not be able to collect the debts. Bad debts are expensed when identified.

MATERIALS AND SUPPLIES

Consumption materials and spare parts are valued at the lower of cost and net realisable value. Net realizable value is the estimated selling price less the estimated selling expense.

FINANCIAL INSTRUMENTS

In accordance with IAS 39, Financial instruments: Recognition and measurement, non-derivative financial instruments are recognized at fair value at the settlement date when acquired. The Company categorize financial assets as held for trading, available for sale, or as loans and receivables. Management determines the categorization of the financial asset at initial recognition.

Loans and receivables (including trade receivables) are non-derivative financial assets with fixed or determinable payments that are not traded in an active market. They are subsequently measured at amortized cost. If the loss of certain part of the receivable is probable, valuation allowance is provided to cover the expected loss.

Non derivative financial liabilities (including trade payables) within the scope of IAS 39 are measured at amortized cost, using the effective interest method. Initial measurement takes place at fair value plus transaction costs. In subsequent periods, the amortization and accretion of any premium or discount is included in the financial results.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company only uses the derivatives for economical hedge, and not hedge accounting.

CASH AND CASH EQUIVALENTS

Cash and short-term deposits in the balance sheet comprise cash at banks and short-term deposits with an original maturity of three months or less.

Amounts related to cash-pooling arrangements are classified as intercompany receivables or debts.

REVENUE RECOGNITION

Revenue related to sales of petroleum products are recorded as revenue in accordance with the entitlement method. Revenues are recorded based on the share of production to which it is entitled at the time.

OVER- AND UNDERLIFT

Obligations (current liabilities) are caused by lifting of petroleum in excess of the participating equity interest in the license partnership, whilst receivable from the other partners (short term receivables) are caused by lifting of petroleum less than the participating equity interest in the license partnership. The receivable/payable is valued at current market value.

INCOME TAXES

Current tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Current income tax relating to items recognised directly to equity is recognised in equity and not in the income statement.

Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences, except where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at

the time of the transaction, affects neither the accounting profit nor taxable profit or loss. Acquired uplift related to acquisition of oil and gas licenses are treated in accordance with this.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, 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 utilised except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

The effect of uplift, a deduction applicable for petroleum special tax in Norway, is reflected in the current tax calculation, similar to a permanent difference.

Expected refund of tax benefit related to exploration expenses is recognised when the expenses are incurred and included in other receivables.

EMPLOYEE BENEFITS

Pension obligations

The Company has a retirement benefit plan for employees, which are managed and funded through a Norwegian life insurance company. The projected benefit obligations are calculated based on actuarial methods, and compared with the value of pension assets. Pension costs and pension obligations, including social security tax, are calculated on a straight line earning profile basis, based on assumptions relating to discounts rates, projected salaries, the amount of benefits from the National Insurance Scheme, future return on plan assets and actuarial calculations related to mortality rate, voluntary retirement, etc. Plan assets are valued at fair value. Pension liabilities are reported net of plan assets in the balance sheet.

Actuarial gains and losses that may arise from differences between the estimated and actual number of beneficiaries and from the underlying assumptions are immediately recognized in equity with no effect on net income in a statement of recognized income and expenses.

Gains or losses linked to curtailments or terminations of pension plans are recognised in the income statement when they arise.

PROVISIONS

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the carrying amount of the provision increases in each period to reflect the unwinding of the discount by the passage of time. This increase is recognised as an interest expense.

Assets retirement obligations

In accordance with the terms of the license concessions for licenses where the Company has an ownership interest, the Norwegian State may instruct the license holders to partly or completely remove the facilities at the end of production or when the concession period expires. Upon initial recognition of a removal liability, the Company calculates and records the net present value related to future abandonment and decommissioning. This removal liability is viewed to be a part of the total cost of the relevant property, plant and equipment and depreciated using the unit of production method.

The change in the time value (net present value) of the liability is charged as a finance cost (accretion) and increases the future liability related to abandonment and decommissioning. Any change in the best estimate related to expenditures associated with abandonment and decommissioning liabilities are accounted for prospectively. The discount rate used when calculating the net present value of the abandonment and decommissioning liability is calculated based on a risk free interest rate plus a risk premium.

CASH FLOW

The cash flows statement has been prepared using the indirect method.

CONTINGENT ASSETS AND LIABILITIES

Contingent liabilities are not recognised in the annual accounts. Significant contingent liabilities are disclosed, with the exception of contingent liabilities that are unlikely to be incurred.

Contingent assets are not recognised in the annual accounts but are disclosed if there is a certain probability that a benefit will be added to the Company.

