

Simplified notification of a concentration

cf. the Norwegian Competition Act section 18 and the Regulation on the Notification of Concentrations Section 3, first paragraph, item 3, letter c

between

Hemen Holding Limited

and

Seadrill Limited

Oslo, 6 April 2018

Non-Confidential Version

1. The Parties

1.1 The Acquiring Party

Name: Hemen Holding Limited
Reg.no.: HE87804 (Cyprus)
Address: John Kennedy Street, Iris Building, 7th floor, Flat/Office 740B,
3106 Limassol Cyprus

1.2 The Acquiring Party's representative

Name: Advokatfirmaet BAHR AS
Contact person: Henrik Nordling
Lawyer in charge: Beret Sundet
Address: Postboks 1524 Vika, NO-0117 Oslo
Telephone: 966 25 414
E-mail: henno@bahr.no

1.3 The Target Undertaking

Name: Seadrill Limited
Reg.no.: 36832 (Bermuda)
Address: Par-la-Ville Place, 4th Floor, 14 Par-la-Ville Road,
Hamilton HM 08, Bermuda

1.4 The Target Undertaking's representative

Name: Slaughter and May
Contact person: Claire Jeffs / Elena Krishnan
Address: One Bunhill Row, London, EC1Y 8YY, United Kingdom
Telephone: + 44 (0) 20 7090 4031 / + 44 (0) 20 7090 3184
E-mail: claire.jeffs@slaughterandmay.com /
elena.krishnan@slaughterandmay.com

2. The Transaction

2.1 Background to the on-going bankruptcy proceedings

1. On 12 September 2017 Seadrill Limited (*Seadrill*) applied for chapter 11 bankruptcy protection proceedings in the United States of America. A chapter 11 case is a court-supervised proceeding under the US Bankruptcy Code in which a company seeks to restructure its financial obligations. The goal of a chapter 11 restructuring is to confirm a "plan of reorganisation" that replaces the debtor's pre-filing obligations with a new set of manageable obligations.
2. The anticipated plan of reorganisation (*Plan*) will be based on the terms of two main agreements as amended:

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- An Investment Agreement (*IA*) entered into on 12 September 2017 and Investment Amendment Agreement (*IAA*) entered into on 26 February 2018 under which Hemen Investments Limited (*Hemen Investments*), a wholly owned subsidiary of Hemen Holding Ltd (*Hemen*), and a consortium of investors, committed to provide USD 1.08 billion in new cash commitments to Seadrill.
- A Restructuring Support and lock-up Agreement (*RSA*), entered into on 12 September 2017, and an RSA Amendment Agreement (*RSA Amendment*), entered into on 26 February 2018, between Seadrill and Hemen and a consortium of investors. The purpose of the RSA and RSA Amendment is to support and give effect to the terms agreed in principle with new money providers and the coordinating committee of Seadrill’s bank lenders. The RSA and RSA Amendment give reassurance to the various stakeholders that the implementation of the Plan has sufficient support.

3.

[REDACTED]

