



**NORSK TILLITSMANN ASA**

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In case of any doubt between the two versions the Norwegian version is decisive.*

To the bondholders in:

**ISIN NO 001 019835.1 (ELK14) – Floating rate Elkem ASA Open Bond Issue  
2003/2008**

Oslo, 10 March 2006

**PROPOSAL TO AMEND CLAUSES IN LOAN AGREEMENT – CHANGE OF  
DEBTOR, AMENDMENT TO CLAUSE RE. LOAN STATUS, NEGATIVE  
PLEDGE AND CROSS DEFAULT – SUMMONS TO BONDHOLDERS  
MEETING**

**Background**

Norsk Tillitsmann ASA (“NTM”) acts as trustee for the above-captioned loan where Elkem AS (“Elkem”) is the borrower.

On 7 March 2006 three bondholders’ meetings was held in the following bond loans:

ISIN NO 001 019835.1 (ELK14) – FRN Elkem ASA Open Bond Issue 2003/2008  
ISIN NO 001 019836.9 (ELK15) – 5.82 % Elkem ASA Open Bond Issue 2003/2010  
ISIN NO 001 021922.3 (ELK18) – FRN Elkem ASA Open Bond Issue 2004/2014

where the bondholders were presented a proposal of change of debtor to Orkla ASA (“Orkla”). Further, in connection with such transfer, it was also proposed a modification of the negative pledge clause as well as the cross-default clause, in order to harmonize these clauses with those applicable to Orkla’s existing listed bonds. In addition, it was proposed, for the sake of good order, to change the wording regarding the status of the Loans, such that the wording corresponds to that of Orkla’s Medium Term Note program. This will not result in any material change in the status of the Loans.

Of the bondholders present at the meetings, 65.91 per cent, 97.62 per cent and 100.0 per cent in ELK14, ELK15 and ELK18 respectively voted in favour of the proposal. Therefore, the proposal was adopted by ELK15 and ELK18, but not by ELK14.

Elkem/Orkla requests to propos an identical proposal for the bondholders of ELK14 once more. For further information, please see the enclosed summons to the previous bondholders’ meeting.

The proposal must be approved by the bondholders’ meeting. For a valid resolution, a minimum presence of 2/10 of the outstanding bonds is required. Further, consent from at least 2/3 of the votes cast is required in order for the proposal to be formally approved.

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## **Summons for bondholders meeting**

Based on the above information, a bondholders meeting for the three loans is summoned:

**Time:** Tuesday 21 March, 2006 at 13:00 (Oslo time)

**Place:** the premises of Norsk Tillitsmann ASA, Haakon VII's gate 1, Oslo

### **Agenda:**

1. Approval of the summons
2. Approval of the agenda
3. Election of two bondholders to sign the minutes together with chairperson
4. Consent to changes of certain clauses in the Agreement:

#### **A. Change of debtor**

The bondholders consent to changing debtor from Elkem AS, to Orkla ASA. Norsk Tillitsmann ASA will carry out the necessary execution.

#### **B. Change in the status of the loan**

Existing provisions in Clause 8.1 shall be amended to read as follows:

“The bonds constitute (subject to section 8.2) unsecured obligations of the Borrower and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Borrower under the Loan in respect of principal and any interest thereon shall, save for such exceptions as may be provided by applicable legislation and subject to Clause 8.2, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Borrower, present and future.”