EVENTS AFTER THE BALANCE SHEET DATE

Events after the balance sheet date are those events, favourable and unfavourable, that occur between the balance sheet date and the date when the financial statements are authorised for issue.

Events that provide evidence of conditions that existed at the balance sheet date are recognised in the financial statements.

Events that are indicative of conditions that arose after the balance sheet date are disclosed when they are significant.

NOTE 1 ACCOUNTING PRINCIPLES

COMPARATIVES

Comparative figures have been adjusted to conform to changes in presentation in the current year, where necessary.

AMOUNTS IN THE ACCOUNTS AND IN THE NOTES TO THE ACCOUNTS

All amounts in the Profit & Loss Statement, Balance Sheet Statement, Cash Flow Statement and the Notes to the accounts are in NOK million if not otherwise stated.

Note 2 Operating revenue

	2015	2014
Norway		
Crude Oil Sales	3 250	3 989
NGL Sales	648	719
Other revenue	65	41
Over- /Underlift Oil and NGL	−275	382
Total operating revenue Norway	**3 688**	**5 132**
Germany		
Gas sales	492	188
Total operating revenue Germany	**492**	**188**
United Kingdom		
Gas sales	2 769	2 261
Total operating revenue United Kingdom	**2 769**	**2 261**
Total operating revenue	**6 949**	**7 580**

Note 3 Tangible and Intangible assets

Property, plant and equipment are carried at historical cost less accumulated depreciation, depletion and amortization. Depreciation of production installations for oil and gas is calculated using the Unit of Production method (UoP). Other fixed assets are depreciated on a straight line basis, whereby G&G IT equipment together with furniture and fixtures are depreciated over 5 years and office machines and IT equipment are depreciated over 3 years. Improvements to rented offices are depreciated on a straight line basis over the remaining rental period. Intangible assets relate to purchase of exploration licenses including Skarv/Idun exploration prospects. The item also consists of capitalised IT cost with an economical lifespan of 3 years.

2015

Tangible assets

Accumulated acquisition cost	Fields under development	Fields in production incl. Wells	Office machines, furnitures and fixtures	Total
Acquisition cost 01.01.	119	26 598	36	26 753
Additions	—	75	26	102
Revaluation of abandonment asset	—	−721	—	−721
Capitalised interest	—	—	—	—
Reclassification	−119	119	—	—
Retirement	—	—	—	—
Acquisition cost 31.12.	**—**	**26 072**	**63**	**26 134**
Accumulated depreciations and impairments				
Accumulated depreciation and impairment 01.01.	—	10 121	19	10 140
Depreciation	—	2 888	9	2 897
Impairment	—	5 644	—	5 644
Retirement	—	—	—	0
Accumulated depreciation and impairments 31.12.	**—**	**18 653**	**28**	**18 681**
Net book value 31.12.	**—**	**7 419**	**35**	**7 453**

Intangible assets

Accumulated acquisition cost	Licenses	Capitalised exploration	Software	Total
Acquisition cost 01.01.	1 762	561	33	2 356
Additions	—	208	3	211
Expense of capitalised cost	−19	−508	—	−527
Retirement	—	—	—	—
Acquisition cost 31.12.	**1 743**	**261**	**35**	**2 040**
Accumulated depreciations and impairments				
Accumulated depreciation and impairment 01.01.	178	—	20	198
Depreciation	—	—	9	9
Impairment	674	—	—	674
Accumulated depreciation and impairments 31.12	**853**	**—**	**28**	**881**
Net book value 31.12.	**890**	**261**	**7**	**1 158**

2014

Tangible assets

Accumulated acquisition cost	Fields under development	Fields in production incl. Wells	Furniture, fixtures and office machines	Total
Acquisition cost 01.01.	118	26 274	28	26 421
Additions	1	185	8	194
Revaluation of abandonment asset	—	138	—	138
Capitalised interest	—	—	—	—
Reclassification	—	—	—	—
Retirement	—	—	—	—
Acquisition cost 31.12.	**119**	**26 598**	**36**	**26 753**
Accumulated depreciations and impairments				
Accumulated depreciation and impairment 01.01.	—	5 503	12	5 515
Depreciation	—	3 259	8	3 266
Impairment	—	1 359	—	1 359
Retirement	—	—	—	0
Accumulated depreciation and impairments 31.12.	**—**	**10 121**	**19**	**10 140**
Net book value 31.12.	**119**	**16 477**	**17**	**16 613**