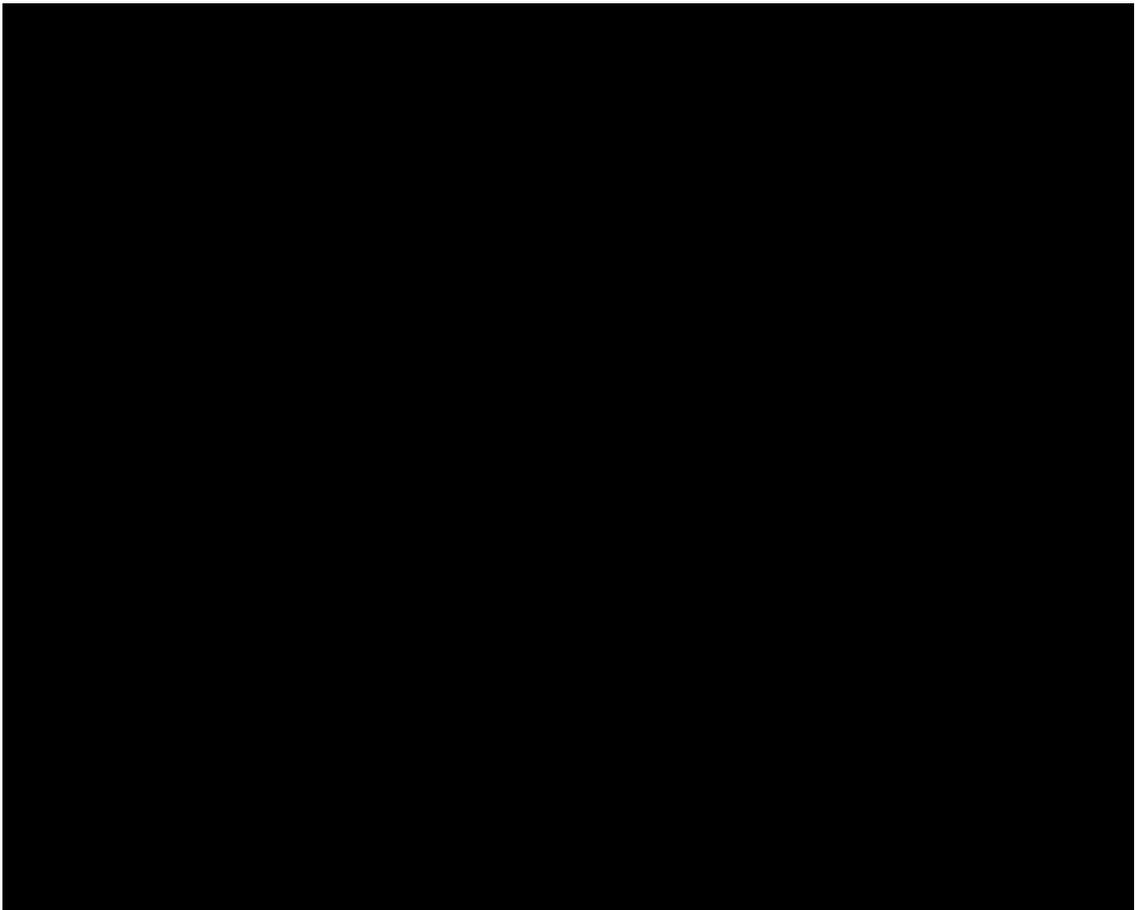
2.2 The Notified Concentration

4. Hemen has been Seadrill’s most significant shareholder since the company was founded and currently holds a stake of 23.41%. However, Hemen does not currently exercise control, either solely or jointly, whether *de facto* or *de jure*, over Seadrill. As a result of the Transaction, Hemen, via Hemen Investments, will acquire *de jure* sole control over Seadrill.

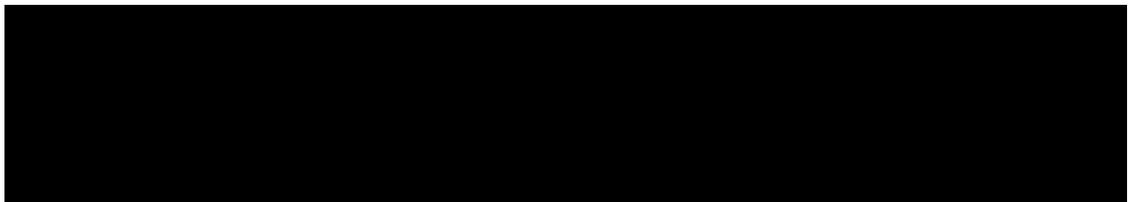
5. First, as regards Hemen’s shareholding in Seadrill [REDACTED] [REDACTED] under the currently anticipated post-restructuring control structure of Seadrill, Hemen, through Hemen Investments, will hold a shareholding of in the range of [REDACTED] [REDACTED]. The equity allocations of the other main shareholders are set out in the table below:

[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

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6.

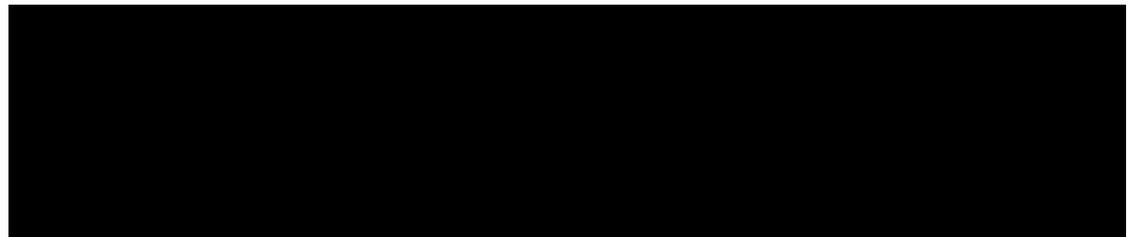


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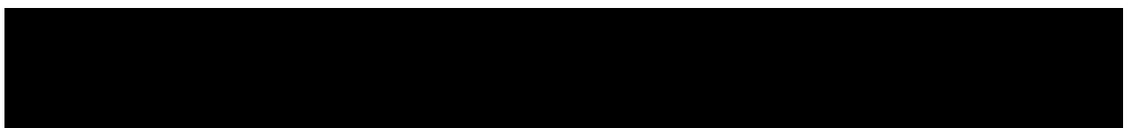


