

PROSPECTUS



RENEWABLE ENERGY CORPORATION ASA

(A public limited liability company organized under the laws of Norway)

Listing of 866,666,667 New Shares issued in connection with a Private Placement to be completed on or about July 31, 2012 at a Subscription Price of NOK 1.50 per New Share

Subsequent Offering and listing of up to 250,000,000 Offer Shares at a Subscription Price of NOK 1.50 per Offer Share with Subscription Rights for Eligible Shareholders

This prospectus (the “**Prospectus**”) relates to, and has been prepared in connection with (i) the listing (the “**Listing**”) on Oslo Børs, a stock exchange operated by Oslo Børs ASA (“**Oslo Børs**”), of 866,666,667 new shares, each with a nominal value of NOK 1.00, (the “**New Shares**”) in Renewable Energy Corporation ASA (“**REC**” or the “**Company**”, and together with its consolidated subsidiaries, the “**Group**”) issued in connection with a private placement (the “**Private Placement**”) to be completed on or about July 31, 2012 at a subscription price of NOK 1.50 per New Share and (ii) a subsequent offering (the “**Subsequent Offering**”) and listing on Oslo Børs of up to 250,000,000 offer shares, each with a nominal value of NOK 1.00, in the Company (the “**Offer Shares**”) at a subscription price of NOK 1.50 per Offer Share (together with the subscription price in the Private Placement, the “**Subscription Price**”). The existing shareholders of the Company as at the end of July 3, 2012, as registered in the Norwegian Central Securities Depository (the “**VPS**”) on July 6, 2012 (the “**Record Date**”), who were not invited to participate in the Private Placement and who are not resident in a jurisdiction where such offering would be unlawful, or would (in jurisdictions other than Norway) require any prospectus filing, registration or similar action (the “**Eligible Shareholders**”), are being granted non-transferable subscription rights (the “**Subscription Rights**”), that, subject to applicable law, provide the right to subscribe for and be allocated Offer Shares at the Subscription Price.

Total gross proceeds from the Private Placement amounted to NOK 1,300 million. Following the completion of the Private Placement, the total number of issued shares in the Company (the “**Shares**”) will be 1,863,818,785. Total gross proceeds from the Subsequent Offering will be up to NOK 375 million. Following the completion of the Subsequent Offering, the total number of issued Shares in the Company will be between 1,863,818,785 and 2,113,818,785.

Each Eligible Shareholder will be granted 0.6295 Subscription Rights for each Share registered as held by such Eligible Shareholder as of the Record Date rounded down to the nearest whole Subscription Right. Each Subscription Right will, subject to applicable securities laws, give the right to subscribe for and be allocated one Offer Share. Over-subscription is permitted for Eligible Shareholders. In the event not all issued Subscription Rights are exercised, over-subscribing Eligible Shareholders will be allocated additional Offer Shares proportionally to the number of Subscription Rights they have exercised. Subscription without Subscription Rights will not be allowed. The subscription period for the Subsequent Offering commences on August 20, 2012 and expires at 16:30 hours, Central European Time (“**CET**”), on September 3, 2012 (the “**Subscription Period**”).

Subscription Rights that are not used to subscribe for Offer Shares before the expiry of the Subscription Period will have no value and will lapse without compensation to the holder.

The Shares are listed on Oslo Børs under the ticker code “REC”. The New Shares are expected to be delivered to the subscribers in the Private Placement on or about July 31, 2012 and be listed and tradable on Oslo Børs on or about July 31, 2012. The Offer Shares are expected to be delivered to the subscribers in the Subsequent Offering on or about September 10, 2012 and be listed and tradable on Oslo Børs on or about September 10, 2012.

The distribution of this Prospectus and the Subsequent Offering and the sale of the Offer Shares and the issue of Subscription Rights may in certain jurisdictions be restricted by law. Accordingly, this Prospectus may not be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. The Company and the Managers (as defined below) require persons in possession of this Prospectus, in possession of Subscription Rights and/or considering to subscribe for Offer Shares to inform themselves about, and to observe, any such restrictions.

This Prospectus, the Private Placement and the Subsequent Offering shall be governed by, and construed in accordance with, Norwegian law. The courts of Norway, with Oslo City Court as legal venue, shall have exclusive jurisdiction to settle any dispute which may arise out of, or in connection with, the Private Placement, the Subsequent Offering or this Prospectus.

Investing in the Company and the Shares (including but not limited to the Offer Shares) involves material risks and uncertainties. See section 2 “Risk Factors” and section 4 “Cautionary Note Regarding Forward-Looking Statements”.

Managers

Arctic Securities

DNB Markets

Nordea Markets

July 27, 2012

IMPORTANT INFORMATION

Please refer to section 23 “Definitions and Glossary of Terms” for definitions of terms used throughout this Prospectus, which also apply to the preceding pages.

This Prospectus has been prepared in order to provide information about the Group and its business in relation to the Listing, the Private Placement and the Subsequent Offering, and to comply with the Norwegian Securities Trading Act of June 29, 2007 no. 75 (the “**Norwegian Securities Trading Act**”) and related secondary legislation, including EC Commission Regulation (EC) no. 809/2004 implementing Directive 2003/71/EC regarding information contained in prospectuses (the “**Prospectus Directive**”). The Financial Supervisory Authority of Norway (the “**NSFA**”) has reviewed and approved this Prospectus in accordance with Sections 7-7 and 7-8, cf. Sections 7-2 and 7-3 of the Norwegian Securities Trading Act. This Prospectus has been prepared solely in the English language, with a Norwegian summary.

The Company has furnished the information in this Prospectus. The Company has engaged Arctic Securities ASA (“**Arctic Securities**”) (Coordinator), DNB Markets, a part of DNB Bank ASA (“**DNB Markets**”) and Nordea Markets, a part of Nordea Bank Norge ASA (“**Nordea Markets**”, and together with Arctic Securities and DNB Markets, the “**Managers**”) as joint lead managers for the Private Placement, the Listing and the Subsequent Offering. Nordea Markets is not a US Securities and Exchange Commission (“**SEC**”) registered broker-dealer or a member of the United States Financial Industry Regulatory Authority (“**FINRA**”) and has only participated in the Private Placement and will only participate in the Subsequent Offering outside of the United States. The Managers make no representation or warranty, express or implied, as to the accuracy or completeness of the information in this Prospectus, and nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation by the Managers. Neither the Group nor any of the Managers has authorised any other person to provide investors with any other information related to the Listing, the Private Placement or the Subsequent Offering and neither the Group nor any of the Managers will assume any responsibility for any information other persons may provide.

Unless otherwise indicated, the information contained herein is current as of the date hereof and the information is subject to change, completion and amendment without notice. In accordance with Section 7-15 of the Norwegian Securities Trading Act, every significant new factor, material mistake or inaccuracy that is capable of affecting the assessment of the Shares arising after the time of approval of this Prospectus and before the date of listing of the New Shares and the Offer Shares on Oslo Børs will be published and announced promptly as a supplement to this Prospectus. Neither the publication nor distribution of this Prospectus shall under any circumstances create any implication that there has been no change in the Group's affairs since the date hereof or that the information herein is correct as of any time since its date. The distribution of this Prospectus may in certain jurisdictions be restricted by law. Accordingly, this Prospectus may not be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. The Company and the Managers require persons in possession of this Prospectus to inform themselves about, and to observe, any such restrictions.

An investment in REC involves inherent risks. Potential investors should carefully consider the risk factors set out in section 2 “Risk Factors” in addition to the other information contained herein before making an investment decision. An investment in the Company is suitable only for investors who understand the risk factors associated with this type of investment and who can afford a loss of their entire investment. The contents of this Prospectus are not to be construed as legal, business or tax advice. Each prospective investor should consult with its own legal adviser, business adviser and tax adviser as to legal, business and tax advice.

In the ordinary course of their respective businesses, the Managers and certain of their respective affiliates have engaged, and will continue to engage, in investment and commercial banking transactions with the Group.

The Shares are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable securities laws and regulations. Investors should be aware that they may be required to bear the financial risks of an investment in the Shares for an indefinite period of time. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Without limiting the manner in which the Company may choose to make any public announcements, and subject to the Company's obligations under applicable law, announcements relating to the matters described in this Prospectus will be considered to have been made once they have been received by Oslo Børs and distributed through its information system.

The distribution of this Prospectus and the offering and sale of the Offer Shares may be restricted by law in certain jurisdictions. The Company and the Managers require persons in possession of this Prospectus, in possession of Subscription Rights or considering to subscribe for Offer Shares to inform themselves about, and to observe, any such restrictions. This Prospectus does not constitute an offer of, or an invitation to subscribe or purchase, any of the Offer Shares in any jurisdiction in which such offer or subscription or purchase would be unlawful. No one has taken any action that would permit a public offering of the Shares, the Subscription Rights or the Offer Shares to occur outside of Norway. Furthermore, the restrictions and limitations listed and described herein are not exhaustive, and other restrictions and limitations in relation to the Private Placement, the Subsequent Offering and/or the Prospectus that are not known or identified by the Company and the Managers at the date of this Prospectus may apply in various jurisdictions as they relate to the Prospectus.

For other selling and transfer restrictions, see section 19 “Restrictions on Sale and Transfer” of this Prospectus.

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- Appendix B: Subscription Form (Norwegian)

1. SUMMARY

This summary must be read as an introduction to this Prospectus and any decision to invest in the securities of the Company (including the Offer Shares) should be based on a consideration of the Prospectus as a whole, including the documents incorporated by reference. Following the implementation of the relevant provisions of the Prospectus Directive in each Member State of the European Economic Area (the "EEA"), no civil liability will attach to the responsible persons in any such Member State solely on the basis of this summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus. Where a claim relating to the information contained in this Prospectus is brought before a court in a Member State of the EEA, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Prospectus before the legal proceedings are initiated.

This summary highlights certain information about the Group, the Private Placement and the Subsequent Offering. It does not contain all the information that may be important to you. You should read the entire Prospectus, including the annual and quarterly reports incorporated hereto by reference, before making any decision to invest in the securities of the Company. In particular, you should carefully consider the information set out in section 2 "Risk Factors".

For the definitions or other capitalized terms and certain technical terms and expressions used throughout this Prospectus, see section 23 "Definitions and Glossary of Terms".

1.1 Introduction

1.1.1 General

The Group is involved in all steps of the photovoltaic ("PV") manufacturing value chain: production of solar-grade polysilicon, manufacturing of silicon wafers, production of solar cells and production of solar modules and development of solar power systems. The Group conducts its business through three reporting segments, REC Silicon, REC Wafer and REC Solar. The operations of REC Wafer are currently being closed down permanently, and production ended during the second quarter 2012.

The legal name of the Company is Renewable Energy Corporation ASA, which also is its commercial name together with "REC". The Company's principal office is located at Kjørboveien 29, P.O. Box 594, N-1337 Sandvika, Norway, and its main telephone number at that address is +47 67 57 44 50. The Company is a public limited company registered under the laws of Norway with registration no. 977 258 561 and governed by the Norwegian Public Limited Liability Companies Act of June, 13 1997 no. 45 (the "**Norwegian Public Limited Companies Act**"). It was incorporated on December 3, 1996.

1.1.2 History

The Company was established in 1996 under the name Fornybar Energi AS, assumed the name Renewable Energy Corporation AS in 2000 and was transformed into a public limited liability company (ASA) in 2005. At the time when it was established, the Company had a 12% equity interest in ScanWafer AS, which had been established in 1994 with the objective of becoming a specialized producer of multicrystalline wafers for the PV industry. In order to improve wafer quality by ensuring a quick and reliable feedback loop from the cell processing step, some of the founders of the Company decided in 1999 to integrate further in the value chain by also producing solar cells and modules. These activities were later merged into the Group.

In 2002, in response to concerns about the long-term availability of silicon feedstock to support the further growth of the wafer business, the Company and Advanced Silicon Materials, Inc ("**ASiMI**"), then owned by Komatsu America Corporation ("**Komatsu**"), formed a joint venture company called Solar Grade Silicon LLC ("**SGS**"), later renamed to REC Solar Grade Silicon LLC for the purpose of converting Komatsu's polysilicon plant in Moses Lake, Washington, United States, into a plant dedicated solely to production of solar grade polysilicon.

The Company increased its equity interest in ScanWafer AS to 71% in 2003 and to 100% in 2004.

In July 2005, the Company acquired Komatsu's interest in SGS, thereby increasing its ownership interest in SGS from 70% to 100%, and simultaneously acquired from Komatsu a majority interest in ASiMI, which owned and operated a polysilicon plant in Butte, Montana, U.S. Komatsu retained a non-voting minority interest in ASiMI that was acquired by the Group in 2009.

In May 2006, the Shares were listed on Oslo Børs. Through the initial public offering in connection with the listing, the Company registered some 22,000 new shareholders.

In 2006, REC embarked on a EUR 3 billion investment program, lasting until 2010. Further details of investments over time can be found in annual and quarterly reports into this document incorporated by reference, see section 22.2 "Incorporation by reference". In 2007, Singapore was chosen as the location for a new site for manufacturing of solar wafers, cells and modules, and the investment decision was made in the middle of 2008. Ramp-up of production was initiated towards the end of 2009 and the plant was officially opened in 2010. During the same time period, the Group

also significantly expanded the production of polysilicon in Moses Lake through the industrialization of its proprietary fluidized bed reactor ("FBR") technology. The Moses Lake FBR silicon facilities opened in 2009 and 2010, respectively. The investment program also included investments in the Norwegian wafer operations.

The competitive pressure in the solar industry has increased over the last couple years. Towards the end of 2010, the Group closed its production of solar modules in Sweden. The solar cell production in Narvik and approximately half of the wafer production in Norway was shut down in the second half of 2011. The production of monocrystalline wafers in Glomfjord was decided to be shut down at the end of the first quarter 2012. In April 2012, the Group decided to shut down the last part of the Norwegian wafer operations in Herøya.

1.2 Board of Directors

The Board of Directors consists of Jens Ullveit-Moe (Chairman), Peter Arne Ruzicka, Mimi Kristine Berdal, Helene Margareta Vibbleus Bergquist, Odd Christopher Hansen, Hans Ødegård and Silje Johnsen.

1.3 Executive Management

The Company's executive management consists of the following persons: Ole Enger (CEO), John Andersen Jr. (COO), Tore Torvund (Executive Vice President – REC Silicon), Alessandro Perrotta (Executive Vice President – Wafer, Cells & Modules), Bjørn Brenna (CFO), Florian Krumbacher (CLO) and Øyvind Hasaas (Executive Vice President - OD & HR).

1.4 Employees

The Group had 3,069 employees as of June 30, 2012. Of these 3,069 employees, 607 were employed by REC Wafer. As a result of the shut down of the operations of REC Wafer, most of the employees in REC Wafer have left REC or are in their notice periods. The majority of the remaining employees in REC Wafer have left REC during July 2012. A limited number of employees will be retained for some time to complete tasks related to the shut-down.

1.5 Auditor

KPMG AS is the Company's independent auditor. KPMG AS is a member of the Norwegian Institute of Public Auditors (Norwegian: "Den Norske Revisorforening").

1.6 Advisers

Arctic Securities (Coordinator) (Haakon VII's gate 5, P.O. Box 1833 Vik, N-0123 Oslo, Norway), DNB Markets (Stranden 21, N-0021 Oslo, Norway) and Nordea Markets (Middelthunsgate 17, P.O. Box 1166 Sentrum, N-0107 Oslo, Norway) are acting as Managers for the Private Placement and the Subsequent Offering.

Advokatfirmaet Schjødt AS is acting as Norwegian legal advisor to the Company in connection with the Private Placement and the Subsequent Offering. Advokatfirmaet Thommessen AS is acting as Norwegian legal advisor to the Managers in connection with the Private Placement and the Subsequent Offering.

1.7 Share Capital

The registered share capital of the Company prior to the Private Placement is NOK 997,152,118 divided on 997,152,118 Shares with a nominal value of NOK 1.00 each. The Shares have all been validly issued and fully paid, and are registered in the VPS with the International Securities Identification Number ("ISIN") NO 001 0112675. The registered share capital of the Company following registration of the share capital increase pertaining to the Private Placement with the Norwegian Register of Business Enterprises will be NOK 1,863,818,785 divided into 1,863,818,785 Shares, each with a nominal value of NOK 1.00. The registered share capital of the Company following the registration of the share capital increase pertaining to the Subsequent Offering with the Norwegian Register of Business Enterprises will be between NOK 1,863,818,785 and NOK 2,113,818,785, divided into between 1,863,818,785 and 2,113,818,785 Shares, each with a nominal value of NOK 1.00.

1.8 Major Shareholders

The following table sets forth information on shareholders, as registered in the VPS, who following the Private Placement will have a shareholding in the Company which is notifiable under Norwegian securities law, i.e. above 5%.