Intangible assets

Accumulated acquisition cost	Licenses	Capitalised exploration	Software	Total
Acquisition cost 01.01.	1 743	696	28	2 468
Additions	19	—	4	23
Expense of capitalised cost	—	−49	—	−49
Retirement	—	−85	—	−85
Acquisition cost 31.12.	**1 762**	**561**	**33**	**2 356**
Accumulated depreciations and impairments				
Accumulated depreciation and impairment 01.01.	18	—	11	29
Depreciation	—	—	9	9
Impairment	160	—	—	160
Accumulated depreciation and impairments 31.12	**178**	**—**	**20**	**198**
Net book value 31.12.	**1 584**	**561**	**13**	**2 158**

Note 4 Exploration and production expenses

	2015	2014
Seismic acquistitions, analysis and general G&G	363	161
Expensed exploration drilling and acquired license cost	527	156
Operating expenses exploration	40	135

Operating expenses production	1 503	1 556
Total exploration and production expenses	**2 432**	**2 008**

Note 5 Shareholders' equity and other shareholder information

2015	Sharecapital	Share premium	Retained earnings	Total equity
Equity per 01.01	780	10	2 330	3 120
Issued share capital	0,1	820	—	820
+/− Comprehensive income	—	—	4	4
+/− Profit /loss for year	—	—	−3 067	−3 067
Total equity as at 31.12	**780**	**830**	**−733**	**877**

2014	Sharecapital	Share premium	Retained earnings	Total equity
Equity per 01.01	780	10	2 154	2 944
Issued share capital	—	—	—	—
+/− Comprehensive income	—	—	−6	−6
+/− Profit /loss for the year	—	—	183	183
Total equity as at 31.12	**780**	**10**	**2 330**	**3 120**

DEA Norge AS, registered in Oslo, Norway, owns a total of 77 989 ordinary shares at nominal value of NOK 10 001 per share. The share capital was increased 18th November 2015 with NOK 77 989 by an increase of the nominal value per share with NOK 1,00. In the same capital increase a share premium of total NOK 819 921 754 was paid.

Actuarial gains and losses related to pensions are immediately recognized with no effect on net income in the statement of recognized income and expense.

Note 6 Receivables, payables and debt

All of the company's short term receivables are due within one year. All of the company's short tenn liabilities are payable within one year.

Short term receivables

	2015	2014
Trade receivable	274	7
Trade receivable group companies	—	153
Total trade receivable	**274**	**161**

	2015	2014
Overcall	145	149
Underlift oil/NGL/gas	243	491
Unrealised gain on derivatives		684
Other short term receivables	1 451	330
Other short term loan intercompany(*)	—	962
Total short term receivables as at 31.12	**1 839**	**2 617**

(*) Related to cash-pooling within E.ON group

Short term liabilities

	2015	2014
Trade payables	55	138
Trade payables group companies	—	27
Total trade payables	**55**	**165**

	2015	2014
Accrued cost related to licenses	196	235
Overlift oil/NGL/gas	40	19
Other short term liabilities	578	137
Total other short term liabilities as at 31.12	**813**	**391**

Note 7 Plugging, Abandonment and Removal

DEA E&P Norge AS' share of total future plugging, abandonment and removal cost as at 31.12.2015 is estimated at nominal NOK 2 559 million (NOK 2 533 million as of 31.12.2014).

Asset retirement obligations (AROs) are related to future well closure—decommissioning—and removal expenditures for offshore installations. According to the terms of production licenses on the Norwegian Shelf, the company has a duty to remove offshore installations as required by the authorities upon termination of production or when the license expires. The asset retirement obligation is made on the basis of an assumed removal concept, based on the Norwegian Petroleum Act of 1996 and on international regulations and guidelines. The asset retirement obligation as per 31.12.2015 relates to the producing fields Njord, Skarv/Idun and Hyme and consists of provisions for plugging of wells and removal of well heads and platforms.

When calculating the net present value of the long term portion of the liability, the company uses an inflation rate of 2.0 per cent (1.9 per cent in 2014) and a nominal discount rate of 5.1 per cent (removal 2020/2026). The nominal discountrate in 2014 was 4.7 per cent.

Asset Retirement Obligation (ARO)—Asset

	2015	2014
Book value 01.01	1 273	1 311
Depreciation	103	−176
Change in estimate	−721	138
Book value 31.12. ARO Asset	**656**	**1 273**

Asset Retirement Obligation (ARO)—Liability

	2015	2014
Book value 01.01	2 085	1 928
Accretion	28	19
Change in estimate	−721	138
Book value 31.12. ARO Liability	**1 392**	**2 085**

Note 8 Reserves and production, unaudited

Estimated total 2P reserves as at 31.12. 2015 are 108 million BOE. Total production in 2015 was 18.1 million BOE.