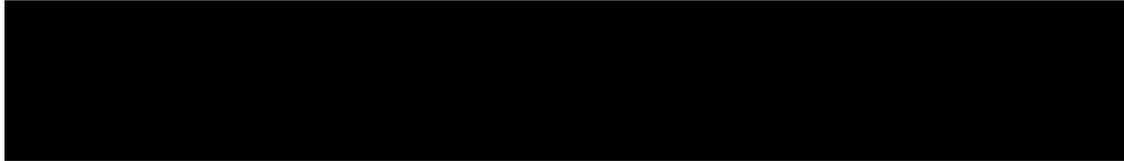
there is also a Governance Term Sheet (*GTS*) under negotiation. The GTS sets out the governance rights of the various stakeholders in Seadrill, including board appointment rights. A separate shareholder's agreement has not been suggested, but it is expected that the relevant governance rights will be incorporated into Seadrill's new bye-laws.

8.



9.





10.



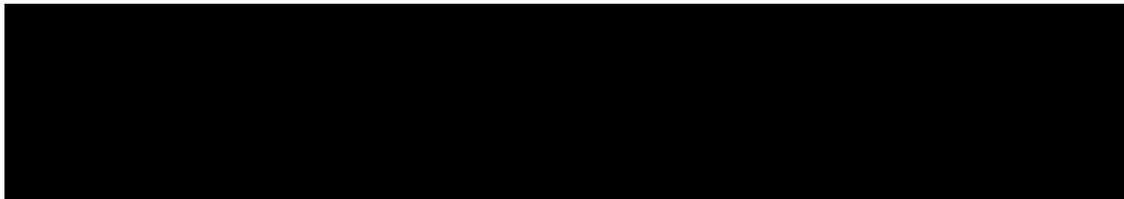
11. Through the implementation of the Plan and the GTS, Hemen will thus acquire sole control of Seadrill. Accordingly, this constitutes a concentration pursuant to Section 17 of the Norwegian Competition Act.

3. The Parties' structure and area of business

3.1 Hemen

12. Hemen is an investment company based in Limassol, Cyprus with controlling and non-controlling shares in a variety of entities that are active in different industries. Hemen is held 100% by Greenwich Holdings Limited based in Limassol, Cyprus. The latter also controls 100% of the investment company Geveran Trading Co. Limited (*Geveran*) based in Limassol, Cyprus. The ultimate controlling parent entity of Greenwich Holdings Limited is C. K. Limited based in Jersey, as trustee of trusts established by John Fredriksen for the benefit of his immediate family. C.K. Limited and its affiliates are collectively referred to as the acquiring party's Group.

13. The following entities are controlled¹ by Hemen:



- Northern Drilling: an investment company that has acquired two deep water drilling rigs that are expected to be delivered in 2019 and that will be leased out to rig operators. Northern Drilling does not operate drilling rigs.

14. The following entities are controlled² by Geveran:

¹ Based on the principle of "control" under the Norwegian Competition Act and without prejudice to any other concept of control under other applicable rules or legislation.

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- Flex LNG Ltd.: an owner of liquefied natural gas (LNG) carrier vessels and floating storage regasification units (FRSUs), focused on commercial activities relating to securing hydrocarbon feed stock for floating liquefaction projects, constructing, owning and operating floating liquefaction vessels and/or LNG vessels and sales and marketing of hydrocarbons and business in connection therewith, including investing in other companies. Flex LNG operates a fleet of LNG carriers and has four M-type, Electronically Controlled, Gas Injection (MEGI) LNG carriers with a capacity of approximately 174,000 cubic meters under construction.
- Norwegian Property ASA: Norwegian Property is a fully integrated corporate real estate company investing in commercial properties. Norwegian Property owns a portfolio of large properties located in Norwegian towns and cities.
- NorAm Drilling Company AS: NorAm Drilling Company AS (formerly *Global Rig*) is a land driller owning and operating onshore oil and gas well drilling rigs in the Southwestern United States. The Group currently has nine land rigs.