Name of REC Shareholder	Number of REC Shares prior to the Private Placement*	Percentage of REC Shares	Number of REC Shares following the Private Placement	Percentage of REC Shares following the Private Placement
Orkla ASA	396,236,635	39.7%	529,569,968	28.4%
Umoe AS	30,997,211	3.1%	217,663,877	11.7%

Funds managed by DNB Asset Management AS.....	59,281,556	5.9%	298,718,280	16.0%
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*Shareholding as of July 23, 2012, as documented by the shareholders' register in the VPS as of July 26, 2012. The figures do not take into account share lending.

For information on allocations made in the Private Placement, see sections 5.3.6 "Allocation and notification" and 5.3.7 "Participation of major shareholders and members of the Company's management, supervisory and administrative bodies in the Private Placement".

1.9 Related Party Transactions

The Company has related party relationships with its subsidiaries, associates, joint ventures and with its Group management and Board of Directors and principal shareholders. Transactions with subsidiaries are eliminated on consolidation and are not reported as related party transactions in the Consolidated Financial Statements. For details of the Company's related party transactions see section 12 "Related Party Transactions" below in this Prospectus.

1.10 Articles of Association and Documents on Display

The Company's articles of association (the "**Articles of Association**") have been incorporated hereto by reference. See section 22.2 "Incorporation by reference".

For twelve months from the date of this Prospectus, the following documents (or copies thereof) may be physically inspected at the principal office of the Company at Kjørboveien 29, P.O. Box 594, N-1337 Sandvika, Norway (telephone number +47 67 57 44 50):

- The Company's Memorandum and Articles of Association;
- The Company's 2009, 2010 and 2011 annual reports and consolidated annual financial statements, including the auditor's report;
- The Company's second quarter 2012 and 2011 interim reports; and
- The two latest annual reports for the Company's subsidiaries (to the extent such exist).

1.11 The Completed Private Placement

Number of New Shares issued in the Private Placement	866,666,667 New Shares.
Subscription Price	NOK 1.50 per New Share.
Managers	Arctic Securities (Coordinator), DNB Markets and Nordea Markets.
Reason for the Private Placement and use of proceeds	The Private Placement was conducted in order to secure the refinancing of the bank debt of the Company and the proceeds will be used for investments related to sustaining a leading industry position, strengthening of the balance sheet and general corporate purposes.
Shares outstanding before the Private Placement	997,152,118 Shares.
Shares outstanding after the Private Placement	1,863,818,785 Shares.
Bookbuilding Period	The bookbuilding period for the Private Placement lasted from July 3, 2012, at 17:30 hours (CET) to July 3, 2012, at 22:00 hours (CET) (the " Bookbuilding Period ").
Payment and delivery	Payment for the New Shares is expected to take place on or about July 30, 2012 and delivery of the New Shares to the subscribers' VPS accounts are expected to take place on or about July 31, 2012. The Managers have, subject to the terms and conditions of a payment guarantee agreement entered into with the Company, guaranteed the payment on July 30, 2012 of the last NOK 230 million of the proceeds of the Private Placement.
Listing and trading of the New Shares	It is expected that trading in the New Shares will commence on Oslo Børs on or about July 31, 2012.
ISIN	The Shares and the New Shares will following listing both have ISIN NO 001 0112675.
OSE Ticker Symbol	REC.
Dilution	The Private Placement resulted in a dilution of 46.5% for existing shareholders who did not participate in the Private Placement.
Proceeds and expenses	The total fees and expenses related to the Private Placement amounted to approximately NOK 40 million of which approximately NOK 25 million are fees to the Managers in connection with the Private Placement. Total net proceeds in the Private Placement amounted to approximately NOK 1,260 million.

1.12 The Subsequent Offering

Subsequent Offering	An offering of up to 250,000,000 Offer Shares through a share capital increase of up to NOK 375,000,000 at the Subscription Price to the Eligible Shareholders. See section 6 "The Subsequent Offering" for further details.
Eligible Shareholders	The existing shareholders of the Company as of July 3, 2012 (and being registered as such in the VPS on July 6, 2012 (the Record Date)), who were not invited to participate in the Private Placement and who are not resident in a jurisdiction where such Subsequent Offering would be unlawful, or would (in jurisdictions other than Norway) require any prospectus filing, registration or similar action.
Subscription Price	The Subscription Price is NOK 1.50 per Offer Share, being equal to the

	Subscription Price in the Private Placement.
Record Date	July 6, 2012.
Subscription Rights	Eligible Shareholders will be granted non-transferable Subscription Rights giving the right, subject to applicable law, to subscribe for and be allocated Offer Shares in the Subsequent Offering.
Managers	Arctic Securities (Coordinator), DNB Markets and Nordea Markets.
Reason for the Subsequent Offering and use of proceeds	The Subsequent Offering is conducted in order to provide the Eligible Shareholders with an opportunity to subscribe for Shares at the same subscription price as in the Private Placement. The proceeds will be used for investments related to sustaining a leading industry position, strengthening of the balance sheet and general corporate purposes.
Shares outstanding before the Subsequent Offering	1,863,818,785 Shares.
Shares outstanding after the Subsequent Offering	Between 1,863,818,785 and 2,113,818,785 Shares.
Subscription Period	The Subscription Period will commence on August 20, 2012 and end on September 3, 2012, at 16:30 hours (CET).
	Subscription Rights which are not exercised before September 3, 2012 at 16:30 hours (CET) will have no value and will lapse without compensation to the holder.
Allocation and over-subscription	<p>Each Eligible Shareholder will be granted 0.6295 Subscription Rights for each Share registered as held by such Eligible Shareholder as of the Record Date rounded down to the nearest whole Subscription Right. Each Subscription Right will, subject to applicable securities laws, give the right to subscribe for and be allocated one Offer Share in the Subsequent Offering. Over-subscription is allowed, but the Subsequent Offering will be limited to a maximum issue of 250,000,000 Offer Shares.</p> <p>In the event that not all issued Subscription Rights are exercised, Eligible Shareholders who have over-subscribed will be allocated additional Offer Shares proportionally to the number of Subscription Rights they have exercised. There can be no assurance that Offer Shares will be allocated based on over-subscription. Subscription without Subscription Rights will not be allowed.</p>
Payment and delivery	Payment for the Offer Shares allocated to a subscriber falls due on September 7, 2012 (the " Payment Date ") and delivery of the Offer Shares to the subscribers' VPS accounts are expected to take place on or about September 10, 2012. The Managers have, subject to the terms and conditions of a payment guarantee agreement entered into with the Company, guaranteed the payment on the Payment Date of the last NOK 50 million of the proceeds of the Subsequent Offering.
Listing and trading of the Offer Shares	It is expected that trading in the Offer Shares will commence on Oslo Børs on or about September 10, 2012.
ISIN	The Shares and the Offer Shares will following listing both have ISIN NO 001 0112675.
OSE Ticker Symbol	REC
Dilution	The expected dilution after the Subsequent Offering is expected to amount to up to approximately 11.8% for existing shareholders who do not participate in the Subsequent Offering, compared to such shareholders' shareholding after the Private Placement.
Proceeds and expenses	The total fees and expenses related to the Subsequent Offering will amount to approximately NOK 17 million of which NOK 8 million are fees to the

Managers in connection with the Subsequent Offering. Total net proceeds in the Subsequent Offering will amount to approximately NOK 358 million. In the event that Eligible Shareholders subscribe for less than 250,000,000 Offer Shares, proceeds and total fees and expenses will be adjusted accordingly.

1.13 Summary of Historical Financial Data

The following table presents summary historical financial information derived from the Company's annual consolidated financial statements (including the notes thereto) as of and for the years ended December 31, 2009, 2010 and 2011, as well as consolidated condensed interim financial information as of and for the three and six months ended June 30, 2011 and 2012.

The Company's consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union (the "EU") and the Norwegian Accounting Act. The Company's consolidated condensed interim financial statement as of and for the three and six months ended June 30, 2012 and 2011, combined with relevant information in the notes and financial review, have been prepared in accordance with IAS 34.

The consolidated annual financial statements have been audited by KPMG AS, the Company's independent auditor, as stated in its audit reports. The consolidated condensed interim financial statements for the first three and six months of 2012 and 2011 are unaudited.

Due to the discontinuance of the operations of REC Wafer in the second quarter 2012, the Company has presented external profit and loss items of REC Wafer as discontinued operations in the consolidated condensed interim financial statements for the first six months 2012. The consolidated statement of income has been re-presented for the first six months 2011 for external profit and loss items of REC Wafer as discontinued operations. The consolidated financial statements for the years ended December 31, 2009, 2010 and 2011 have not been re-presented in this Prospectus for REC Wafer as discontinued operations.

The amounts from the financial statements are presented in NOK, rounded to the nearest million, unless otherwise stated. As a result of rounding adjustments, the figures in one or more rows or columns included in the financial statement information may not add up to the total of that row or column.

1.13.1 Information from the Consolidated Statement of Income

	For the three months ended June 30		For the six months ended June 30		For the year ended December 31,		
	(unaudited)	unaudited)	(unaudited)	unaudited)	(audited)	(audited)	(audited)
(NOK IN MILLION)	2012	2011	2012	2011	2011	2010	2009
Revenues	1 987	2 375	3 947	4 857	13 366	13 776	8 831
EBITDA	267	820	578	1 756	2 867	3 532	1 803
Total depreciation, amortization and impairment	-3 989	-2 631	-4 375	-3 116	-12 375	-2 514	-2 632
EBIT	-3 722	-1 811	-3 797	-1 361	-9 508	1 018	-829
Net financial items	-146	12	-411	-591	205	801	-472
Profit/loss before tax from continuing operations	-3 868	-1 799	-4 208	-1 951	-9 303	1 818	-1 301
Income tax expense/benefit from continuing operations	157	5	207	-60	-726	-930	100
Profit/loss from continuing operations	-3 712	-1 794	-4 001	-2 012	-10 030	889	-1 200
Profit/loss from discontinued operations, net of tax*	-344	-4 886	-264	-4 776	0	101	-1 146
Profit/loss from total operations	-4 056	-6 681	-4 265	-6 788	-10 030	989	-2 347
Attributable to:							
Owners of REC ASA	-4 056	-6 681	-4 265	-6 788	-10 030	989	-2 347
Per share data from continuing operations							
Earnings per share (NOK) - basic	-3.72	-1.80	-4.01	-2.02	10.06	0.96	-1.63
Earnings per share (NOK) - diluted	-3.72	-1.81	-4.01	-2.02	10.06	0.51	-1.63
Per share data from total operations							
Earnings per share (NOK) - basic	-4.07	-6.70	-4.28	-6.81	-10.06	1.07	-3.19
Earnings per share (NOK) - diluted	-4.07	-6.43	-4.28	-6.81	-10.06	0.61	-3.19

*Discontinued operations for the years ended December 31, 2011, 2010 and 2009 relates to Sovello. Discontinued operations for the three and six months ended June 30, 2012 and 2011 relates to REC Wafer. The consolidated financial statements for the years ended December 31, 2009, 2010 and 2011 have not been re-presented in this Prospectus for REC Wafer as discontinued operations. Discontinued operations remain consolidated in the consolidated financial statements, with the internal transactions between continuing and discontinued operations being eliminated in the consolidation. As a consequence, only income and expense from external transactions are re-presented as discontinued operations. This means that the line items and results presented for continuing and discontinued operations will not represent the activities of the operations as if they were standalone entities, for past periods or likely to be earned in future periods.

1.13.2 Information from the Consolidated Statement of Financial Position

(NOK IN MILLION)	At June 30		At December 31,		
	(unaudited)	(unaudited)	(audited)	(audited)	(audited)
	2012	2011	2011	2010	2009
Total non-current assets	13 272	20 622	17 534	29 634	27 286
Total current assets	5 752	7 386	6 936	7 231	6 848
Total assets	19 023	28 008	24 470	36 865	34 134
Total shareholders' equity	7 743	14 685	12 192	22 151	16 909
Total non-current liabilities	7 838	10 221	9 511	11 443	13 072
Total current liabilities	3 442	3 103	2 767	3 271	4 153
Total liabilities	11 280	13 324	12 278	14 714	17 225
Total equity and liabilities	19 023	28 008	24 470	36 865	34 134

1.14 Operating and Financial Review

REVENUE (NOK IN MILLION)	For the six months ended June 30		For the year ended December 31,		
	(unaudited)	(unaudited)	(audited)	(audited)	(audited)
	2012	2011	2011	2010	2009
REC Silicon	1 807	3 089	5 585	5 245	3 943
REC Wafer	429	3 036	4 413	6 804	5 879
REC Solar	2 285	3 103	5 856	5 624	1 881
Other Operations	35	54	92	99	76
Sovello	na	na	na	114	325
Adjustment for discontinued operations - Sovello	na	na	na	-114	-325
Adjustment for discontinued operations - REC Wafer*	-318	-2 643	na	na	na
Eliminations	-290	-1 781	-2 580	-3 995	-2 947
Total continuing operations	3 947	4 857	13 366	13 776	8 831

PRODUCTION VOLUME	For the six months ended June 30		For the year ended December 31,		
	(unaudited)	(unaudited)	(audited)	(audited)	(audited)
	2012	2011	2011	2010	2009
REC Silicon					
Polysilicon production in MT (Siemens and granular)	11 177	9 252	19 050	13 673	7 828
- of which solar- and electronic grade in MT	9 899	8 313	16 672	11 459	7 023
Polysilicon sale in MT (Siemens and granular)	11 008	8 765	18 706	13 608	7 753
Silane gas sale in MT	769	794	1 651	1 891	2 187
REC Wafer Norway					
Multi wafer production in MW	105	623	921	1 121	758
Mono wafer production in MW	37	72	153	89	59
REC Solar					
Module production in MW	335	309	644	491	115
Contract manufacturing in MW	0	48	55	11	6

* Discontinued operations represents external profit and loss items of REC Wafer and shown as a single amount in the statement of income for the Group. This re-presentation does not indicate the profits earned by continuing or discontinued operations, as if they were standalone entities, for past periods or likely to be earned in future periods

See section 9 "Operating and Financial Review" of the Prospectus for further details on the operating and financial review.

1.15 Significant Developments since June 30, 2012

Between June 30, 2012 and up to the date of the Prospectus, the Group has experienced the following significant developments:

The bondholders' meeting in REC's convertible bond issue held on July 3, 2012 did not approve the proposed changes to the bond loan agreement for the convertible bond loan in connection with the proposed refinancing of the Group. The convertible bond proposal was subsequently withdrawn, and REC revised the refinancing proposal. On July 4, 2012 REC announced a revised refinancing proposal that included an issue of new shares raising gross proceeds of NOK 1,300 million through a new successfully placed private placement, a subsequent offering of up to NOK 375 million and a proposed refinancing of REC's bank debt facility to a new NOK 2,000 million bank debt facility with maturity in April 2014. See note 6 of the second quarter report 2012 incorporated herein by reference for more information on new and revised covenants in the new bank debt facility. On July 16, 2012 a bondholders' meeting in REC ASA's convertible bond loan approved a change to the bond loan agreement where REC Wafer Norway AS is excluded from the definition of "Group" in the bond loan agreements going forward.

The Board of Directors of REC also resolved to withdraw the notice of the extraordinary general meeting planned for July 20, 2012 and to make a revised proposal to the extraordinary general meeting on July 27, 2012.

The proposal for issuance of new shares through the Private Placement, the Subsequent Offering, and hence also the Refinancing of the bank debt facility, was approved by the extraordinary general meeting on July 27, 2012.

Exept for the significant developments described above, there have been no significant changes in the financial or trading position of the Group since June 30, 2012.

1.16 Capitalization and Indebtedness

The following table sets forth the Company's capitalization and indebtedness prepared in accordance with IFRS as of June 30, 2012 in the column to the left. The middle column confirms that there have been no significant changes since June 30, 2012. The last column shows the effect of the Refinancing, Private Placement and Subsequent Offering. You should read this table in conjunction with the consolidated condensed interim reports and financial statements for the second quarter 2012 combined with relevant information in the financial review and notes in the second quarter report, and the consolidated financial statements for 2011, including the notes thereto and the Report from the Board of Directors. Except for the Refinancing and the Private Placement, there have been no material changes to the Company's capitalization and indebtedness subsequent to June 30, 2012.

Consolidated statement of capitalization and indebtedness

(NOK IN MILLION)	Unaudited per June 30, 2012	Effects of the Refinancing and the Private Placement
Total current debt		
- Guaranteed	0	0
- Secured 1)	185	0
- Unsecured	3 258	-1 288
Total current debt	3 442	-1 288
Non-current debt		
- Guaranteed	0	0
- Secured 1)	780	0
- Unsecured	7 058	1 288
Total non-current debt	7 838	1 288
Shareholders' equity		
Share capital	997	867
Legal reserves	16 073	333
Other reserves	-9 327	0
Total shareholders' equity	7 743	1 200
Total capitalization	19 023	1 200

- 1) Debt includes financial lease liabilities of total NOK 965 million at June 30, 2012 (NOK 185 million current and NOK 780 million non-current). Finance lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default. See the annual financial statements for 2011 for description of the assets under these finance leases. The carrying values of these leased assets were impaired in 2011, and at June 30, 2012 the total carrying value was NOK 65 million.