The license periods expire in the period 2021–2033.

Note 9 Salary related items, number of employees and pension

Overview of personnel costs	2015	2014
Salaries	187	127
Social security	26	19
Pension expenses	32	21
Other personnel related expenses	−59	−42
Total	**187**	**124**

The company had 87 employees at the end of the year. For the year, the average number of man-years is calculated to 89 (79 in 2014). Personnel expenses includes recharges related to opererated licenses and recharges related to personnel employed in Norway who perform services for other group companies.

The company has a group pension scheme for employees. The pension plan is secured through an insurance company, DNB Livsforsikring ASA, and is dependent on the number of years in service and level of compensation at retirement. The number of members at year end 2015 was 88 (86 in 2014).

	2015	2014
Pension rights earned during the year	30	19
Interest expense on earned pension rights	5	5
Yield pension costs	−2	−3

Social security tax	5	3
Net pension cost	**37**	**24**
Pension benefit obligations	168	153
Plan assets	−94	−70
Social security	11	12
Net pension benefit obligations	**85**	**94**
Financial assumptions:		
Discount rate	2,50%	3,00%
Expected increase in salaries	2,50%	3,25%
Expected increase in pensions	2,25%	3,00%
Expected increase in basis for calculating government contributions	2,25%	3,00%
Expected return on funds	2,50%	3,00%

The actuarial calculation is based on the assumptions as of the beginning of December 2015. The company decided to use the discount rate based on high quality corporate bonds (Rente pa obligasjoner med fortrinnsrett—OMF) because there is a deep market and the pricing is reliable for these bonds.

Note 10 Remuneration to executives and auditors

Remuneration to executives

No remuneration has been paid to the Board members. The Managing Director received NOK 5.8 million in salary, bonus and other benefits during 2015 (NOK 3.7 million in 2014) and is enrolled in the company's group pension scheme. In addition he has a mutual extended period of notice.

Auditor's remuneration

Audit remuneration expenses in 2015 was NOK 1.2 million (NOK 1.3 million in 2014) of which external audit services was NOK 1.2 million (NOK 1.1 million in 2014) and other services was NOK 0 million (NOK 0.2 million in 2014). In addition the company has expenced NOK 0.1 million for other consulting services from PWC.

Note 11 Tax

Calculation of the year's tax charge

	2015	2014
Current tax	−251	—
Adjustment provision taxes payable prior year	—	−25
Change in deferred taxes	2 263	−602
Tax on ordinary result	**2 012**	**−626**

Tax expense items are based on the accounting profit and loss and consist of both current tax and changes in deferred tax. Income from oil activity on the Norwegian Continental Shelf is taxed in accordance with the Petroleum Taxation Act, and includes a special tax of 51% after uplift deductions, in addition to corporate tax at 27%. From 01.01. 2016 the corporate tax rate is 25% and the special tax rate is 53%. Uplift deductions on investments up to 5 May 2013 are based on 7,5% per annum over 4 years starting in the year of the investment. For investments made after 5th of May 2013 the uplift deduction is reduced to 5,5% per annum over 4 years. The change in the Tax law was followed by new Regulations saying that investments already approved by the Government prior to 5 May will have the old uplift of 7,5% over 4 years although the actual investment will be done after 5 May 2013. Deductions for financial expenses are only to a limited extent given in the basis for special tax. The tax value of exploration expenses will result in a tax credit to the extent the offshore tax base is negative. No tax refunds related to exploration expenses for 2015 are booked since the offshore tax base is positive for 2015.

Overview of temporary differences

	2015	2014
Fixed assets	4 392	11 041
Gain & loss account	10	13
Over/Underlift	80	51
Pensions	−85	−94
Plugging, abandonment & removal	−1 387	−2 080
Unrealised gain hedge	1 125	684

Tax loss carried forward	—	−1 388
Tax base for ordinary tax	**4 135**	**8 228**
Capitalized interest	−1 111	−1 359
Unused uplift carry forward	—	−796
Unrealised gain hedge	—	−684
Differences in tax loss carried forward	−1 805	−2 042
Tax base for special petroleum tax	**1 219**	**3 347**
Corporate income tax at 25% (27% in 2014)	1 034	2 222
Special petroleum tax at 53% (51% in 2014)	646	1 707
Sum deferred tax liability	**1 680**	**3 928**

Deferred tax liability is based on the positive and negative temporary differences between accounting and tax balances. Deferred tax is based on the liability method without restating to net present values. Deferred tax liabilities and deferred tax assets are presented as a net amount in the Balance Sheet.