#### **C. Change in the negative pledge clause:**

Existing provisions in Clause 8.2 shall be amended to read as follows:

“As long as the loan is outstanding the debtor is obligated to:

- (i) the Borrower shall not create or permit to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest (“Security”) upon the whole or any part of its undertaking, assets or revenues present or future to secure any Relevant Debt (as defined below), or any guarantee of or indemnity in respect of any Relevant Debt
- (ii) the Borrower shall procure that no other person creates or permits to subsist any Security upon the whole or any part of the undertaking, assets



or revenues present or future of that other person to secure (a) any of the Borrower's Relevant Debt, or any guarantee of or indemnity in respect of any of the Debtor's Relevant Debt or (b) where the person in question is a Material Subsidiary (as defined below) any of the Relevant Debt of any person other than that Material Subsidiary, or any guarantee of or indemnity in respect of any such Relevant Debt and

(iii) the Borrower shall procure that no other person gives any guarantee of, or indemnity in respect of, any of its Relevant Debt

unless, at the same time or prior thereto, the Borrower's obligations under the Agreements (A) are secured equally and rateably therewith or benefit from a guarantee or indemnity in substantially identical terms thereto, as the case may be, in each case to the satisfaction of the Loan Trustee, or (B) have the benefit of such other security, guarantee, indemnity or other arrangement as the Loan Trustee in its absolute discretion shall deem to be not materially less beneficial to the noteholders (the Loan Trustee could decide that such decision should be taken in a bondholders' meeting).

In this section, "Relevant Debt" means any present or future indebtedness in the form of, or represented by, bonds, notes, debentures, loan stock or other securities that are for the time being, or are capable of being, quoted, listed or ordinarily dealt in on any stock exchange, automated trading system, over-the-counter or other securities market.

"Material Subsidiary" means any Subsidiary (as defined below) of the Borrower the total assets or total revenues of which equal or exceed 10 per cent. of the total consolidated assets or total consolidated revenues of the Borrower and its Subsidiaries. These figures will all be calculated on the basis of the then most recent consolidated accounts of the Borrower (whether audited or unaudited) that are available to the public and the then most recent audited financial statements of the relevant Subsidiary (whether or not it was a Subsidiary at the time of their preparation).

"Subsidiary" means any company more than 50 per cent. of whose issued share capital is held, directly or indirectly, by the Borrower."

#### **D. Change in the cross-default clause:**

Existing provisions in Clause 15.1 (c) shall be amended and read as follows:

"one or more of the Borrower's loans, guarantees or any other indebtedness which in sum exceeds U.S.\$40,000,000 (U.S.Dollarfortymillion) or its equivalent in other currencies, as a result of the Borrower's default is become due and payable, or is capable of being declared due and payable before agreed maturity date, and this results in a material deterioration in the Borrower's ability to fulfil its obligations according to the Loan Agreement,"



**E. Effectiveness and execution of the resolution:**

Norsk Tillitsmann ASA is given power of attorney to enter into the necessary agreements in connection with decisions made in today's bondholders' meeting as well as to carry out the necessary completion work.

The above mentioned resolution will according to the Agreement require a qualified majority of 2/3 of the bonds represented at the bondholders' meeting voting in favour and a minimum 2/10 of the outstanding bonds being represented at the meeting.

Attached is a printout from the VPS showing your bond holdings at the time of the printout. This printout serves as proof of your ownership to the bonds and must be presented in original at the meeting.

In order to hold the bondholders meeting, a power of attorney from the individual bondholders to Norsk Tillitsmann is sufficient. A power of attorney can be given by signing and returning the attached form to Norsk Tillitsmann, via mail, telefax (+47 22879410) or scanned e-mail ([mail@trustee.no](mailto:mail@trustee.no)). We encourage you to fill in and return the power of attorney form as soon as possible. The power of attorney must be received by Norsk Tillitsmann at the latest prior to the bondholders' meeting.

In case you wish to participate in person or by proxy in the actual meeting, we would ask you, for practical reasons, to notify Norsk Tillitsmann ASA by telephone (+47 22 87 94 00) or via e-mail ([mail@trustee.no](mailto:mail@trustee.no)) not later than 20 March 2006 at 16:00. The power of attorney form must be brought to the meeting.

Best regards

For Norsk Tillitsmann ASA

  
Ola Nygård

Enclosure:

- VPS statement/Power of attorney form
- The summons to bondholders' meeting dated 21 February 2006