In connection with the sale of the previous subsidiary REC ScanModule AB in the beginning of 2011, REC Solar AS provided guarantees for any claims resulting from REC ScanModule AB's prior business conduct or relating to the share purchase agreement. No debt is recognized for this guarantee.

Current and non-current debts include provisions of NOK 1,305 as of June 30, 2012, that are liabilities of uncertain timing or amount. This includes provisions for restructuring, onerous contracts etc. Onerous contracts of NOK 723 million includes estimated onerous contracts for SIC Processing AS of approximately NOK 440 million. The estimated present value of the maximum future payments under these contracts is approximately NOK 600 million. Refer also to section 17 "Legal Matters" of the Prospectus for legal matters and contingent liabilities not recognized as debt at June 30, 2012. Contractual purchase obligations and minimum operating lease liabilities of NOK 2.5 billion at June 30, 2012 are not included as debt in the statement of financial position.

Net indebtedness

(NOK IN MILLION)	Unaudited per June 30, 2012	Effects of the Refinancing and the Private Placement
A. Cash	1 912	1 200
B. Cash equivalent	0	0
C. Trading securities	0	0
D. Liquidity	1 912	1 200
E. Current financial receivable *	26	0
F. Current bank debt	0	0
G. Current portion of non-current bank debt	1 288	-1 288
H. Other financial debt	185	0
I. Current financial debt	1 472	-1 288
J. Net current financial indebtedness	-440	-2 488
K. Non-current bank debt **	-11	1 288
L. Bonds issued ***	3 724	0
M. Other non-current financial debt	780	0
N. Non-current financial indebtedness	4 493	1 288
O. Net financial indebtedness	4 054	-1 200

* Restricted bank (NOK 5 million) and current part of loans to SIC Processing (NOK 20 million).

** Negative amount is previously paid upfront fees that are amortized to income.

*** Bonds issued include convertible bonds at fair value and NOK bonds that are adjusted for fair value hedge of market interest rates. These fair value adjustments have reduced the carrying values of bond at June 30, 2012 by NOK 536 million.

1.17 Technology, Research, Development and Intellectual Property

The Group's competitiveness is primarily based on a proprietary silane process for high volume, low cost manufacturing of silane gas as well as a fluidized bed reactor technology for converting silane to polysilicon with 80-90% less power consumption than the more conventional Siemens process. The main and original patents behind this silane process are expired, but there is a significant amount of know-how and development required for competitors who want to copy the main process. This is further constrained by valid Group patents on details of the technology and the fact that silane is both flammable and explosive, and silane development work requires maximum care.

The fluidized bed reactor technology for converting silane to polysilicon has been developed both by the Group and MEMC. The two companies hold several patents protecting the developed solutions. Together with a similar set of patents held by the company Solarworld, this provides a significant barrier to competing developments.

The majority of the Group's competition is using trichlorosilane as the feed gas for making polysilicon. Significant efforts have been used by others to try to develop the fluidized bed reactor technology for trichlorosilane feed gas, but this has in practice been more challenging. The Group's silane process combined with the FBR process has therefore proven to be a very competitive and attractive technology for making polysilicon.

The FBR polysilicon granular form factor is particularly attractive to mix with conventional Siemens material in order to achieve a productivity boost for the ingot manufacturers currently doing mono crystalline ingot manufacturing for the PV market. This adds to the competitiveness of the FBR technology itself. However, for electronic grade applications and the most advanced and costly solar cell designs, the Group's FBR purity is still considered below optimum. The Group is therefore well advanced in developing its second generation FBR technology with the target of near electronic quality and even better economy of scale.

The Group's silane gas technology provides for a very high purity silane gas, which is an excellent starting point for making ultra pure polysilicon for the high resistance float zone market. The Group has therefore for long time been a

leading supplier of polysilicon for these most demanding applications, which are typically used by high voltage devices like electric cars and trains.

In the polysilicon domain the Group's current research is focused on three axis; higher productivity silane chemistry, improved purity and productivity FBR processes as well as improved polysilicon processes and new products for the Float Zone market.

Downstream, REC Solar is a well established, large volume manufacturer of PV products with an integrated, highly automated plant for wafers, cells and modules in Singapore. There are several proprietary and patent protected manufacturing solutions in REC Solar's plant, making it one of the least labor intensive plants in the world.

The Singapore plant has also been pre-designed for implementation of improved backside passivation technology for solar cells. This new technology requires equipment modifications and additions at several places in the production lines, which is very difficult unless planned for in advance. Currently, REC Solar is in the final phase of module qualification for the backside passivation technology. This is the last phase before a full implementation of this technology can be made. Due to all the pre-investments already made at the time of construction, this can be done at low investment costs. The improved backside passivation will provide an increase in module power. This benefit is likely to increase over time since a backside passivation will enhance the positive impact of future improvements in wafer quality on cell efficiency. On top of this, backside passivation will allow a transition to thinner wafers without significant efficiency loss. Finally, backside passivation will improve the energy yield of the solar modules (kWh produced per year divided by the nominal module power) at the customer site.

In combination with other improvements currently under development, backside passivation will establish the Group among the leaders on multi crystalline cell and modules technology in the industry.

For future expansions, the Group has two main development projects targeting solar cells with efficiencies well above 20%, based on completely new technologies and patent pending cell designs.

REC Solar modules have been the world's best performers in Photon's field test for solar modules in 2011 (after being ranked second in 2010). This test basically measures how much energy is produced per kilowatt of installed module power for each month and integrated over the year (also called energy yield). There are several design elements in REC Solar's production processes for solar cells and modules that account for this good result.

1.18 Summary of Risk Factors

This section contains only a summary of risk factors associated with an investment in the Company. It does not contain the necessary information to assess and understand these risks. In addition to reading the entire Prospectus, including the documents incorporated hereto by reference, you should therefore carefully consider the information set out in section 2 "Risk Factors" before making an investment decision.

Risks Relating to the PV Industry and other industries of importance to the Group

- The development of the global energy market prices are of key importance to the PV industry and decreased electricity prices could potentially significantly reduce the demand for the Group's products.
- Continued government subsidies, incentives and other support are of key importance to the PV industry and political developments could lead to a material deterioration of the conditions for, or a discontinuation of, the incentives for PV systems.
- The Group is active in several jurisdictions and change in the legislation and regulatory framework in any of these jurisdictions might have a significant negative impact on the industries in which the Group operates and specifically on the Group.
- Trade barriers, trade restrictions and unfair trade practices may have a significant negative impact on the Group's ability to sell its products. The Group could be affected if it is restricted from selling into important markets or competitors achieve unfair competitive advantages.
- Limited capital availability for financing PV installations could have a significant negative impact on the demand for the Group's products.
- An increase in interest rates could significantly reduce the profitability of PV plants and a decrease in demand for PV systems.
- PV industry participants, including the Group, may not be able to achieve sufficient cost reductions through product innovations and process improvements to be competitive against other sources of renewable or conventional energy.

- The PV industry is not yet mature in terms of demand, market structure and technology. Significant developments in technologies and changes in market structure, supply and demand could significantly alter the Group's competitive situation.
- There is currently significant overcapacity resulting in continued uncertainty with regards to market price development for the rest of 2012 and beyond. The significant risk of continued or recurring overcapacity in parts or of all of the markets in which the Group operates could lead to a further reduction in average selling prices and difficulties to keep high capacity utilization resulting in a significant deterioration of profitability.
- There are significant risks associated with rapid technological change, and if competitors gain advantages in the development of alternative technologies, this could affect the competitive position of the Group considerably and present a significant threat to its profitability, or even its existence.
- The Group is active as a sub-supplier to a wide range of end-uses, mainly in applications relating to electronics, flat panel displays and semiconductors. Significant changes in competitive dynamics, end user demand or technology in these markets could have a significant adverse effect on the Group.
- The recent financial crisis adversely affected the markets in which the Group operates, and any future financial crisis or significant set-back in the economy could have significant negative effects on the Group's financial results.

Risks Related to the Group

- A few large external customers account for the greatest share of the Group's sales of polysilicon and silane gas, and default, bankruptcy or renegotiation of contracts could have a significant negative impact on the Group's operating results.
- The Group has limited long-term agreements with its customers and accordingly is subject to short term fluctuations in demand, which could have significant negative impacts on its operating results.
- A substantial portion of sales of the Group are sold internally (eliminated on consolidation). If any part of the Group's operations were to cease to exist, experience a sustained interruption in production or experience substantial financial difficulty, this could result in a significant adverse effect on the Group.
- There are significant risks associated with acquisitions, participations, partly owned companies and joint ventures.
- There are significant risks associated with the growth of the Group. The Group may not succeed in securing the necessary financing for future investments, and future expansion projects may be significantly affected by cost overruns, schedule delays, technology risks and defects.
- The Group currently takes advantage of tax agreements and preferential tax treaties in certain territories. Such agreements and treaties are liable to change and renegotiations, which typically are outside the Group's control, that may remove some or all of the benefits the Group currently enjoys.
- The Group is dependent upon the continued availability of financing arrangements which can be significantly affected by general economic conditions.
- Global economic downturn and dislocation in the financial markets may expose the Group to liquidity risk in the longer term.
- Continued or recurring competitive pressure in the solar industry may expose the Group to liquidity risk in the longer term.
- The Group's credit agreements contain covenant restrictions that may limit its ability to operate its business and have negative effects if not complied with.
- Changes in the interest rates affect cash flows and the estimated fair values of assets and liabilities.
- The Group is exposed to exchange rate risks, and exchange rate changes might significantly influence the relative cost position of the Group and the estimated fair values of assets and liabilities.
- The financial turmoil and increased competitive pressure in the solar industry in recent years has increased credit risks related to contractual counterparties.

- The Group will from time to time be involved in disputes and legal or regulatory proceedings. Such disputes and legal or regulatory proceedings may be expensive and time-consuming, and could divert management's attention from the Group's business.
- The continued operation in and intended expansion of the activities of the Group into additional foreign markets involves significant risks.
- Investments in alternative technologies, or in companies that develop such technologies, involve significant risks and may not give a positive return on investment.
- The Group is dependent on a limited number of third party suppliers for key production raw materials, supplies, components and services for its products and any disruption to supply could negatively impact its business significantly.
- The Group is relying on external subcontractors and suppliers of services and goods to meet agreed or generally accepted standards.
- The Group's results of operations may be significantly adversely affected by fluctuations in energy prices.
- The Group obtains equipment used in its manufacturing process from a limited number of suppliers and, if this equipment is faulty, damaged or otherwise unavailable, the Group's ability to deliver projects and products on time will suffer, which in turn could result in order cancellations and significant loss of revenue.
- The Group may not succeed in developing and implementing new measures to increase the conversion efficiency of solar cells or such improvements may require more time and resources than initially anticipated.
- If the Group does not achieve satisfactory yields or quality in manufacturing its products, the Group's sales could decrease significantly and its relationships with its customers and its reputation may be harmed significantly.
- Problems with product quality or product performance, including defects in the Group's products could result in a significant decrease in the number of customers and in revenues, significant unexpected expenses and loss of market share.
- The Group may be subject to significant unexpected warranty expenses.
- The Group relies upon intellectual property and trade secret laws and contractual restrictions to protect important proprietary rights, and, if these rights are not sufficiently protected, its ability to compete and generate revenue could suffer significantly.
- The Group may not obtain sufficient patent protection on the technology embodied in its products and production processes, which could significantly harm its competitive position and increase its expenses significantly.
- The Group's intellectual property indemnification practices may adversely impact its business significantly.
- The Group could get involved in intellectual property disputes that could be time-consuming and costly and could result in loss of significant rights and/or penalties.
- The Group may incur significant costs to comply with, or as a result of, health, safety, environmental and other laws and regulations.
- Because the markets in which the Group is active are highly competitive and many potential competitors may have greater resources, the Group may not be able to compete successfully and may lose or be unable to gain market share.
- The Group depends on certain executive officers and other key employees particular in the area of research and development and other qualified personnel in key areas.
- Product liability claims against the Group could result in adverse publicity and potentially monetary damages.
- The Group has a relatively limited operating history which may not serve as an adequate basis to judge its future prospects and results.

- The Group could be seriously harmed by catastrophes, natural disasters, consequences of climate change, operational disruptions or deliberate sabotage.
- The Group could be seriously harmed by incidents resulting in damages not covered by insurance.
- The Group's insurance policies need regular renewal, and the Group cannot guarantee that these renewals can be made on the same terms as existing policies or that the Group will be able to obtain insurance on normal and acceptable terms.
- There are risks related to unanticipated technology problems and deliberate attacks to the Group's telecommunications and information technology systems.
- There are risks related to estimation uncertainty, as the assumptions used as basis for management's estimations are inherently uncertain and unpredictable and, as a result, future estimates and actual results may differ from the current estimates.
- The Group's assets may be subject to further impairment of asset values.
- The Group is in the process of closing all of its production operations in Norway, and has recently announced to close the remaining Norwegian Wafer operations. There can be no assurance that the provisions made and to be made will be sufficient to cover actual costs and there is a significant risk for additional costs and there is an inherent risk for disputes and lawsuits arising in that respect.
- The closure of operations in Norway may result in substantial clean-up measures being imposed by governmental authorities or third parties, or other significant environmental liability, which may result in significant costs and penalties in excess of the provisions made.
- There is a risk of unexpected incidents and occurrences.

Risks Relating to the Shares and the Subsequent Offering

- After the Private Placement, substantial share ownership still remains concentrated in the hands of the Company's largest shareholder.
- Future share capital measures may lead to a substantial dilution of the shareholdings of the Company's shareholders.
- Pre-emptive rights may not be available to U.S. holders and certain other foreign holders of the Shares.
- It may be difficult for investors based in the United States to enforce civil liabilities predicated on U.S. securities laws against the Company, the Company's affiliates outside the United States or the Company's directors and executive officers.
- Holders of Shares that are registered in a nominee account may not be able to exercise voting rights as readily as shareholders whose Shares are registered in their own names with the Norwegian Central Securities Depository.
- The transfer of Shares is subject to restrictions under the securities laws of the United States and other jurisdictions.
- The ability of shareholders of the Company to make claims against the Company in their capacity as such following registration of share capital increases with the Norwegian Register of Business Enterprises is severely limited under Norwegian law.
- Eligible Shareholders who do not participate in the Subsequent Offering may experience significant dilution in their shareholding.
- Shareholders outside of Norway are subject to exchange risk.

2. RISK FACTORS

Prior to any decision to invest in the Company's securities, potential investors should carefully read and assess the following specific risks and the other information contained in this Prospectus. If these risks materialize, individually or together with other circumstances, they may substantially impair the business of the Group and have material adverse effects on the Group's business prospects, financial condition or results of operations. The order in which the individual risks are presented below is not intended to provide an indication of the likelihood of their occurrence nor of the severity or significance of individual risks. An investment in the Company is suitable only for investors who understand the risk factors associated with this type of investment and who can afford a loss of all or part of their investment. If any of these risks materializes, the Group's business, financial position and operating results could be materially and adversely affected and the price of the Company's securities may decline, causing investors to lose all or part of their invested capital.

2.1 Risks Relating to the PV Industry and other industries of importance to the Group

The development of the global energy market prices are of key importance to the PV industry and decreased electricity prices could potentially significantly reduce the demand for the Group's products.

The financial return of an investment in a PV system depends to a large extent on the market price of the electricity produced. While this is further influenced by government subsidies and support, as outlined below, the future development of the PV industry will to a significant degree depend on the development in electricity market prices over time. Electricity prices depend on a number of factors including, but not limited to, availability and costs of primary energy sources (including oil, coal, natural gas and uranium), and the development in cost, efficiency and equipment investment need for other electricity producing technologies, including other renewable energy sources. Additionally, developments in the cost of electricity transmission and electricity storage will influence the relevant market price. Decreased electricity prices could potentially significantly reduce the demand for the Group's products, which could have a significant adverse effect on the Group's business, prospects, financial results and results of operations.

Continued government subsidies, incentives and other support are of key importance to the PV industry and political developments could lead to a material deterioration of the conditions for, or a discontinuation of, the incentives for PV systems.

The PV industry still depends substantially on government incentives and support. Without government incentives, the costs of electricity generated by PV systems currently would not be competitive with conventional energy sources (e.g., nuclear power, oil, coal and gas) in most current markets and demand for the Group's products would be significantly lower.