In addition, the company has a deferred tax asset of NOK 17 million relating to tax loss carry forward from activitiy not relating to activity on the Norwegian Continental Shelf. Due to the uncertainty that the company will get profit that can offset this loss in the future, the deferred tax assets has not been included in the accounts.

Reconciliation tax expense

	2015	2014
Ordinary profit before tax	−5 080	809
Marginal tax at 78%	−3 962	631
Permanent differences	1	−70
New uplift	−157	−282
Depreciation Skarv acquisition	296	280
Depreciation of capitalized interest	127	102
Impairment of assets	1 183	305
Realised gain on hedge	—	−132
Unrealised gain on hedge	349	−349
Financial items with tax rate 27%	76	157
Prior year adjustment	142	23
Tax effect of interest on tax loss and uplift carried forward	−8	−37
Tax effect of change in tax rates	−58	—
Actual tax expense (income)	**−2 012**	**626**

Note 12 Financial risk

Market risk

The company is exposed to changes in prices of crude oil, NGL and gas and changes in foreign currency exchange rates. The sale of crude oil and NGL are in USD. Gas sales are both in Euros and GBP. Part of the gas sale is secured through hedging transactions.

Credit risk

Risk of debtors and business partners not being financially capable of fulfilling their obligations towards DEA E&P Norge AS is regarded as very low as the debtors are regarded as financially solid. The oil is sold to Shell International Trading & Shipping Company Ltd, the NGL is sold to Shell International Trading & Shipping Company Ltd and Statoil ASA and the gas is sold to E.ON Global Commodities SE.

Liquidity risk

The company considers its liquidity risk as low. Future income related to oil and gas sales, a loan and a credit facility agreements with DEA International GmbH together with cash available in the company will fund the future exploration expenses and investments in the Skarv/Idun and Njord area. The interest rate risk is considered to be low.

Note 13 Inventory

The inventory related to the Njord, Skary and Hyme licenses consists of:

	2015	2014
Consumption materials	29	11
Spare parts	44	40
Total Inventory	**73**	**51**

Note 14 Interest income/expense

	2015	2014
Interest income bank deposit	10	20
Other interest income	−0	7
Total interest income	**10**	**27**

Note 14 Interest income/expense

	2015	2014
Interest expense	264	444
Other interest expense	31	24
Total financial expenses	**294**	**468**

The company has capitalized NOK 0 million in interest expenses in 2015 and 2014 resepctively.

Note 15 Intercompany transactions

	Date of maturity	2015	2014
Short term intercompany receivable	< 30 dager	—	153

The company has the following loans from group companies:

	Date of maturity	2015	2014
Credit facility Dutchdelta Finance S.a.r.l.		—	6 033
Credit facility Powergen Luxembourg Holdings S.a.r.l.		—	3 350
Loan from EIF B.V.	08.05.2019	—	749
Loan from Dutchdelta Finance S.a.r.l.	16.11.2015	—	1 500
Loan from DEA International GmbH	08.05.2019	750	—
Credit facility from DEA International GmbH	04.01.2016	1 281	—
Credit facility from DEA International GmbH	14.01.2016	2 944	—
Credit facility from DEA International GmbH	18.03.2016	833	—
Total loan from group companies		**5 807**	**11 633**

The company has the following interest payable on loan from group companies at year-end:

	2015	2014
Interest on credit facility from Dutchdelta Finance S.a.r.l.	—	8
Interest on loan from ELF	—	34
Interest on loan from Dutchdelta Finance S.a.r.l.	—	8
Interest on loan from Powergen Luxembourg Holdings S.a.r.l.	—	3
Loan from DEA International GmbH	34	—
Credit facility from DEA International GmbH	1	—
Credit facility from DEA International GmbH	3	—
Credit facility from DEA International GmbH	0	—
Total interest payable on loan from group companies	**39**	**52**

DEA E&P Norge AS is 100% owned by DEA Norge AS, a company registered in Oslo, Norway. The Company is included in the Consolidated Financial Statements of DEA Deutsche Erdoel AG. The Group's ultimate parent is LetterOne Holdings S.A. (incorporated in Luxembourg). Up to 16th December 2015, the Company was part of the E.ON group with headoffice in Germany.

The company has in 2015 various transactions with E.ON companies, which for most part of the year were associated companies. All the transactions have been carried out as part of the ordinary operations and at arms-length prices. In addtion to sale of gas to E.ON Global Commodities SA (note 2) and loan/interest on loans (note 15), the company has received intercompany charges of NOK 104 million relating to IT services, SAP, timewriting from functional organisation, guarantee fees, R&D, other services and salaries relating to employees from other group companies working in Norway. The company has also charged NOK 65 million to other group companies for services performed based on timewriting from functional organisation and SAP.