3.2 Seadrill

15. Seadrill is an offshore drilling company providing worldwide offshore drilling services to the oil and gas industry. Its primary business is the ownership and operation of drillships, semi-submersible rigs and jack-up rigs for operations in shallow-, mid-, deep- and ultra-deepwater areas, in benign and harsh environments. In 2016 it had total operating revenues of USD 3,169 million. Seadrill and its affiliates own or lease 51 drilling rigs.
16. Seadrill is Bermuda incorporated and headquartered, and is listed on the NYSE and the Oslo Stock exchange (in both cases, under the symbol “SDRL”). Hemen has been Seadrill’s most significant shareholder since the company was founded and currently holds a stake of 23.41%.
17. Seadrill holds a 70% shareholding in North Atlantic Drilling Limited, an offshore drilling company focusing on harsh environment operations.
18. In 2016, Seadrill employed ca. 5.500 people worldwide.
19. Further information about Seadrill can be found on the company’s website: www.seadrill.com

² Based on the principle of “control” under the Norwegian Competition Act and without prejudice to any other concept of control under other applicable rules or legislation.

4. Turnover

20.

	Turnover in Norway 2017 (NOK)
Hemen/Geveran	██████████
Seadrill Ltd.	██████████

5. Applicability of the simplified notification

21. The Transaction relates to the offshore drilling market. It is possible to segment the product market further by type of drilling rig into drillships, semi-submersible rigs and jack-up rigs, or by water depths into shallow-, mid-, deep- and ultra-deepwater rigs, or by whether they can operate in harsh environments or conform to specific regulations.
22. However, for the purposes of the present notification, the Parties consider that the relevant market definition can be left open as there will be no competitive impact on any potential market definition in light of the fact that the Transaction does not give rise to any horizontal overlap or new vertical relationships.
23. The Notifying Party accordingly submits that the Transaction fulfils the conditions for a simplified notification under Section 3 of the Regulation on the Notification of Concentrations.
24. First, the Transaction does not give rise to any horizontal overlap between Seadrill and Hemen, or any undertaking under the same ultimate control as Hemen.
25. Seadrill operates 51 offshore drilling rigs worldwide. Based on figures provided by IHS Markit, as of mid-March 2018 there were 789 offshore drilling rigs active or available worldwide. Should the market be narrowed down geographically to Northwest Europe, there would be 96 active or available drilling rigs.³
26. Seadrill would therefore have a market share of ca. 6.5% on the market for operation of offshore drilling rigs on a worldwide basis. With regards to Northwest Europe, Seadrill operates 8 drilling rigs that would account for a market share of 8.3%.⁴
27. Through Northern Drilling, Hemen has contracted two semisubmersible drilling rigs that are expected to be delivered in the course of 2019: the *West Mira* and the *Bollsta Dolphin*. However, as there is no horizontal overlap between Seadrill and Northern Drilling at the date of this notification, it is not considered further.

³ See overview on <https://ihsmarkit.com/products/offshore-oil-rig-data.html>.

⁴ The market share data for Seadrill includes rigs owned by both Seadrill and Seadrill Partners LLC. Seadrill Partners LLC is a company formed by Seadrill to own, operate and acquire offshore drilling rigs, but is not consolidated into Seadrill's accounts. Seadrill Partners LLC owns 11 rigs, currently located in the US, Canada, south-east Asia and West Africa. As such, Seadrill's global market share is overstated.

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28.

[REDACTED]

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-
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[REDACTED]

29.

[REDACTED]

30. Hemen is thus not currently present on the market for the operation of offshore drilling rigs, which is the market upon which Seadrill is present.

31. Second, the Transaction does not give rise to any new vertical relations between Seadrill and Hemen, or any undertaking under the same ultimate control as Hemen. [REDACTED] Flex LNG can be considered as operating on a market which is upstream or downstream from markets on which Seadrill operates.

32. For the sake of completeness, [REDACTED] and Flex LNG can and do serve large oil and gas operators, which can also be customers of Seadrill. However, in light of the absence of any direct links between the activities of Seadrill, and any undertaking under the same ultimate control as Hemen, this can in any event not be considered to result in any effect on competition.

33. As such, the Transaction qualifies for a simplified notification in accordance with the Regulation on the Notification of Concentrations, Section 3, first paragraph, item 3, letter c.

34. In light of this, the notifying party submits that the present concentration does not raise any competition issues and should be approved under the simplified notification procedure.

6. Annual reports

The latest approved annual reports of Hemen and Gevevan are attached to the present notification as **Annex 1 and 2**.

The latest approved annual report of Seadrill is available at: <http://www.seadrill.com/investor-relations/reports-and-presentations/reports/yr-2017.aspx>

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7. Other

The Transaction has also been notified to the Mexican Federal Economic Competition Commission, *COFECE*.

8. Confidentiality

The notification contains business secrets. Business secrets are marked with a green background. The basis for redaction and exemption from public disclosure is set out in **Annex 3**. A non-confidential version of the present notification is included as **Annex 4**.

Yours sincerely,
for Advokatfirmaet BAHR AS

Henrik Nordling
Senior Associate
Lawyer in charge: Beret Sundet