The Group is currently active in the markets for solar modules in a number of markets, including Germany, Spain, Italy, Belgium, the Netherlands, France, Bulgaria, India, Singapore, Australia and the United States, and for polysilicon in a number of markets including China. Sales of polysilicon are indirectly dependent on the global market for modules. The Group is also planning to broaden its market presence and will also become active in new markets going forward. Incentives for PV energy are currently important in all these markets.

Political developments could lead to a material deterioration of the conditions for, or a discontinuation of, the incentives for PV systems. It is also possible that government financial support for PV systems will be subject to judicial review and determined to be in violation of applicable constitutional or legal requirements, or be significantly reduced or discontinued for other reasons. A reduction of government support and financial incentives for the installation of PV electricity systems in any of the markets in which the Group currently operates or intends to operate in the future could result in a material decline in the demand for its products, which could have a significant adverse effect on the Group's business, prospects, financial results and results of operations.

The Group is active in several jurisdictions and change in the legislation and regulatory framework in any of these jurisdictions might have a significant negative impact on the industries in which the Group operates and specifically on the Group.

In addition to risks related specifically to governmental subsidies, incentives and other support, the Group is exposed to risks related to general changes in legislation and regulatory framework in the various jurisdictions in which the Group operates. Changes in the legislative and fiscal framework, both generally and related to the PV industry, could have a significant adverse effect on the Group's business, prospects, financial results and results of operations.

Trade barriers, trade restrictions and unfair trade practices may have a significant negative impact on the Group's ability to sell its products. The Group could be affected if it is restricted from selling into important markets or competitors achieve unfair competitive advantages.

There are currently local content requirements in place, and anti-dumping and anti-subsidy proceedings in some markets. As an example, the US Department of Commerce has preliminarily determined that Chinese producers/exporters have sold solar cells in the United States at dumping margins ranging from 31.14% to 249.96%,

resulting in the imposition of preliminary antidumping and countervailing duties against Chinese solar cells being imported into the United States. In addition, REC Silicon was named a respondent in a recently filed trade case initiated by Chinese producers against polysilicon imports from United States into China. It is important for the Group that the United States and China engage in a constructive dialogue to prevent a potential trade war and that the Group can sell its products into all major markets based on free and fair trade principles. China is an important market for the Group's polysilicon operations. Should the Group be restricted from selling into important markets or competitors achieve unfair competitive advantages, this could have a significant adverse effect on the Group's business, prospects, financial results and results of operations.

Limited capital availability for financing PV installations could have a significant negative impact on the demand for the Group's products.

The demand for PV products is dependent on the availability of short and long term funding (project financing as well as longer-term debt and equity financing) of small and large scale PV projects. A scarcity of financing during any given period of time could limit the demand for PV projects with a negative impact on the growth of the PV industry as well as a negative impact on the demand for the Group's products. This could have a significant adverse effect on the Group's business, prospects, financial results and results of operations.

An increase in interest rates could significantly reduce the profitability of PV plants and reduce the demand for PV systems.

Grid-connected PV plants are to a large extent financed by the incurrence of debt. This financing method is prevalent for small and medium-sized PV plants, constructed by private individuals, farmers, companies or public authorities, as well as for large PV plants generally built with funding provided by closed-end funds. By reducing financing costs, relatively low interest rates generally have had a positive effect on the profitability of PV plants in recent years. In addition, the low interest rate environment has reduced the expected return on certain alternative investments. Relatively low interest rates therefore have made an essential contribution to the increase in the demand for PV systems. An increase in interest rates could significantly reduce the profitability of PV plants and reduce the demand for PV systems. This could in turn result in a decrease in demand for the Group's products, which could have a significant adverse effect on the Group's business, prospects, financial results and results of operations.

PV industry participants, including the Group, may not be able to achieve sufficient cost reductions through product innovations and process improvements to be competitive against other sources of renewable or conventional energy.

The PV industry competes, in particular, with other sources of renewable energy (e.g., wind, biomass, fuel cells) and conventional power generation. If prices for conventional and/or other renewable energy resources decline or if other renewable energy resources enjoy greater policy support than the PV industry, and the PV industry, including the Group, is not able to achieve reduction in production costs that enable it to reduce the price per kilowatt-hour of electricity that can be generated from their products, the PV industry could suffer. This could have a significant adverse effect on the Group's business, prospects, financial results and results of operations.

In particular, national legislation that supports the PV industry generally either mandates a regular reduction of the support level, or is regularly reviewed with the intention that support should be reduced. Accordingly, in the medium and long term, market prices for PV modules may decline, and market participants, including the Group, will need to reduce prices for their products and, more specifically, the price per kilowatt-hour of electricity that can be generated from their products. The PV industry's ability to reduce production costs and consumer prices is necessary for it to be able to continue to compete with other sources of renewable energy and to keep pace with the regular reduction of governmental incentives in certain key markets. Currently, product prices for solar modules and interim products are at a level where industry participants struggle to make a profit. PV industry participants, including the Group, may not achieve sufficient cost reductions to catch up with the current price level and compensate for the anticipated decline in prices. If cost reductions, product innovations and process improvements were to occur at a slower pace than required to achieve the necessary price reductions, the Group could experience a significant adverse effect on its business, prospects, financial results and results of operations.

The PV industry is not yet mature in terms of demand, market structure and technology. Significant developments in technologies and changes in market structure supply and demand could significantly alter the Group's competitive situation.

The PV industry has a relatively short history. Significant growth in volumes and in the number of PV companies has been experienced over the past few years. Significant developments in technologies and changes in market structure supply and demand could significantly alter the Group's competitive situation, which could have a significant adverse effect on the Group's business, prospects, financial results and results of operations.

There is currently significant overcapacity resulting in continued uncertainty with regards to market price development for the rest of 2012 and beyond. The significant risk of continued or recurring overcapacity in parts or all of the markets in which the Group operates could lead to a further reduction in average selling prices and difficulties in keeping high capacity utilization resulting in a significant deterioration of profitability.

Prior to the financial crisis in 2008, the market conditions for the PV industry were very strong for several years, with demand exceeding the available supply. This led to significant new capacity expansion plans, from both existing and new PV companies, being announced and commissioned in all segments of the PV value chain. Since the first half of 2009, there have been several periods of overcapacity, in particular for the wafer, cell and module segments, but more recently also for polysilicon and silane gas. This has led to a significant reduction in product prices throughout the value chain. There is currently significant overcapacity resulting in continued uncertainty with regard to market price development for the rest of 2012 and beyond.

Periods of oversupply across the whole PV value chain can result in reduced capacity utilization at the Group's production facilities, and therefore lead to higher manufacturing costs per unit and/or layoffs and plant closures, which could have a significant adverse effect on the Group's business, prospects, financial results and results of operations.

There are significant risks associated with rapid technological change, and if competitors gain advantages in the development of alternative technologies, this could affect the competitive position of the Group considerably and present a significant threat to its profitability, or even its existence.

The market for renewable energy production and PV systems is subject to rapid technological change and is characterized by frequent introductions of improved or new products and services and ever-changing and new customer requirements. The Group expects that this will continue to be the case in the future.

The success of the Group depends decisively on the timely perception of new trends, developments and customer needs, constant further development of engineering expertise and ensuring that the portfolio of products and services keeps pace with technological developments. This presents the risk that competitors may launch new products and services earlier or at more competitive prices or secure exclusive rights to new technologies. If these circumstances were to materialize, it could have a significant adverse effect on the Group's business, prospects, financial results or results of operations.

In particular, the technologies that the Group currently employs at each level of the value chain are mainly those that currently dominate the market. There are, however, a number of additional technologies with cost-saving potential, particularly with respect to the production of polysilicon and silicon wafers that are to an increasing extent being used by the Group and others. These include for instance the FBR technology for polysilicon production, which the Group has implemented in its new silicon plant. If one or more competitors succeed in developing an alternative technology to the stage of profitable mass production in a way that the Group cannot easily adapt to, the market conditions for the Group could change significantly. This could have significant adverse effects on the Group's business, prospects, financial results and results of operations.

The Group is active as a sub-supplier to a wide range of end-uses, mainly in applications relating to electronics, flat panel displays and semiconductors. Significant changes in competitive dynamics, end user demand or technology in these markets could have a significant adverse effect on the Group.

Through the REC Silicon division, the Group is active as a sub-supplier to a wide range of end-uses, mainly in applications relating to electronics, flat panel displays and semiconductors. Significant changes in competitive dynamics, end user demand or technology in these markets could have a significant adverse effect on the Group's business, prospects, financial results and results of operations.

The recent financial crisis adversely affected the markets in which the Group operates, and any future financial crisis or significant set-back in the economy could have significant negative effects on the Group's financial results.

The last global financial crisis negatively affected the markets for sale of polysilicon, wafers, modules and silane gas. Continuing deterioration in demand and lower selling prices as a result of a global financial crisis, would adversely affect the Group's financial results and/or growth through lower demand, delay of purchase of products, loss of customers and that receivables are not settled. This could have a significant adverse effect on the Group's business, prospects, financial results and results of operations.

2.2 Risks Related to the Group

A few large external customers account for the greatest share of the Group's sales of polysilicon and silane gas, and default, bankruptcy or renegotiation of contracts could have a significant negative impact on the Group's operating results.

The Group relies on a few larger external customers with respect to sale of polysilicon and silane gas. If one or more of these customers were to default, and the Group would be unable to find a buyer or have to sell at a considerably lower price, this could have a significant material adverse effect on the financial results of the Group.

Any downward adjustments to prices or volumes under existing contracts could have a significant adverse effect on the Group's business, prospects, financial results and results of operations.

As the Group has increased its production capacity for polysilicon, and the shut-down of the Norwegian Wafer operations have freed up polysilicon volume previously sold internally, the share of external polysilicon revenues has increased. Also, the contract structure generally has a shorter duration. Due to the nature of the current and potential customer base, it is still likely that the Group will continue to base its sales on a limited number of large customers. The combination of shorter contract durations and a limited customer base might lead to increased demand fluctuations and/or worsened commercial terms for the Group. This could have a significant adverse effect on the Group's business, prospects, financial results and results of operations.

The Group has limited long-term agreements with its customers and accordingly is subject to short term fluctuations in demand, which could have significant negative impacts on its operating results.

The market for solar products has in the last few years been more dynamic for solar modules than for polysilicon. With increasing overcapacity, this is now changing, and all sales of interim products in the solar sector are more short-term in nature. Sales contracts tend to be short in duration and provide flexibility both with respect to price and volume. Thus, the Group is exposed to fluctuations in sales prices and volume, which could cause its operating results to fluctuate and could have significant adverse effect on the Group's business, prospects, financial results and results of operations.

A substantial portion of sales of the Group are sold internally (eliminated on consolidation). If any part of the Group's operations were to cease to exist, experience a sustained interruption in production or experience substantial financial difficulty, this could result in a significant adverse effect on the Group.

The Group is a vertically integrated producer of solar-grade polysilicon, wafers, cells and modules, and a substantial portion of the Group's Silicon division's products is sold to REC Solar, and for the Solar division, wafers, cells and to some extent modules are sold between companies within this division. As a result, the Group is heavily reliant on intra-company sales. If any part of the Group's operations were to cease to exist, experience a sustained interruption in production or experience substantial financial difficulty, this could result in a significant adverse effect on the Group's business, prospects, financial results and results of operations. Furthermore, any of these events could impair or threaten the existence of the Group. The reduction of the Group's wafer production capacity that culminated in the second quarter 2012 by discontinuance of wafer production in the REC Wafer segment is an example of this.

Finished goods inventory buildup could negatively affect financial results through higher eliminations of unrealized internal profit.

There are significant risks associated with acquisitions, participations, partly owned companies and joint ventures.

The Group has in the past grown both organically and through acquisitions. While the Company expects organic development to continue to be important going forward, acquisitions, participation in joint ventures and minority investments could also play an important role in the Group's future development.

Where the Group participates in joint ventures or through shareholdings in companies, the companies in which the Group has made investments might be dependent on obtaining additional funding from their banks. If the credit market conditions worsen, the ability of these companies to obtain the external funding necessary to finance their technology development and capacity expansions, would be severely impaired, resulting in an increased demand on the shareholders to provide the necessary funding. As a shareholder, the Group would be forced to either (i) take part in the funding, and be subject to an increased financial exposure, or (ii) not take part in the funding and face dilution of the Group's ownership share, or potentially face a loss of the investment if the joint venture or partly owned company does not succeed in meeting its funding requirement, resulting in either a worsening of the development potential, or in the worst case, bankruptcy. Any of these alternatives would affect the Group's financial position and/or liquidity situation.

Acquisitions of companies and participations in joint ventures or other strategic alliances with suppliers or other companies are and will generally be subject to certain risks. Therefore, the success of future acquisitions of companies or joint ventures or other shareholdings cannot be assured.

Incorrect risk assessments as well as any other miscalculations associated with acquisitions, participations, shareholding interests and joint ventures could have significant adverse effects on the Group's business, prospects, financial results and results of operations.

There are significant risks associated with the growth of the Group. The Group may not succeed in securing the necessary financing for future investments, and future expansion projects may be significantly affected by cost overruns, schedule delays, technology risks and defects.

The Group has grown rapidly over the past few years, and is constantly assessing opportunities for further expansion. Developing appropriate internal organizational structures and management processes on an ongoing basis in line with the growth of the Group represents a challenge to the Group, and occupies significant management resources. The need to hire, integrate and retain an appropriate number of qualified employees to keep pace with the Group's growth represents a particular challenge for the Group. This applies especially to the areas of administration, technology, finance, legal, corporate governance, accounting, planning and controlling, as well as personnel management, employee training and internal control.

The Group may not succeed in securing the necessary financing for future investments. Future expansion projects may be significantly affected by cost overruns, schedule delays, technology risks and defects. This could have significant adverse effects on the Group's business, prospects, financial results and results of operations.

The Group currently takes advantage of tax agreements and preferential tax treaties in certain territories. Such agreements and treaties are liable to change and renegotiations, which typically are outside the Group's control, that may remove some or all of the benefits the Group currently enjoys.

The Group currently takes advantage of tax agreements and preferential tax treaties in certain territories. The Group currently takes advantage of tax agreements and preferential tax treaties in certain territories. Such agreements and treaties are liable to change and renegotiations, which typically are outside the Group's control, may remove some or all of the benefits the Group currently enjoys. Any changes to these arrangements may, accordingly, have a detrimental effect on the Group's financial position, cash flows and its ability to compete going forward.

A government grant is not recognized until there is reasonable assurance that the entity will comply with the conditions attached to it, and that the grant will be received. To qualify for the grants recognized, several future conditions need to be fulfilled. This includes some minimum total fixed assets investments, employment of a minimum number of selected employees in specific geographical areas for specified periods, retention period for some employees and restrictions on the disposal of assets and/or companies. In the event of breach of conditions, REC may have to repay, or not getting paid, the grants.

For REC Silicon, the vehicle for receiving benefits under Advanced Energy Manufacturing Tax Credit program is a credit claimed on the US-company's annual tax return, subject to the limitations of alternative minimum tax. Unused portions of the credit can be carried forward 20 years (for the main part this period started in 2010) and used to offset income tax during those periods subject to similar limitations. Any unused portions after 20 years are void. There is a risk that REC Silicon will not generate sufficient profits to receive the benefits. The Ministry of Trade and Industry in Singapore has issued "Pioneer Certificates" to the relevant Group legal entities in Singapore which qualify the companies as "pioneer enterprises", giving the companies tax benefits. The certificates are, however, subject to a number of conditions related to the production of these companies. There can be no guarantee that the Singapore companies will satisfy these conditions and any breach of the tax conditions could have significant adverse effects on the Group's business, prospects, financial results and results of operations. The Singapore companies have for a period produced losses, and have consequently so far not been able to benefit from income tax benefits.

The Group is dependent upon the continued availability of financing arrangements which can be significantly affected by general economic conditions.

The Group requires external financing in order to operate its business. If and to what extent the Group will succeed in obtaining and maintaining adequate financing depends significantly on the Group's business, prospects, financial results and results of operations, as well as on the condition of the market for the Group's products. The liquidity risk has increased in the last year, due to the difficult financial market and the future market uncertainty and risk related to the Group's products. In addition the Group has in its new loan agreements liquidity requirements. The Group has extended its bank debt from 2013 to 2014. While the Group has entered into a new credit facility with DNB Bank ASA and Nordea Bank Norge ASA, any default by the Group under the facility could jeopardize the Group's access to financing under the facility. There can be no assurances that the Group will be able to obtain the required financing in all instances in a timely manner and to the required extent. If the Group is not able to obtain and maintain adequate financing, it could have significant adverse effects on the Group's business, prospects, financial results and results of operations.

Global economic downturn and dislocation in the financial markets may expose the Group to liquidity risk in the longer term.