Note 16 Commitments and contingencies

At the end of the year the company was committed to participate in 3 exploration wells on the NCS. The Aurelia well in PL226B will be operated by ENI and the expected net expenditure is about 200 MNOK including a carry element The well will most likely be drilled late May 2016 and is the first well for the company in the Barents Sea. The second well is North Flank 2 in PL107C in the Njord area. Net expenditure here is expected to be about 143 MNOK and the well is operated by Statoil. Current plan is to start the drilling in late summer 2016. Finally, the company has committed to drill the

Stordal well in PL705. The well is located in the deep water part of the Norwegian Sea and will be operated by Repsol. Net expenditure is expected to be 133 MNOK and the well will be drilled first half 2017.

The company has take or pay commitments related to gas transportation from Njord, Skarv, and Hyme for the period from 2016-2027. Total commitments related to this agreement is NOK 3 938 million.

On 3rd October 2012 the Company entered a new rig contract together with 3 other oil companies (Rig consortium NCS5) that enabled such as the capturing benefits from cooperation and commonly increased contract volumes. The hire was Borgland Dolphin for 3 well slots (and up to 145 days) intentionally assigned in 2014, 2015 and 2016. The Company's first well was drilled in 2014 (delivered in 21 days) and the second well drilled in 2015 (delivered in 34 days), both effectively delivered within operational and budgetary targets. Total remaining rig hire commitments are assumed to be accomplished through planned 19 days warm-stacking in 2016 due to the currently constrained situation for well approvals. Also the additional drilling related commitments for remaining 3rd party services and rig demobilization are also expected to be finalized in 2016.

Note 17 Financial instruments

2015

Assets	**Note**	**AFV(*)**	**LR(**)**	**FLAC(***)**	**TOLAC(****)**	**Total carrying amount 31.12.**
Cash		—	80	—	—	80
Trade receivables	6	—	274	—	—	274
Other receivables	6	—	714	—	—	714
Derivatives	6	1 125	—	—	—	1 125
Total financial assets		**1 125**	**1 068**	**—**	**—**	**2 193**

Liabilities	**Note**	**AFV(*)**	**LR(**)**	**FLAC(***)**	**TOLAC(****)**	**Total carrying**
Short term debt	15	—	—	5 099	—	5 099
Long term loans	15	—	—	750	—	750
Trade creditors	6	—	—	—	55	55
Taxed withheld and public duties payable		—	—	—	126	126
Other current liabilities	6	—	—	—	813	813
Total liabilities		**—**	**—**	**5 848**	**994**	**6 842**

2014

Assets	**Note**	**AFV(*)**	**LR(**)**	**FLAC(***)**	**TOLAC(****)**	**Total carrying amount 31.12.**
Cash		—	11	—	—	11
Trade receivables	6	—	161	—	—	161
Other receivables	6	—	1 933	—	—	1 933
Derivatives	6	684	—	—	—	684
Total financial assets		**684**	**2 105**	**—**	**—**	**2 789**

Liabilities	**Note**	**AFV(*)**	**LR(**)**	**FLAC(***)**	**TOLAC(****)**	**Total carrying amount 31.12.**
Short term debt	15	—	—	11 047	—	11 047
Long term loans	15	—	—	749	—	749
Trade creditors	6	—	—	—	165	165
Taxed withheld and public duties payable		—	—	—	32	32

	Note					
Other current liabilities	6	—	—	—	391	391
Total liabilities...		**—**	**—**	**11 796**	**587**	**12 383**

(*) AFV: Assets to fair value

(**) LR: Loan and receivables

(***) FLAC: Financial liabilities measured at amortized cost

(****) TOLAC: Trade payables and other liabilities measured at amortized cost

The carrying amount of cash and cash equivalens and of trade receivables are considered reasonable estimates of their fair value because of their short time to maturity. For risk exposure see note 12.

Maturity Analysis

	Cash outflow 2016	Cash outflow 2017	Cash outflow 2018	Cash outflow from 2019
Long term loans	—	—	—	750
Short term loans(*)	5 099	—	—	—
Trade creditors	55	—	—	—
Taxed withheld and public duties payable	126	—	—	—
Other current liabilities	813	—	—	—
Total cash outflow	**6 093**	**750**	**—**	**750**

(*) A major part of this amount is expected to be refinanced during 2016.

Aging schedule of trade receivables	Not due	Not impaired and up to 90 days past due	Not impaired and up to 91 to 365 days past due	Not impaired and over 365 days past due
Trade receivables, NOK	6	6	—	—
Trade receivables, EUR	18	1	—	—
Trade receivables, USD	—	11	—	—
Trade receivables, GBP	232	—	—	—

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1—Quoted prices in active markets for identical assets or liabilities

Level 2—Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (from prices) or indirectly (derived from prices)

Level 3—Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

2015	Valuation based on price in active market	Valuation based on observable market date	Valuation based on other than observable market data	Total
Assets				
Financial derivatives	—	1 125	—	1 125
Liability				
Financial derivatives	—	—	—	—

2014	Valuation based on price in active market	Valuation based on observable market date	Valuation based on other than observable market data	Total
Assets				
Financial derivatives	—	684	—	684
Liability				
Financial derivatives	—	—	—	—

Note 18 Leasing

	2015	2016	2017	2018–2022
Leasing obligations	16	16	16	81

The company has operational lease obligations mainly related to rental of office premises and parking spots. The lease agreement expires in 2022.

Note 19 Bank deposits

NOK 16.6 million (NOK 7.8 million in 2014) of total bank deposits relates to restricted funds for withholding. taxes.

Note 20 Impairment

Impairment of tangible fixed assets was related to Skary with MNOK 5 525 and Njord with MNOK 119. The impairment was mainly due to reduced oil and gas prices. The impairment of intangible assets was related to part of the acquisition cost for Skary Exploration Portfolio and amounted to MNOK 674.

A sensitivity analysis has been carried out in relation to the impairment of the producing field Skarv. Product prices, reserves from changes in production and Weighted Average Cost of Capital (WACC) has been used in the sensitivity analysis. If the oil price drops with 10%, an impairment of MNOK 476 on Skarv and MNOK 289 on Njord will be booked. If the oil price increases with 10%, MNOK 476 of the impairment after tax on Skarv and MNOK 289 of the impairment after tax on Njord will be reversed. If the reserves are reduced by 5%, an impairment of MNOK 198 on Skarv and MNOK 135 on Njord will be booked. If the reserves are increased by 5%, MNOK 198 of the impairment after tax on Skarv and MNOK 135 of the impairment after tax on Njord will be reversed. Finally if the WACC is increased by 0,5%, an impairment of MNOK 33 on Skarv and MNOK 87 on Njord will be booked. If the WACC is reduced by 0,5%, MNOK 34 of the impairment after tax on Skarv and MNOK 91 of the impairment after tax on Njord will be reversed.

Note 21 Derivatives

The company has previously hedged some of the future gas sales against fluctuations in the sales price. This has been done by agreeing to sell part of the gas volumes at a fixed price based on forward contracts. No further hedges were made in 2015. Hedges from previous years constitutes approximately 60% of the 2016 gas production and 50% of the 2017 gas production, with the last hedges expiring end 1Q 2018. The forward price is published NBP price for the delivery of gas in the winter and summer seasons during the hedged period.

These financial instruments are classified as derivatives held for trade and are measured at fair value through profit or loss. In 2015 the company has realized a gain of MNOK 586 on this hedge and has an unrealised gain of MNOK 1 125 as of 31.12. 2015.

Note 22 Interests in jointly controlled assets

Interest in jointly controlled assets are included in the accounts by the gross method (partly consolidation), based on the equity. The company holds the following license equities on 31 December 2015:

License	Field/Licensename	Operator / partner	Equity
Skarv Unit	Skarv Unit	Partner	28,08%
Njord Unit	Njord Unit	Partner	30,00%
PL348	Hyme	Partner	17,50%
PL 107		Partner	30,00%
PLIO7B		Partner	30,00%
PL107C		Partner	30,00%
PL 107D		Partner	30,00%
PL132		Partner	30,00%
PL159		Partner	40,00%
PL159C		Partner	40,00%
PL159D		Partner	40,00%
PLI59E		Partner	40,00%
PL212		Partner	25,00%
PL212B		Partner	25,00%
PL212E		Partner	25,00%
PL226		Partner	20,00%
PL226B		Partner	20,00%
PL262		Partner	25,00%
PL348B		Partner	17,50%
PL348C		Partner	17,50%
PL433		Partner	25,00%