The rapid global economic downturn and serious dislocation of financial markets around the world have caused a number of the world's largest financial and other institutions significant operational and financial difficulties, and also have caused some lenders to take advantage of opportunities to negotiate a reduction in their exposures. There can be no assurance that the Group over the longer term will be able to refinance its debt as it becomes due or obtain additional debt financing on commercially acceptable terms or to access the Group's current debt facilities. Moreover, if general economic conditions or other factors lead the Group's lenders to perceive an increased relative risk of default, such lenders may seek to hedge against such risk in a manner which could have a negative impact on the Group's share price and restrict its ability to obtain further financing in the capital markets.

The Group consistently monitors actual and forecasted future cash flow requirements to ensure that it has sufficient cash available on demand to meet expected operational expenses, including the servicing of financial obligations. The potential impact of unforeseeable circumstances, such as a further significant deterioration of economic conditions, natural disasters or the insolvency or financial difficulties of large customers or suppliers, cannot, however, be factored into these calculations. Any inability to maintain sufficient cash flow to fund operations could have significant adverse effects on the Group's business, prospects, financial results and results of operations, as well as the Group's reputation and ability to raise further capital and financing.

Continuing or recurring global economic turmoil could inhibit the Group's ability to meet its financial obligations when they fall due. Actions by counterparties who fail to fulfil their obligations to the Group as well as the Group's inability to

access new funding may impact its cash flow and liquidity, which could have a significant adverse effect on the Group's business, prospects, financial results and results of operations.

Continued or recurring competitive pressure in the solar industry may expose the Group to liquidity risk in the longer term.

The solar industry is currently experiencing intense competitive pressure due to overcapacity. This intense competitive pressure may continue for prolonged time periods or recur. If so, current and potential lenders may consider that the credit risk of companies operating in the solar industry, and the Group specifically has increased.

Continuing or recurring competitive pressure could inhibit the Group's ability to meet its financial obligations when they fall due. This would in turn have a significant adverse effect on the Group's business, prospects, financial results, results of operations, or even the existence of the Group.

The Group's credit agreements contain covenant restrictions that may limit its ability to operate its business and have negative effects if not complied with.

The Group's bank loan facilities contain certain financial covenants, which make the Group exposed to variations in EBITDA, cash flows, interest rates and currency fluctuations. As a result of the general market conditions, the Group has experienced reduced EBITDA and cash flows. Even with the current refinancing of the Group, there is still a risk that the amended financial covenants may come under pressure should the EBITDA and the cash flows weaken even further, or due to unfavorable currency fluctuations or due to an increase in interest paid. Additionally, there are limitations to capital expenditures, other investments and sale of assets etc., which may limit the Group's ability to operate its business.

The senior NOK bonds and the Convertible EUR bond 2009/2014 contain cross defaults above certain threshold amounts, which are further described in section 9.5 "Capital Resources".

If the Group is in breach of the covenant restrictions imposed under its credit agreements, this could potentially require the Company to repay its debt to its lenders, or take other actions, that may adversely affect the Group's ability to obtain further debt financing. This would in turn have a significant adverse effect on the Group's business, prospects, financial results, results of operations, or even the existence of the Group.

Changes in the interest rates affect cash flows and the estimated fair values of assets and liabilities.

The Company is exposed to interest rate risk through funding and cash management activities. Interest bearing assets and liabilities primarily carry variable interest rates, but this was somewhat changed by issuance of fixed rate bonds in the second half of 2009 and the second quarter of 2011. The credit lines have interest rates with reference to NIBOR, EURIBOR and LIBOR (one, three, six or 12 months at the Company's option) for drawn amounts plus credit margins that varies according to predetermined financial ratios. Bank borrowings through the Company and related interest rate derivatives are primarily exposed to changes in USD, EUR, SGD and NOK interest rates and the credit margins. The Company has also established three NOK senior bonds, some of which have fixed interest rates, and a EUR convertible bond that carry fixed interest rate. The Company has also entered into interest rate derivatives, some that swap variable interest rates between currencies and also derivatives to swap the NIBOR-part of the fixed rate on the NOK bonds to floating NIBOR rate and some general interest rate swaps.

Changes in interest rates affect the estimated fair values of financial assets and liabilities with fixed interest rates. When estimating value in use of other assets, or groups of assets, changes in interest rates may affect the discount rate and consequently the estimated fair values. Changes in interest rates also impacts the competitiveness of solar power installations and thereby the customer's willingness and capability to pay for the Group's products. This could have a significant adverse effect on the Group's business, prospects, financial results and results of operations.

The Group is exposed to exchange rate risks, and exchange rate changes might significantly influence the relative cost position of the Group and the estimated fair values of assets and liabilities.

The Group operates internationally and is exposed to currency risk, primarily to fluctuations in U.S. Dollar (USD), Euro (EUR), Singapore Dollar (SGD) and Norwegian Krone (NOK), arising from commercial transactions and assets and liabilities in currencies other than the entities' functional currencies. The Group engages in currency hedging to achieve stability and predictability in operating cash flows, preserving the carrying value of net investments, and to give predictability of highly probable future payments for investments in foreign currencies. Nonetheless, a sustained adverse development of the exchange rates between these currencies may have an adverse effect on the Group's business, prospects, financial results and results of operations. Currency developments will affect translation to NOK of financial statements of entities with functional currencies other than NOK. For translation of profit and loss items, as well as capital expenditure, the Group uses average year-to-date exchange rates as an approximation to the exchange rates at the dates of the transactions. If exchange rates fluctuate significantly, the use of the average rate for a period may be inappropriate.

The Group sells its products in the global market. The Group's competitors are situated in several geographical locations and might have exposure to a different mix of currencies from the Group. Therefore, the relative development of the

Group's main cost currencies and those of its competitors could significantly influence the Group's relative cost position and the estimated fair values of assets and liabilities. This could potentially make several of the Group's production facilities fundamentally uncompetitive, something that could have a significant adverse effect on the Group's business, prospects, financial results and results of operations.

The financial turmoil and increased competitive pressure in the solar industry in recent years has increased credit risks related to contractual counterparties.

The financial turmoil and increased competitive pressure in the solar industry in recent years has increased credit risks related to counterparties, including customers and banks. Customers have to some extent deferred payments to the Group, partially related to alleged claims and liquidity issues. Risk for realization of future cash flows in previously entered contracts, sales performed as well as future sales has increased. Even though the Group takes precautions, it may experience increased losses in the future. The solidity of counterparties may be weakened and the counterparty risk may increase further.

The Group has a concentration of its customers in the solar industry and the electronics industry. Many companies in the solar industry are struggling with their liquidity due to the difficult market conditions. Where sales have been secured by bank guarantees, the Group has experienced some disputes when it has been necessary to call on the bank guarantees. Credit risk may also increase by abrupt changes in market conditions by changes in government incentives. Generally a more challenging and competitive market environment may increase credit risk through sales to financially weak customers, extended payment terms and sales into new and immature markets. This could have a significant adverse effect on the Group's business, prospects, financial results and results of operations.

The Group will from time to time be involved in disputes and legal or regulatory proceedings. Such disputes and legal or regulatory proceedings may be expensive and time-consuming, and could divert management's attention from the Group's business.

The Group will from time to time be involved in disputes and legal or regulatory proceedings. Such disputes and legal or regulatory proceedings may be expensive and time-consuming, and could divert management's attention from the Group's business. In particular, the closure of the Group's Wafer operations in Norway has led to increased risk, especially with regard to supplier contracts. As an example, EKRO, a former supplier, has claimed NOK 165 million in compensation and damages from REC Wafer and initiated arbitration proceedings against REC Wafer in Norway. REC Wafer contests EKRO's claim in its entirety. Furthermore, legal proceedings could be ruled against the Group and the Group could be required to, inter alia, pay damages or fines, halt its operations, stop the sale of its products, etc., which could have a significant adverse effect on the Group's business, prospects, financial results and results of operations. Please see section 17.1 "Disputes" for further information on current legal proceedings.

The continued operation in and intended expansion of the activities of the Group into additional foreign markets involves significant risks.

The Group is currently in the process of further expanding its business activities internationally. The internationalization of the Group's business activities thus far has related mainly to attracting new customers or new suppliers, acquiring and significantly expanding silicon production facilities in the United States, building an integrated wafer, cells and modules manufacturing plant in Singapore, building up a PV Systems operation and establishing sales offices on several continents. A series of risks may arise from the further internationalization of the Group's business activities. These include primarily the prevailing general economic, legal and tax-related conditions in the relevant countries, political unrest and unanticipated changes in foreign regulatory and legal requirements. In addition, there are risks of trade restrictions and changes in tariffs or customs associated with international activities. There are also risks related to the Group's need to build an organization capable of operating in the various geographical locations and under different jurisdictions. Some geographical locations also have inherently higher risk related to corporate conduct and corporate social responsibility, including risks related to corruption. Risk management and internal control systems and processes cannot prevent or detect all transactions or relationships that could be of concern. To the extent that internationalization is accomplished by means of acquisitions, participations or joint ventures, there are additional risks (see above). The operation and protection of information technology structures and the establishment and maintenance of appropriate risk management and internal control systems and processes present special challenges for cross-border business activities. A change in one or more of the factors described above could have a significant adverse effect on the Group's business, prospects, financial results and results of operations.

Investments in alternative technologies, or in companies that develop such technologies, involve significant risks and may not give a positive return on investment.

Apart from the extensive investments made in and contemplated for the further expansion of the existing production capacities of the Group for manufacturing polysilicon, silicon wafers, solar cells and solar modules, the Group may also invest in alternative technologies or in companies developing alternative technologies. Technology investments have inherent risk and may not give a positive return on investment. Thus, it could have a significant adverse effect on the Group's business, prospects, financial results and results of operations.

The Group is dependent on a limited number of third party suppliers for key production raw materials, supplies, components and services for its products and any disruption to supply could negatively impact its business significantly.

Each of the Group's manufacturing facilities manufacture their products using raw materials, components, consumables and services from a limited number of suppliers. If any of the Group's divisions fails to develop or maintain its relationships with its suppliers or such suppliers are prevented from supplying due to catastrophies, natural disasters or consequences of climate change; it may be unable to manufacture its products or its products may be available only at a higher cost or after a long delay, which could prevent the Group from timely delivering its products to its customers and the Group may experience order cancellation, customer claims and loss of market share. To the extent to which the processes that the Group's suppliers use to manufacture raw materials, components, consumables or deliver services are proprietary, the Group may in addition be unable to obtain comparable raw materials, components, consumables and/or services from alternative suppliers. The failure of a supplier to supply raw materials, components, consumables and/or services in a timely manner, or to supply raw materials, components, consumables and/or services that meet the Group's quality, quantity and cost requirements, could impair the Group's ability to manufacture its products or decrease its costs (including claims), particularly if it is unable to obtain substitute sources of these raw materials, components, consumables and/or services on a timely basis or on terms acceptable to the Group. This could have a significant adverse effect on the Group's business, prospects, financial results and results of operations.

The Group is relying on external subcontractors and suppliers of services and goods to meet agreed or generally accepted standards.

The Group's polysilicon, wafer, solar cell and module manufacturing operations all rely on external subcontractors and suppliers of services and goods to varying degrees. This operating model inherently contains a risk to the Group's goodwill and branding. If suppliers fail to meet agreed or generally accepted standards in areas such as environmental compliance, human rights, labor relations and product quality, this could have a significant adverse effect on the Group's business, prospects, financial results and results of operations. The scope of this risk has increased in recent years, as the Group's business has grown in size and extended into many new geographic markets, including the production facility in Singapore and outsourcing of a part of the cell and module manufacturing.

The Group's results of operations may be significantly adversely affected by fluctuations in energy prices.

Electricity is a principal component of cost of production in REC Silicon for products sold to other markets than solar. REC Silicon's polysilicon manufacturing plant in Butte, Montana, purchases electricity from a privately owned electric utility that charges market-based prices, while the plant in Moses Lake, Washington purchases electricity from a not-for-profit public utility that charges on a cost-plus basis. If the Group ceases for any reason to have access to relatively cheap electricity, its production costs could increase significantly and its results of operations would be adversely affected. In addition, electricity prices for the Butte facility are subject to volatility, as a significant share of its electricity purchases is made on market-based floating terms. Significant increases in the cost of electricity at the Group's polysilicon production facilities could have a significant adverse effect on the Group's business, prospects, financial results and results of operations.

The Group obtains equipment used in its manufacturing process from a limited number of suppliers and, if this equipment is faulty, damaged or otherwise unavailable, the Group's ability to deliver projects and products on time will suffer, which in turn could result in order cancellations and significant loss of revenue.

Some of the equipment used in the manufacture of the Group's PV products has been developed and made specifically for the Group, is not readily available from multiple vendors and could be difficult to repair or replace if it were to become damaged, stop working or be faulty in operation. In addition, the Group currently obtains the equipment for many of its manufacturing processes from sole suppliers. If any of these suppliers were to experience financial or other difficulties or go out of business, or if there was any damage to or a breakdown of the Group's manufacturing equipment, the Group's business would suffer. In addition, a supplier's failure to supply equipment and/or services in a timely manner, with adequate quality and on terms acceptable to the Group, could disrupt the Group's production schedule or increase its costs of production. This could have a significant adverse effect on the Group's business, prospects, financial results and results of operations.

The Group may not succeed in developing and implementing new measures to increase the conversion efficiency of solar cells or such improvements may require more time and resources than initially anticipated.

Within the wafer area, the Group may not be successful in developing high quality wafers with increased potential for higher conversion efficiency. Further, given the inherent risks associated with the implementation of new technologies, it may require more time and resources to fully utilize the potential of new technologies.

Within the solar cell area, the Group may not be successful in developing and implementing new and more cost-efficient process steps for increased conversion efficiency. This includes risks associated with the design of the solar cell as such. Given the inherent risks associated with the implementation of new technologies, it may require more time and resources to fully utilize the potential of new technologies.

Lagging behind on solar cell conversion efficiency, whether it stems from the wafer area or the solar cell area will result in higher unit costs and reduced competitiveness for the Group. This could have a significant adverse effect on the Group's business, prospects, financial results and results of operations.

If the Group does not achieve satisfactory yields or quality in manufacturing its products, the Group's sales could decrease significantly and its relationships with its customers and its reputation may be harmed significantly.

The manufacture of the Group's products is a highly complex process, and the Group continuously strives to introduce improvements to its processes. Newly introduced or sub-optimal production processes can cause substantial decreases in yield and in some cases, cause production to be temporarily suspended. As a result, the Group has from time to time experienced lower than anticipated manufacturing yields. As the Group continues to introduce new equipment to improve processes and debottleneck its manufacturing capacity, the Group may experience lower than anticipated yields, at least initially. If the Group does not achieve planned yields, its product costs could increase, and product availability would decrease, which could have a significant adverse effect on the Group's business, prospects, financial results and results of operations.

The Group, like any manufacturer, from time to time receives complaints from customers regarding the quality of its products. Also, product quality has become an increasingly important competitive factor in the market and, the Group is constantly striving to improve the quality of its products. If the Group is not able to achieve satisfactory quality in manufacturing its products or does not continue to develop at the same rate as its competitors, the demand for its products could be adversely affected and existing contracts could be terminated, which could have a significant adverse effect on the Group's business, prospects, financial results and results of operations.

Problems with product quality or product performance, including defects in the Group's products could result in a significant decrease in the number of customers and in revenues, significant unexpected expenses and loss of market share.

The Group's products must meet stringent quality requirements, but may contain defects that are not detected until after they are shipped or are installed because the Group cannot test for all possible scenarios or applications. These defects could cause the Group to incur significant replacement costs or re-engineering costs, divert the attention of its engineering personnel from product development efforts, and significantly affect its customer relations and business reputation. If the Group delivers defective products or if there is a perception that its products are defective, the Group's credibility and the market acceptance and sales of its products could be harmed. This could have a significant adverse effect on the Group's business, prospects, financial results and results of operations.

Furthermore, widespread product failures may damage the Group's market reputation, reduce its market share and cause sales to decline. A successful product liability claim against the Group could require it to make significant damage payments, which would negatively affect the Group's business, prospects, financial results and results of operations. Although a defect in the Group's products may be caused by defects in products delivered by the Group's sub-suppliers which are incorporated into the Group's products, there can be no assurance that the Group will be entitled to or successful in claiming reimbursement, repair, replacement or damages from its sub-suppliers relating to such defects.

The Group may be subject to significant unexpected warranty expenses.

REC Solar's solar modules carry a power output guarantee and a limited workmanship guarantee. The Group believes that the warranty periods offered are consistent with industry practice. Due to the long warranty period, the Group bears the risk of extensive warranty claims long after REC Solar has shipped the products and recognized the revenues. The Group has only sold solar modules since 2003.