License	Role	Share
PL613	Partner	15,00%
PL650	Operator	60,00%
PL651	Operator	40,00%
PL656	Operator	30,00%
PL674	Operator	50,00%
PL674BS	Partner	30,00%
PL674CS	Partner	30,00%
PL688	Operator	50,00%
PL704	Operator	40,00%
PL705	Partner	30,00%
PL718	Partner	30,00%
PL720	Operator	30,00%
PL722	Partner	15,00%
PL724	Partner	30,00%
PL724B	Partner	30,00%
PL730	Operator	70,00%
PL730B	Operator	70,00%
PL771	Partner	30,00%
PL781	Operator	40,00%
PL782S	Partner	20,00%
PL794	Partner	20,00%
PL802	Partner	20,00%
PL803	Operator	50,00%
PL806	Partner	20,00%
New licenses awarded in APA round January 2016		
PL782 SB	Partner	20,00%
PL832	Partner	15,00%
PL837	Partner	20,00%
PL838	Partner	30,00%
PL839	Partner	28,10%

Note 23 Subsequent Event

None

Country-by-Country report 2015

This report is prepared according to the Norwegian Accounting Act Section 3-3d, cf. the Regulation on Country-by-Country Reporting dated 20 December 2013 no. 1682.

DEA E&P Norge AS, org.no.985 740 909, is a wholly-owned subsidiary of DEA Norge AS based in Oslo, Norway. The Company is engaged in oil and gas exploration and production on the Norwegian Continental Shelf, with offices in Stavanger.

DEA E&P Norge (former E.ON E&P Norge AS) was acquired by DEA Norge in 2015, but since the acquisition was finalized on December 16th, DEA E&P Norge is treated as a single reporting unit when preparing the underlying report.

All numbers are reported in Norwegian kroner.

Reporting principles:

Payments to Governments are reported based on the cash payments principle.

Other financial information is presented according to the rules and regulations that are valid for the Annual Report.

1. Payments to Governments

Type of payment	Government/authority	Project	in NOK
Taxes on income	Norwegian Tax Administration	n/a	**146 443 500**
CO2 fees at Kårstø	Norwegian Custome	CO2 fee on fuel & flare	**891 614**
			147 335 114

2. Other financial information

	in 1000 NOK
Revenues from sale of petroleum products	
to external customers	6 883 071
	6 883 071
Income before taxes	(5 079 732)
Tax on ordinary result	2 012 473
Investments in fixed assets	101 630
Payable tax	104 372
Interest from/to affiliated companies	
Interest from affiliated companies	10 219
Interest to affiliated company	(263 789)
	(253 570)
Production 2015	
Total liquid production[1]	9.45 million boe
Total gas production[2]	1 379 million Sm[3]

(1) crude oil, condensate, LPG, NGL

(2) dry gas

Oslo, 29th February 2016

To the Annual Shareholders' Meeting of DEA E&P Norge AS

Independent auditor's report

Report on the Financial Statements

We have audited the accompanying financial statements of DEA E&P Norge AS, which comprise the balance sheet as at 31 December 2015, income statement, changes in equity and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Managing Director's Responsibility for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these financial statements in accordance with simplified application of international accounting standards according to the Norwegian Accounting Act *§ 3–9,* and for such internal control as The Board of Directors and the Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements are prepared in accordance with the law and regulations and present fairly, in all material respects, the financial position of DEA E&P Norge AS as at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to the Norwegian Accounting Act *§ 3–9.*

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors report concerning the financial statements and the going concern assumption is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements ISAE 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Stavanger, 29 February 2016
PricewaterhouseCoopers AS

Arne Birkeland
State Authorised Public Accountant (Norway)

THE ISSUER
DEA Finance SA

1-3, Boulevard de la Foire
L-1528 Luxembourg
Luxembourg

LEGAL ADVISORS
To the Company:
As to U.S. federal, New York, English and German Law
Latham & Watkins (London) LLP
99 Bishopsgate
London EC2M 3XF
United Kingdom

To the Initial Purchasers:
As to U.S. federal, New York, English and German Law
Shearman & Sterling (London) LLP
9 Appold Street
London EC2A 2AP
United Kingdom

AUDITORS OF THE ISSUER
PricewaterhouseCoopers, Société coopérative
2, rue Gerhard Mercator
B.P. 1443
L-2812 Luxembourg
Luxembourg

AUDITORS OF THE COMPANY
PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft
Friedrich-List-Straße 20
45128 Essen
Germany

TRUSTEE AND PRINCIPAL PAYING AGENT
The Bank of New York Mellon, London Branch
One Canada Square
London E14 5AL
United Kingdom

REGISTRAR AND TRANSFER AGENT
The Bank of New York Mellon (Luxembourg) S.A.
Polaris-Vertigo Building
2-4 rue Eugéne Ruppert
L-2453 Luxembourg
Luxembourg

LEGAL ADVISORS TO THE TRUSTEE
White & Case LLP
5 Old Broad Street
London EC2N 1DW
United Kingdom