Any increase in the defect rate of the Group's products would cause the Group to incur warranty expense and have a negative impact on its market position, brand and financial statements. Although the Group tests its solar cells and modules and has testing experience since it started module manufacturing in 2003, the Group's solar cells and modules have not been and cannot be tested in a real-life environment corresponding to the power output warranty period. Also, subcomponents used in the production of solar modules do not have a warranty period that covers the warranty given by the Group. As a result, the Group may be subject to unexpected warranty expenses, which in turn would harm its financial results. This could have a significant adverse effect on the Group's business, prospects, financial results and results of operations. The Group has in recent years experienced an issue with defect junction boxes that had a significant negative financial effect. The increased volume of modules sold also increase the potential liability. The Group currently has no insurance coverage for such warranty expenses.

The Group relies upon intellectual property and trade secret laws and contractual restrictions to protect important proprietary rights, and, if these rights are not sufficiently protected, its ability to compete and generate revenue could suffer significantly.

The Group seeks to protect important proprietary manufacturing processes, documentation and other written materials, and other intellectual property primarily under patent, trade secret and copyright laws. It also typically requires employees, consultants and companies that have access to its proprietary information to execute confidentiality agreements. The steps taken by the Group to protect its proprietary information may not be adequate to prevent misappropriation of its technology. In addition, the Group's proprietary rights may not be adequately protected because:

- people may not be deterred from misappropriating its technologies despite the existence of laws or contracts prohibiting misappropriation;

- policing unauthorized use of the Group's intellectual property is difficult, expensive and time-consuming, and the Group may be unable to determine the extent of any unauthorized use; and
- the laws of certain countries in which the Group markets or plans to market its products may offer little or no protection for its proprietary technologies.

Unauthorized copying or other misappropriation of the Group's proprietary technologies could enable third parties to benefit from its technologies without paying for doing so. Any inability to adequately protect its proprietary rights could harm the Group's ability to compete, to generate revenue and to grow its business. This could have a significant adverse effect on the Group's business, prospects, financial results and results of operations.

The Group may not obtain sufficient patent protection on the technology embodied in its products and production processes, which could significantly harm its competitive position and increase its expenses significantly.

The Group's patents and patent applications cover processes across the whole PV value chain, including, *inter alia*, silane gas manufacturing, silane gas deposition in Siemens reactors and FBR reactors, multicrystalline ingot technology, sawing of ingots into blocks, sawing of blocks into wafers and washing and separation of wafers as well as multiple method and product patents for solar cells and modules. The Group's patent applications may not result in issued patents, and even if they result in issued patents, the patents may not have claims of the scope that the Group seeks. In addition, any issued patents may be challenged, invalidated or declared unenforceable, or a competitor may have filed similar patent applications as the Group in the 18 non-published months prior to the Group's own filing. The Group's present and future patents may provide only limited protection for its technology and may not be sufficient to provide competitive advantages. For example, competitors could be successful in challenging any issued patents or, alternatively, could develop similar or more advantageous technologies on their own or design around the Group's patents. Also, patent protection in certain countries may not be available or may be limited in scope and any patents obtained may not be as readily enforceable as in all jurisdictions, making it difficult for the Group to effectively protect its intellectual property from misuse or infringement by other companies in these countries. Any inability to obtain and enforce intellectual property rights in some countries could have a significant adverse effect on the Group's business, prospects, financial results and results of operations. In addition, given the costs of obtaining patent protection and the sometimes limited potential for protection, the Group may choose not to protect certain innovations that later turn out to be important. There is also a general risk that the Group receives information subject to confidentiality agreements, regarding other parties' know-how and trade secrets in relation to technology which may hinder the Group from development of similar intellectual assets.

The Group's intellectual property indemnification practices may adversely impact its business significantly.

The Group may be required to indemnify some of its customers and third party intellectual property providers for certain costs and damages of patent infringement in circumstances where its products are a factor creating the customer's or these third party providers' infringement liability. This practice may subject the Group to significant indemnification claims by its customers and third party providers. The Group cannot guarantee that indemnification claims will not be made or that any such claims will not have a significant adverse effect on the Group's business, prospects, financial results and results of operations.

The Group could get involved in intellectual property disputes that could be time-consuming and costly and could result in loss of significant rights and/or penalties.

From time to time, the Group, its customers or third parties with whom the Group works may receive claims, including claims from various industry participants, alleging infringement of their patents. Although the Group is not currently aware of any parties pursuing infringement claims against it, there can be no assurance that it will not be subject to such claims in the future. Also, because patent applications in many jurisdictions are kept confidential for 18 months before they are published, the Group may be unaware of pending patent applications that relate to its products or production processes. The Group's third party suppliers may also become subject to infringement claims, which in turn could negatively impact the Group's business. Intellectual property litigation is expensive and time-consuming, could divert management's attention from the Group's business and could have a material adverse effect on the Group's business, prospects, financial results or results of operations. If there is a successful claim of infringement against the Group or its third party intellectual property providers, the Group may be required to pay substantial damages to the party claiming infringement, stop selling products or using technology that contains the alleged infringement of intellectual property, or enter into royalty or license agreements that may not be available on acceptable terms, if at all. Any of these developments could materially damage the Group's business, prospects, financial results or results of operations. The Group may have to develop non-infringing technology, and any failure to do so or to obtain licenses to the proprietary rights on a timely basis could have a significant adverse effect on the Group's business, prospects, financial results and results of operations.

The Group has applied for registration of certain trademarks and the process is pending in several jurisdictions. Although the Group does not consider registration of trademarks to be necessary in the marketing of its products, and that the present use of such unregistered trademarks to the Group's knowledge most likely does not violate any third party's rights, there can be no guarantee that no third party will be successful in claiming damages from the Group and/or that the Group shall cease to use such trademarks in the relevant jurisdiction, in which case it could harm the Group's ability to compete, generate revenue and to grow its business.

Although the Group currently is not aware of infringement of its intellectual property by other parties, it cannot guarantee that such infringement does not currently exist or will not occur in the future. To protect its intellectual property rights and to maintain its competitive advantage, the Group may file suits against parties who it believes are infringing its intellectual property. Intellectual property litigation is expensive and time consuming, could divert management's attention from the Group's business and could have a material adverse effect on the Group's business, prospects, financial results or results of operations. In addition, the Group's enforcement efforts may not be successful. In certain situations, the Group may have to bring such suits in foreign jurisdictions, in which case it is subject to additional risk as to the result of the proceedings and the amount of damage that it can recover and currency risk, moreover enforcement of the judgment is not assured. Certain foreign jurisdictions may not provide protection to intellectual property comparable to that in the United States or Western Europe. The Group's engagement in intellectual property enforcement actions could have a significant adverse effect on its business, prospects, financial results and results of operations.

The Group may incur significant costs to comply with, or as a result of, health, safety, environmental and other laws and regulations.

The Group's operations are subject to numerous environmental requirements under the laws and regulations of the various jurisdictions in which the Group conducts its business. Such laws and regulations govern, among other matters, air pollution emissions, wastewater discharges, solid and hazardous waste management, and the use, composition, handling, distribution and transportation of hazardous materials. Many of these laws and regulations are becoming increasingly stringent (and may contain "strict liability"), and the cost of compliance with these requirements can be expected to increase over time.

The Group's production processes, particularly its manufacturing processes in Moses Lake, Washington, Butte, Montana and Singapore involve manufacturing, processing, storage, use, handling, distribution and transport of silane gas and other substances of an explosive or hazardous nature. Accidents or mishandlings involving these substances could cause severe or critical damage or injury to property and human health. Such an event could result in civil lawsuits and/or regulatory enforcement proceedings, both of which could lead to significant liabilities. Any damage to persons, equipment or property or other disruption of the Group's ability to produce or distribute the Group's products could result in significant additional costs to replace or repair and insure the Group's assets, which could negatively affect the Group's business, prospects, financial results and results of operations. The Group also incurs considerable expenditures to install, maintain and monitor equipment designed to safely manage these volatile substances and to limit and manage air emissions, waste water discharges and solid and hazardous waste generated by the Group's processes.

All of the Group's divisions depend on various discharge permits granted by various authorities. From time to time, breaches of the allowed emission limits set out in such permits may occur. If such limits of the relevant permits should be exceeded, this may have a significant effect on the Group's operations and result, as the Group may be ordered to temporarily halt production, be subject to fines and/or be ordered to undertake corrective measures.

The Group cannot predict the impact of new or changed laws or regulations relating to health, safety, the environment or other concerns or changes in the ways that such laws or regulations are administered, interpreted or enforced. The requirements to be met, as well as the technology and length of time available to meet those requirements, continue to develop and change. To the extent that any of these requirements impose substantial costs or constrain the Group's ability to expand or change its processes, the Group's business, prospects, financial results and results of operations could suffer. Any breach of such requirements could in addition result in fines or other substantial costs and/or constraint the Group's ability to operate its production plants, which could have a significant adverse effect on its business, prospects, financial results and results of operations.

Because the markets in which the Group is active are highly competitive and many potential competitors may have greater resources, the Group may not be able to compete successfully and may lose or be unable to gain market share.

The Group competes with a large number of competitors. Many competitors are developing and are currently producing products based on technologies that may have costs similar to, or lower than, the Group's projected costs. Many of the Group's existing and potential competitors may have longer operating histories, greater name recognition, structurally better cost positions through geographical location or agreements with local authorities (including direct and indirect subsidies), better access to skilled personnel, better access to research and development partners, access to larger customer bases and significantly greater financial, sales and marketing, manufacturing, distribution, technical and other resources than the Group. As a result, they may be able to respond more quickly than the Group can to the changing customer demands or to devote greater resources to the development, promotion and sales of their products. The Group's business relies on sales of its products, and competitors with more diversified product offerings may be better positioned to withstand a decline in the demand for products of the types that the Group offers. It is possible that new competitors or alliances among existing competitors could emerge and rapidly acquire significant market share, which would harm the Group's business. If the Group fails to compete successfully, it could have a significant adverse effect on the Group's business, prospects, financial results and results of operations.

The Group depends on certain executive officers and other key employees particular in the area of research and development and other qualified personnel in key areas.

The success of the Group depends on qualified executives and employees, in particular certain executive officers of the Group and employees with research and development expertise. The loss of executives, key employees in the area of research and development, or other employees in key positions could have a material adverse effect on the market position and research and development expertise of the Group. Considerable expertise could be lost or access thereto gained by competitors. Post-contractual prohibitions on competition exist for only certain members of the Group's management and despite the existence of such post-contractual prohibitions, no assurance can be given that such prohibitions will be complied with or, if breached, can be enforced effectively. Due to intense competition, there is a risk that qualified employees will be attracted by competitors and that the Group will be unable to find a sufficient number of appropriate new employees. There can be no assurance that the Group will be successful in retaining these executives and the employees in key positions or in hiring new employees with corresponding qualifications. If the Group fails to do so, it could have a significant adverse effect on the Group's business, prospects, financial results and results of operations.

Product liability claims against the Group could result in adverse publicity and potentially monetary damages.

Since the Group's products are incorporated into electricity producing devices, it is possible that its products could result in injury, whether by product malfunctions, defects, improper installation or other causes. The Group cannot predict whether or not product liability claims will be brought against it or the effect of any resulting negative publicity on its business. Moreover, the Group may not have adequate resources in the event of a successful claim against it. The successful assertion of product liability claims against the Group could result in potentially significant monetary damages, which could have a significant adverse effect on the Group's business, prospects, financial results and results of operations.

The Group has a relatively limited operating history which may not serve as an adequate basis to judge its future prospects and results.

The Group has a relatively limited operating history. Thus, its past operating and financial results may not serve as an adequate basis to judge its future prospects and results. Consequently, it may be difficult to make an assessment of the results of operations going forward, and the Group's future results may be significantly different than those of its previous operations. This could have a significant adverse effect on the Group's business, prospects, financial results and results of operations.

The Group could be seriously harmed by catastrophes, natural disasters, consequences of climate change, operational disruptions or deliberate sabotage.

Silane gas is a pyrophoric, i.e. a highly combustible substance which explodes upon contact with air, and is therefore potentially destructive and extremely dangerous if mishandled or in uncontrolled circumstances. The occurrence of a catastrophic event involving silane gas or hydrogen at one of the Group's polysilicon production facilities could threaten, disrupt or destroy a significant portion or all of the Group's polysilicon and silane gas production capacity at such facility for a significant period of time. Additionally, the Group's manufacturing plants, and its polysilicon production facilities in particular, are highly reliant on electricity. Accordingly, an interruption in the supply of electricity at one of the Group's manufacturing facilities could disrupt a significant portion of the Group's production capacity for a significant period of time. Finally, the occurrence of deliberate industrial sabotage or a terrorist attack at one of the Group's manufacturing facilities could threaten, disrupt or destroy a significant portion of the Group's production capacity for a significant period of time.

Despite insurance coverage, the Group could incur uninsured losses and liabilities arising from such events, including damage to the Group's reputation, and/or suffer substantial losses in operational capacity, which could have a significant adverse effect on the Group's business, prospects, financial results and results of operations.

The Group could be seriously harmed by incidents resulting in damages not covered by insurance.

The Group operates several complex chemical plants, and operates in several countries. There is a risk that incidents can occur resulting in damages not covered by insurance, which could have a significant adverse effect on the Group's business, prospects, financial results and results of operations.

The Group's insurance policies need regular renewal and the Group cannot guarantee that these renewals can be made on the same terms as existing policies or that the Group will be able to obtain insurance on normal and acceptable terms.

The Group renegotiates and renews its insurance policies on a regular basis. Although the Group has not received any indication that the future renewal of its insurance policies will be difficult, the Group cannot guarantee that these renewals can be made on the same terms as existing policies or that the Group will be able to obtain insurance on normal and acceptable terms. If not, such circumstances could have a significant adverse effect on the Group's business, prospects, financial results and results of operations.

There are risks related to unanticipated technology problems and deliberate attacks to the Group's telecommunications and information technology systems.

The Group is dependant on advanced computer database and telecommunications technology as well as upon its ability to protect our telecommunications and information technology systems against damage or system interruptions from human error, natural disasters, telecommunications failures, sabotage or vandalism and computer viruses. A temporary or permanent loss of any of the Group's systems or networks could cause significant disruption to the Group's business operation. The Group cannot guarantee absolute protection against unauthorised attempts to access its servers, its data and information systems, attempts to cause technical malfunctions or interruptions in its IT services or the loss or corruption, as a result of a virus or otherwise, of databases, software, hardware or any other IT equipment. Such damages could have a significant adverse effect on the Group's business, prospects, financial results and results of operations.

There are risks related to estimation uncertainty, as the assumptions used as basis for management's estimations are inherently uncertain and unpredictable and, as a result, future estimates and actual results may differ from the current estimates.

Note 4 to the Group's consolidated financial statements for 2011 describe some key sources of estimation uncertainty – critical accounting estimates. The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as well as the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Uncertainties described in note 4.2 include impairment reviews, evaluation of useful lives of assets, income taxes, provisions and embedded derivatives.

As discussed in note 4 to the 2011 consolidated financial statements, changes in key assumptions could lead to the recognition of additional impairment losses. Changes in evaluation of the useful lives of assets may change depreciation and amortization going forward. The Group is subject to income taxes in several jurisdictions. Judgment is required in determining the provision for income taxes, and the final outcome may be different from the amounts that were initially recorded. The Group recognizes its best estimate of provisions for liabilities of uncertain amount and timing, including warranty provisions, provisions for restructuring, onerous contracts and asset retirement and restoration obligations. Management believes that the assumptions are reasonable, but they are inherently uncertain and unpredictable and, as a result, future estimates and actual results may differ from the current estimates.

The Group's assets may be subject to further impairment of asset values.

The estimated values in use of the Group's operating assets are sensitive to changes in prices and other key assumptions. There is a risk that the price projections and cost targets that are used in the impairment tests cannot be achieved and that management needs to adjust its judgment of the future developments. This can result in a further reduction of the estimated cash flows and thereby the estimated values in use. This risk is mainly related to market development, volume, cost and reinvestment levels. Market development includes risk of sales prices and/or demand being worse than expected in the impairment tests. Volume risk is related to the ability to produce and sell the estimated volumes. On the cost side it includes risks related to achievement of improvements with the estimated production volume, without investments that according to IAS 36 Impairment of assets cannot be included in the impairment tests, as well as the ability to reduce raw material cost significantly without reducing quality and reliability. Reinvestments are needed to continue the production over time, and the risk is related to the costs needed to be incurred for these reinvestments. See note 7 to the 2011 Financial Statements for more information on the impairment tests at December 31, 2011. At December 31, 2011, the fixed assets of REC Singapore were impaired, and any negative change in any key assumption will give rise to further impairment charges. Sensitivities for REC Silicon's estimated value in use at December 31, 2011 are provided in this note. It should also be noted that the market value of the Shares on Oslo Børs has been lower than the carrying value of equity for a substantial period of time. Subsequent to December 31, 2011, sales prices has continued to decline, and costs have continued to be reduced. It should also be noted that the market value of the Shares on Oslo Børs has been lower than the carrying value of equity for a substantial period of time. The Group conducts impairment reviews in connection with the publication of the interim and annual financial statements. In the second quarter 2012, REC recognized further significant impairments, especially related to the fixed assets of REC Singapore, primarily due to the continued decline in sales prices. The declining sales prices also reduced the estimated headroom of REC Silicon significantly. See the second quarter 2012 report for further details.

The Group is in the process of closing all of its production operations in Norway, and has recently announced to close the remaining Norwegian Wafer operations. There can be no assurance that the provisions made will be sufficient to cover actual costs and there is a risk for additional costs and there is an inherent risk for disputes and lawsuits arising in that respect.

The Company has made provisions as a result of the closure of operations in Norway, please refer to the Company's annual report for 2011, the Company's first and second quarter reports for 2012. However, there can be no assurance that the provisions made will be sufficient to cover actual costs related to the closure of operations in Norway and there is a risk for additional costs related to inter alia termination or renegotiation of contracts (with landlords, suppliers and employees, etc) as a result of the closure of operations, and there is an inherent risk for disputes and lawsuits arising in that respect. This could have a significant adverse effect on the Group's business, prospects, financial results and results of operations.

The closure of operations in Norway may result in substantial clean-up measures being imposed by governmental authorities or third parties, or other significant environmental liability, which may result in significant costs and penalties in excess of the provisions made.

The Group is currently not expecting significant environmental liability related to the closure of its Norwegian operations. However, the closure, removal of equipment, restoration of buildings to original state and/or preparation for alternative use may expose environmental issues that are currently unknown. Such issues may result in substantial clean-up measures, or other significant environmental liability, which could have a significant adverse effect on the Group's business, prospects, financial results and results of operations.

2.3 Risks Related to the Shares and the Subsequent Offering

After the Private Placement, substantial share ownership still remains concentrated in the hands of the Company's largest shareholder.

Following completion of the Private Placement, 28.4% of the share capital of the Company is controlled by Orkla ASA. As a result of this concentration of share ownership, the said shareholder will likely be in a position, to exert substantial influence over many key decisions concerning the business of the Group, including the future composition of the Board of Directors and the members of the Company's management team. Orkla ASA, either alone or jointly with other large shareholders, may therefore exert considerable influence over the decisions taken at general meetings. For further information regarding such shareholder decisions, see section 15 "Shares and shareholder matters".

Future share capital measures may lead to a substantial dilution of the shareholdings of the Company's shareholders.

The Company may require additional capital in the future to finance its business activities and growth plans. Raising additional capital and, conceivably, the exercise of currently outstanding or yet to be issued convertible or warrant-linked bonds, or the acquisition of other companies or shareholdings in companies by means of yet to be issued Shares of the Company as well as any other capital measures may lead to a considerable dilution of shareholdings in the Company.

Pre-emptive rights may not be available to U.S. holders and certain other foreign holders of the Shares.

Under Norwegian law, prior to the Company's issuance of any new Shares for consideration in cash, the Company must offer holders of the Company's then-outstanding Shares pre-emptive rights to subscribe and pay for a sufficient number of Shares to maintain their existing ownership percentages, unless these rights are waived at a general meeting of the Company's shareholders. These pre-emptive rights are generally transferable during the subscription period for the related offering and may be listed on Oslo Børs.

U.S. holders of the Shares may not be able to receive, trade or exercise pre-emptive rights for new Shares unless a registration statement under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") is effective with respect to such rights or an exemption from the registration requirements of the U.S. Securities Act is available. The Company is not a registrant under the U.S. securities laws. If U.S. holders of the Shares are not able to receive trade or exercise pre-emptive rights granted in respect of their Shares in any rights offering by the Company, then they may not receive the economic benefit of such rights. In addition, their proportional ownership interests in the Company will be diluted. Similar restrictions may apply to other foreign holders of Shares, including, but not limited to, shareholders in Australia, Canada, Hong Kong, Japan and Switzerland.

It may be difficult for investors based in the United States to enforce civil liabilities predicated on U.S. securities laws against the Company, the Company's affiliates outside the United States or the Company's directors and executive officers.

The Company is a public limited liability company organized under the laws of Norway. All of the Company's directors and a substantial majority of its executive officers reside outside the United States. All or a significant portion of the assets of these individuals are located outside the United States. Similarly, a substantial portion of the Group's assets is located outside of the United States. As a result, it may be difficult for investors to effect service of process within the United States upon the Company or its directors and officers, or to enforce judgments obtained in the United States against the Company or its directors and officers, including judgments based on the civil liability provisions of the U.S. federal securities laws.

The Company has been advised by its Norwegian counsel, Advokatfirmaet Schjødt AS, that although investors may bring actions against the Company, the Company's Norwegian affiliates or any of its directors or executive officers resident in Norway, Norwegian courts are unlikely to apply U.S. law when deciding such cases. The recognition and enforcement of foreign judgments in Norway is dependent upon the existence of a bilateral or multilateral agreement with the foreign state in question concerning the mutual recognition and enforcement of judgments. There is no such agreement between Norway and the United States. Accordingly, judgments of U.S. courts are not enforceable in Norway. The Company may comply with a judgment of a U.S. court voluntarily, but if it was not to do so an investor would have to commence an action in a Norwegian court for an original judgment. Consequently, it could prove difficult to enforce civil liabilities based on U.S. securities laws in Norway. Even if U.S. law was to be applied, it is unlikely that a Norwegian court would adjudicate awards against public policy or order in Norway, including awards of punitive damages.

Holders of Shares that are registered in a nominee account may not be able to exercise voting rights as readily as shareholders whose Shares are registered in their own names with the Norwegian Central Securities Depository.

Beneficial owners of the Shares that are registered in a nominee account (e.g., through brokers, dealers or other third parties) may not be able to vote such Shares unless their ownership is re-registered in their names with the VPS prior to the Company's general meetings. The Company cannot guarantee that beneficial owners of the Shares will receive the notice for a general meeting in time to instruct their nominees to either effect a re-registration of their Shares or otherwise vote their Shares in the manner desired by such beneficial owners. For more information, see section 15 "Shares and shareholder matters".

The transfer of Shares is subject to restrictions under the securities laws of the United States and other jurisdictions.

The Company has not registered the Shares under the U.S. Securities Act or the securities laws of other jurisdictions than Norway and the Company does not expect to do so in the future. The Shares may not be offered or sold in the United States nor may they be offered or sold in any other jurisdiction in which the registration of the Shares is required but has not taken place, unless an exemption from the applicable registration requirement is available or the offer or sale of the Shares occurs in connection with a transaction that is not subject to these provisions. In addition, there can be no assurances that shareholders residing or domiciled in the United States will be able to participate in future capital increases or subscription rights.

The ability of shareholders of the Company to make claims against the Company in their capacity as such following registration of share capital increases with the Norwegian Register of Business Enterprises is severely limited under Norwegian law.

Once the capital increase relating to any Shares of the Company (including the New Shares and the Offer Shares) has been registered with the Norwegian Register of Business Enterprises, purchasers of those Shares have limited rights against the Company under Norwegian law.

Eligible Shareholders who do not participate in the Subsequent Offering may experience significant dilution in their shareholding.

Subscription Rights that are not exercised by the end of the Subscription Period will automatically expire without compensation to the holder. To the extent that an Eligible Shareholder does not exercise its Subscription Rights prior to the expiry of the Subscription Period, whether by choice or due to a failure to comply with procedures set forth in section 6.9 "Subscription Office", or to the extent that an Eligible Shareholder is not permitted to subscribe for Offer Shares as further described in section 19 "Restrictions on Sale and Transfer", such Eligible Shareholders' proportionate ownership and voting interests in the Company after the completion of the Subsequent Offering will be significantly diluted.

Shareholders outside of Norway are subject to exchange risk.

The Offer Shares and the Shares are priced in NOK, and any future payments of dividends on the Shares and the Offer Shares are expected to be made in NOK. Accordingly, shareholders and investors outside of Norway are subject to adverse movements in NOK against their local currency as the foreign currency equivalent of any dividends paid on the Shares and the Offer Shares or received in connection with any sale of the Shares and the Offer Shares could be adversely affected.

3. RESPONSIBILITY FOR THE PROSPECTUS

This Prospectus has been prepared in connection with the Subsequent Offering described herein and listing of the New Shares issued in the Private Placement and the Offer Shares on Oslo Børs.

The Board of Directors of the Company hereby declare that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is to the best of our knowledge in accordance with the facts and contains no omissions likely to affect its import.

July 27, 2012

Jens Ulltveit-Moe
Chairman

Peter Arne Ruzicka
Director

Heléne Margareta
Vibbleus Bergquist
Director

Odd Christopher Hansen
Director

Mimi Kristine Berdal
Director

Hans Ødegård
Director

Silje Johnsen
Director

4. CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements relating to the Company's business and the sectors in which it operates. Forward-looking statements include all statements that are not historical facts, and can be identified by words such as "anticipates", "believes", "expects", "intends", "may", "plans", "projects", "seeks", "should", "will", or the negatives of these terms or similar expressions. These statements appear in a number of places in this Prospectus, for instance in section 11 "The Company's Business" and include statements regarding the Company's management's intent, belief or current expectations with respect to, among other things:

- strategies for the Group's products, segments and businesses, as well as for the Group as a whole;
- global and regional economic conditions;
- supply and demand for solar power related products;
- sales volumes, price levels, costs and margins;
- competition and actions by competitors and others affecting the global or regional market within the solar energy industry, including changes to industry capacity and utilization and product pricing;
- the Group's planned capacity increases and utilization rates;
- fluctuations in foreign exchange rates;
- earnings, cash flows, dividends and other expected financial results and conditions;
- cash requirements and uses of available cash;
- financing plans;
- cost reduction targets;
- anticipated capital spending;
- growth opportunities;
- development, production, commercialization and acceptance of new products, services and technologies;
- assets and product portfolio changes;
- effects of hedging raw material and energy costs and foreign currencies;
- environmental and other regulatory matters;
- estimation uncertainty, including effects of warranties provided on its products;
- legal proceedings; and
- possible shortage of raw materials and components.

No forward-looking statements contained in this Prospectus should be relied upon as predictions of future events. These forward-looking statements are based on the Company's present plans, estimates, projections and expectations. They are based on certain expectations, which, even though they seem to be adequate at present, may turn out to be incorrect. No assurance can be given that the expectations expressed in these forward-looking statements will prove to be correct. Actual results could differ materially from expectations expressed in the forward-looking statements if one or more of the underlying assumptions or expectations proves to be inaccurate or is unrealized. Some important factors that could cause actual results to differ materially from those in the forward-looking statements are, in certain instances, included with such forward-looking statements and in section 2 "Risk Factors".

Readers are cautioned not to place undue reliance on the forward-looking statements contained in this Prospectus, which represent the best judgment of the Company's management as of the date of this Prospectus. Except as required by applicable law, the Company does not undertake responsibility to update these forward-looking statements, whether as a result of new information, future events or otherwise. Readers are advised, however, to consult any further public disclosures made by the Company, such as filings made with Oslo Børs or the Company's press releases.

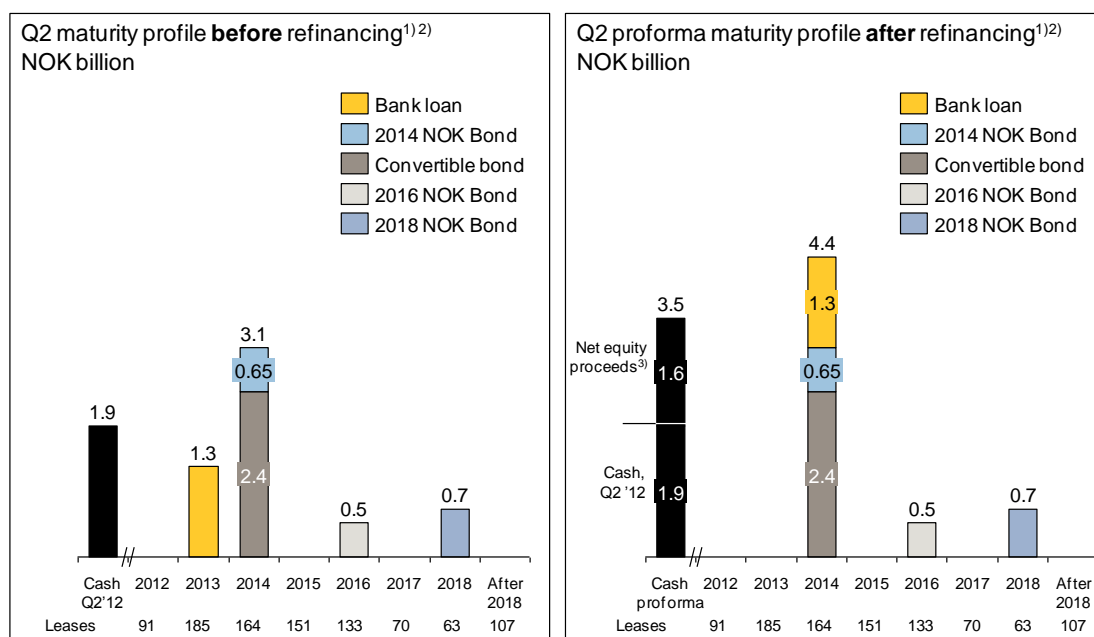
5. THE REFINANCING AND THE PRIVATE PLACEMENT

5.1 Overview

The Refinancing (as further described in section 5.2 "The New Bank Facility" below) and the Private Placement are undertaken to secure a re-negotiation of the Company's bank debt and a strengthening of the Company's balance sheet.

A new NOK 2 billion bank facility has been established with maturity in full in April 2014 as further detailed in section 5.2 "The New Bank Facility" below, (the "**New Bank Facility**"). The New Bank Facility contains adjusted covenant types and covenant levels.

The table below illustrates the Company's debt maturity profile as of June 30, 2012 (on a proforma basis), with average maturity increased from 2.4 years to 2.6 years post-refinancing):



Notes: 1) Excluding lease payments

2) Based on nominal figures of CB and bonds. Does not include fair-value adjustments and upfront fees

3) Based on NOK 1.3bn Private Placement, NOK 375m subscription in the Subsequent Offering and expected transaction costs of NOK 0.1bn

The Private Placement will increase the share capital of the Company with NOK 866,666,667, through the issue of 866,666,667 New Shares at the Subscription Price of NOK 1.50 per New Share. The New Shares to be issued in the Private Placement in accordance with the resolution passed at the extraordinary general meeting of the Company held on July 27, 2012 were placed by the Managers to selected investors in the Bookbuilding Period, and are expected to be delivered to the investors on or about July 31, 2012, following the registration of the share capital increase pertaining to the Private Placement with the Norwegian Register of Business. The New Shares are expected to be listed on Oslo Børs on or about July 31, 2012. The proceeds from the Private Placement will be used for investments related to sustaining a leading industry position, strengthening of the balance sheet and general corporate purposes.

5.2 The New Bank Facility

REC has signed the loan agreement for the New Bank Facility with DNB Bank ASA and Nordea Bank Norge ASA. The New Bank Facility is a multicurrency revolving facility in a total amount of NOK 2 billion. The New Bank Facility will have a limit defined in NOK, even if the utilizations are drawn and serviced by other currencies. The NOK exchange rate affects the amounts available under the multicurrency credit facility. The New Bank Facility is being made available for the purpose of refinancing the Existing Bank Facility (as further described in section 9.5.1 "Financing arrangements" below) as well as for working capital and general corporate purposes (together the "**Refinancing**"). The proceeds being made available under the New Bank Facility, together with the proceeds from the Private Placement will enable prepayment of the Company's Existing Bank Facility from 2010.

The New Bank Facility will contain financial covenants which include requirements regarding nominal EBITDA, minimum equity ratio (total consolidated equity to total assets), leverage ratio (net interest bearing debt to EBITDA), interest cover ratio (EBITDA to net interest paid), liquidity reserve and capital expenditure. The New Bank Facility shall be paid in full at the maturity date of April 25, 2014.

The financial covenants in the New Bank Facility agreement will be as follows:

- (i) Nominal EBITDA: The EBITDA, calculated in aggregate for the two most recent financial quarters ending on the accounting dates specified in Column A below, shall not be lower than the amounts in NOK set out in Column B opposite that accounting period:

Column A Accounting period	Column B Minimum nominal EBITDA
30 June 2013	NOK 300,000,000
30 September 2013	NOK 400,000,000
31 December 2013	NOK 400,000,000

- (ii) Equity Ratio: The equity ratio shall never be lower than 30.00%.

- (iii) Interest Cover Ratio: The interest cover ratio in respect of any relevant period ending on an accounting date specified in Column A below shall not be lower than the ratio set out in Column B opposite that accounting date:

Column A Relevant Period	Column B Interest Cover Ratio
30 March 2014	2.00:1

- (iv) Leverage Ratio: The leverage ratio shall not, in respect of any relevant period ending on the accounting dates specified in Column A below, exceed the leverage ratio set out in Column B opposite that accounting date:

Column A Relevant Period	Column B Leverage Ratio
31 March 2014	3.20:1

- (v) Minimum Liquidity Reserve: On the accounting dates specified in Column A below, the Company shall have minimum liquidity reserves exceeding the ratio specified in Column B opposite to that accounting date:

Column A Accounting Date	Column B Minimum Liquidity Reserve
30 September 2012	3.45:1
31 December 2012	2.90:1
31 March 2013	2.60:1
30 June 2013	1.95:1
30 September 2013	1.95:1
31 December 2013	1.95:1

- (vi) Capital Expenditures: The aggregate capital expenditure of the Group in any financial year specified in Column A below shall not exceed the amount specified in Column B opposite to that financial year:

Column A Financial Year	Column B Capital Expenditure Amount
2012	NOK 600,000,000
2013	NOK 850,000,000
2014	NOK 750,000,000

The covenants are defined as follows:

- Liquidity reserve: (Free cash + available credit lines – 50% of next 12 months scheduled debt repayments and amortizations / next 12 months net paid interest costs)
- EBITDA excluding cost of closing production limited to an aggregate amount of NOK 1,600,000,000 capacity in Norway used in nominal EBITDA covenants
- Net Debt in leverage ratio excludes convertible bond debt and financial leases in capacity contracts, in aggregate not exceeding NOK 100,000,000
- Equity in equity ratio includes convertible bond debt

5.3 The Private Placement

5.3.1 Overview

An extraordinary general meeting of the Company held on July 27, 2012 has resolved to increase the share capital of the Company with NOK 866,666,667, through the issue of 866,666,667 New Shares, in the Private Placement directed towards investors subject to applicable exemptions from relevant prospectus requirements (i) outside the United States in reliance on Regulation S under the U.S. Securities Act and (ii) in the United States to qualified institutional buyers (QIBs) as defined in Rule 144A under the U.S. Securities Act as well as to major U.S. institutional investors under SEC Rule 15a-6 to the United States Exchange Act of 1934.

The New Shares issued in the Private Placement were placed by the Managers to selected investors in the Bookbuilding Period, and the Company and the Managers entered into application agreements with the investors pursuant to which the investors undertook to subscribe for the New Shares, subject to *inter alia* approval of the Private Placement by the Company's extraordinary general meeting and satisfaction of the conditions for the completion of the Private Placement set out in section 5.3.10 "Conditions for implementation of the Private Placement."

Announcement of the successful placement of the Private Placement was made through a stock exchange notification on July 4, 2012.

Subject to fulfilment of the conditions for completion of the Private Placement, the New Shares are expected to be delivered to the investors on or about July 31, 2012, and are expected to be listed on Oslo Børs on or about July 31, 2012.

5.3.2 Use of proceeds

The proceeds from the Private Placement will be used for investments related to sustaining a leading industry position, strengthening of the balance sheet and general corporate purposes.

5.3.3 Resolution relating to the Private Placement and the issue of the New Shares

The Company's extraordinary general meeting held on July 27, 2012 made the following resolution to issue the New Shares and increase the share capital of the Company in connection with the Private Placement (translated from Norwegian):

1. *The share capital shall be increased with NOK 866,666,667, from NOK 997,152,118 to NOK 1,863,818,785 by issue of 866,666,667 new shares, each with a nominal value of NOK 1.*
2. *The new shares shall be subscribed for by any of Arctic Securities ASA, DNB Markets and Nordea Markets on behalf of, and pursuant to proxies from, investors that have ordered and been allocated shares in the Private Placement, and may be subscribed for in the minutes of the General Meeting or on a separate subscription form, within August 8, 2012. The preferential right of the existing shareholders to subscribe for new shares pursuant to Section 10-4 of the Norwegian Public Limited Liability Companies Act is waived, cf Section 10-5 of the Norwegian Public Limited Liability Companies Act.*
3. *The subscription price shall be NOK 1.50 per share. Payment shall be made in cash.*

4. *Payment for the new shares shall be made within two business days after the subscription and no later than August 11, 2012. The payment shall be made to the Company's designated bank account for the share capital increase.*
5. *The new shares shall carry rights to dividend and have shareholder rights from registration of the share capital increase in the Norwegian Register of Business Enterprises.*
6. *Section 4 of the Articles of Association is amended and shall read:*

"The Company's share capital is NOK 1,863,818,785 divided into 1,863,818,785 shares, each with a nominal value of NOK 1. The shares shall be registered in the Norwegian Central Securities Depository".
7. *The resolution is conditional upon the approval by the General Meeting of the resolutions proposed in section 5 below.*

The resolution referred to in item 7 of the above-mentioned resolution relates to the authorisation for the Board of Directors to implement the Subsequent Offering.

In order to ensure the successful completion of the Private Placement and thereby secure the Refinancing, it was considered necessary to set aside the preferential rights of the shareholders in accordance with Section 10-4 of the Norwegian Public Limited Companies Act. However, in order to provide those of the Company's shareholders as at the end of July 3, 2012 (as registered in the VPS on the Record Date) who were not invited to participate in the Private Placement, and who are not resident in a jurisdiction where such offering would be unlawful, or would (in jurisdictions other than Norway) require any prospectus filing, registration or similar action, with an opportunity to subscribe for additional Shares, the extraordinary general meeting of the Company also passed a resolution to grant the Board of Directors with an authorisation to implement the Subsequent Offering directed towards such shareholders subject to any restrictions in applicable securities legislation (see section 6 "The Subsequent Offering" below).

5.3.4 Subscription Price and proceeds in the Private Placement

The Subscription Price per New Share in the Private Placement was set by the Board of Directors, in consultation with the Managers, to NOK 1.50, raising total gross offering proceeds of NOK 1,300 million. The minimum subscription amount in the Private Placement was the NOK or share equivalent of EUR 100,000. There was no maximum subscription amount in the Private Placement.

5.3.5 Bookbuilding Period and order process

The Bookbuilding Period for the Private Placement lasted from July 3, 2012 at 17:30 hours (CET) to July 3, 2012 at 22:00 hours (CET).

5.3.6 Allocation and notification

Allocation was made by the Board of Directors in consultation with the Managers following close of the Bookbuilding Period.

Notifications of conditional allocation and payment instructions for the New Shares subscribed for in the Private Placement were issued to the investors by the Managers on July 4, 2012.

5.3.7 Participation of major shareholders and members of the Company's management, supervisory and administrative bodies in the Private Placement

The following allocations were made to (i) members of the Company's management, supervisory and administrative bodies or (ii) investors which were allocated more than 5% of the New Shares issued in the Private Placement:

Investor	Number of New Shares allocated
DNB Asset Management AS	239,436,724 New Shares
Umoe AS	186,666,666 New Shares
Orkla ASA	133,333,333 New Shares
Canica AS	76,666,666 New Shares
Folketrygdfondet	50,000,000 New Shares

Other than listed above, no other major shareholders holding more than 5% of the Shares in the Company prior to the Private Placement or any members of the Company's management, supervisory or administrative bodies, were allocated New Shares in the Private Placement. Please see section 14 "Major Shareholders" for further information regarding the Company's major shareholders.

5.3.8 Payment

Payment is expected to be made on or about July 30, 2012.

The Managers have, subject to the terms and conditions of a payment guarantee agreement entered into with the Company, guaranteed the payment on July 30, 2012 of the last NOK 230 million of the proceeds of the Private Placement. Pursuant to the payment guarantee agreement, the Managers will receive a guarantee commission equal to 20 basis points of the guaranteed amount. Payments under the guarantee will represent payment of New Shares subscribed for by subscribers in default of their payment obligation as of July 30, 2012. Such payment by the Managers will not relieve the investors from their obligations due to such payment default. The New Shares allocated to the defaulting investors will be transferred to a separate VPS account operated by the Managers and will, subject to the exercise of any of the remedies in the event of non-payment described in this Prospectus, only be transferred to the defaulting investor when payment of the subscription amount for all of the New Shares allocated to such investors is received.

The payment guarantee agreement contains certain conditions for the Managers' obligation to advance the payment of defaulting investors, including, inter alia, (i) payment from the investors who have been allocated New Shares in the Private Placement for a total amount equal to the gross proceeds of the Private Placement (being the number of New Shares subscribed for in the Private Placement multiplied with the Subscription Price) less NOK 230 million; (ii) that REC in all material respect has fulfilled all its conditions and obligations in accordance with the payment guarantee as of July 30, 2012 and that the conditions for the implementation of the Private Placement (except for the payment pursuant to the payment guarantee) has been fulfilled at such point in time; (iii) that REC has adopted all necessary resolutions and received all relevant approvals for the implementation of the Private Placement and the listing of the New Shares on Oslo Børs; and (iv) absence of any material adverse change prior to due date for the guarantee obligation, as further described in the payment guarantee agreement.

5.3.9 Publication of information in respect of the Private Placement

The Company has published information in respect of the Private Placement through Oslo Børs' electronic information system on July 4, 2012, cf. also section 5.3.1 "Overview" above.

5.3.10 Conditions for implementation of the Private Placement

The completion of the Private Placement was conditional upon (i) the corporate resolutions of the Board of Directors and the extraordinary general meeting of the Company held on July 27, 2012 required (a) to implement the Private Placement and (b) grant the Board of Directors the authorisation to implement the Subsequent Offering being validly made, (ii) registration of the share capital increase in the Company pertaining to the Private Placement with the Norwegian Register of Business Enterprises and (iii) the Refinancing being completed, subject only to completion of the Private Placement and customary conditions precedent for such bank refinancing.

The conditions set out in this section 5.3.10 (i) and (iii) were fulfilled on July 27, 2012, and the condition set out in this section 5.3.10 (ii) is expected to be fulfilled on or about July 31, 2012.

5.3.11 Completion, delivery and admission to trading

The Bookbuilding Period in the Private Placement has been completed and the Private Placement may no longer be revoked, suspended, reduced or withdrawn other than through failure to satisfy the conditions for the Private Placement as set out in section 5.4.10 "Conditions for implementation of the Private Placement" above.

The New Shares issued in connection with the Private Placement are expected to be issued in accordance with the resolution passed at the extraordinary general meeting of the Company held on July 27, 2012. The New Shares will assume the Company's ordinary ISIN (being ISIN NO 001 0112675) and are expected to be delivered, listed and tradable on Oslo Børs on or about July 31, 2012. The Shares are listed on Oslo Børs under the ticker code "REC".

Following the completion of the Private Placement, the total number of issued Shares in the Company will be 1,863,818,785.

5.3.12 Managers and advisors

Arctic Securities (Coordinator) (Haakon VII's gate 5, P.O. Box 1833 Vika, N-0123 Oslo, Norway), DNB Markets (Stranden 21, N-0021 Oslo, Norway) and Nordea Markets (Middelthunsgate 17, P.O. Box 1166 Sentrum, N-0107 Oslo, Norway) acted as Managers for the Private Placement.

Advokatfirmaet Schjødt AS acted as Norwegian legal advisor to the Company in connection with the Private Placement. Advokatfirmaet Thommessen AS acted as Norwegian legal advisor to the Managers in connection with the Private Placement.

5.3.13 Expenses and net proceeds

The total expenses of the Private Placement, including the preparation of this Prospectus, are estimated to amount to approximately NOK 40 million, of which approximately NOK 25 million are fees to the Managers in connection with the Private Placement. The net proceeds of the Private Placement are estimated to amount to approximately NOK 1,260 million.

5.3.14 Dilution

REC has 997,152,118 Shares outstanding prior to the Private Placement. A total of 866,666,667 New Shares will be issued in the Private Placement, resulting in an immediate dilution of approximately 46.5% for existing shareholders who did not participate in the Private Placement (and who do not participate in the Subsequent Offering).

5.3.15 The rights conferred by the New Shares

The New Shares to be issued in the Private Placement will be ordinary Shares in the Company each having a nominal value of NOK 1.00. The New Shares will be issued electronically in the VPS in registered form in accordance with the Norwegian Public Limited Companies Act. The Company's VPS registrar is DNB Bank ASA, Verdipapirservice, Stranden 21, N-0021 Oslo, Norway.

The New Shares will rank *pari passu* in all respects with the Company's existing Shares and carry full shareholder rights from the time of the registration of the share capital increase pertaining to the Private Placement with the Norwegian Register of Business Enterprises. The New Shares will be eligible for any dividends that the Company may declare after said point in time. The New Shares will have the same voting rights and other rights and obligations which are standard under the Norwegian Public Limited Companies Act, and are governed by Norwegian law.

5.3.16 Lock-up

No lock-up agreements were entered into in connection with the Private Placement.

5.3.17 Interests of natural and legal persons involved in the Private Placement

The Managers or their affiliates have provided from time to time, and will provide in the future, investment and commercial banking services to the Company and its affiliates in the ordinary course of business, for which they may have received and may continue to receive customary fees and commissions. The Managers, their employees and any affiliate may currently own existing Shares in the Company. The Managers do not intend to disclose the extent of any such investments or transactions otherwise than in accordance with any legal or regulatory obligation to do so. DNB Markets was allocated 4,024,533 New Shares in the Private Placement.

The Managers will receive a commission in connection with the Private Placement and, as such, have an interest in the Private Placement. Reference is made to section 5.3.13 "Expenses and net proceeds" for information on fees to the Managers in connection with the Private Placement.

5.3.18 Governing law and jurisdiction

The New Shares will be issued pursuant to Norwegian law.

The terms and conditions of the Private Placement shall be governed by and construed in accordance with Norwegian law. Any dispute arising out of, or in connection with, the Private Placement shall be subject to the exclusive jurisdiction of the courts of Norway, with Oslo District Court as legal venue.

6. THE SUBSEQUENT OFFERING

6.1 Overview

The extraordinary general meeting of the Company held on July 27, 2012 has authorised the Board of Directors to implement the Subsequent Offering of up to 250,000,000 Offer Shares through a share capital increase of up to NOK 250,000,000 raising gross proceeds of up to NOK 375,000,000 at a Subscription Price of NOK 1.50, being equal to the Subscription Price in the Private Placement.

Eligible Shareholders, being existing shareholders of the Company as of July 3, 2012, as registered in the VPS on July 6, 2012 (the Record Date), who were not invited to participate in the Private Placement and who are not resident in a jurisdiction where such offering would be unlawful, or would (in jurisdictions other than Norway) require any prospectus filing, registration or similar action, are being granted non-transferable Subscription Rights that, subject to applicable law, provide the right to subscribe for and be allocated Offer Shares in the Subsequent Offering at the Subscription Price. Each Eligible Shareholder will be granted 0.6295 Subscription Rights for each Share registered as held by such Eligible Shareholder as of the Record Date rounded down to the nearest whole Subscription Right. Each Subscription Right will, subject to applicable securities laws, give the right to subscribe for and be allocated one Offer Share in the Subsequent Offering. Over-subscription is allowed, but the Subsequent Offering will be limited to a maximum issue of 250,000,000 Offer Shares. In the event that not all issued Subscription Rights are exercised, Eligible Shareholders who have over-subscribed will be allocated additional Offer Shares proportionally to the number of Subscription Rights they have exercised. There can be no assurance that Offer Shares will be allocated based on over-subscription. Subscription without Subscription Rights will not be allowed.

The registered share capital of the Company following registration of the Private Placement in the Norwegian register of Business Enterprises will be NOK 1,863,818,785 divided on 1,863,818,785 Shares with a nominal value of NOK 1.00 each. The total number of issued Shares in the Company after completion of the Subsequent Offering will be between 1,863,818,785 and 2,113,818,785, each with a nominal value of NOK 1.00.

6.2 Use of proceeds

The proceeds from the Subsequent Offering will be used for investments related to sustaining a leading industry position, strengthening of the balance sheet and general corporate purposes.

6.3 Resolution relating to the Subsequent Offering and issue of the Offer Shares

On July 27, 2012 an extraordinary general meeting of the Company made the following resolution to grant the Board of Directors with an authorisation to increase the share capital by up to NOK 250,000,000 by the issuance of up to 250,000,000 Offer Shares in connection with the Subsequent Offering (translated from Norwegian):

1. *The Board is given the power of attorney to increase the Company's share capital by up to NOK 250,000,000 by issuance of up to 250,000,000 shares with a nominal value of NOK 1 each.*
2. *The subscription price for the shares issued in accordance with the power of attorney shall be NOK 1.50 per share.*
3. *The shares issued upon exercise of this authority shall, subject to any restrictions in applicable securities legislation, be offered to those of the Company's shareholders as of July 3, 2012 (as recorded in VPS as of July 6, 2012) who were not invited to participate in the Private Placement. The shareholders' pre-emption right under Section 10-4 of the Norwegian Public Limited Liability Companies Act may therefore be waived.*
4. *The Board will stipulate further subscription terms.*
5. *The power of attorney only allows a capital increase against payment in cash. The power of attorney does not give the Board the right to resolve a merger pursuant to Section 13-5 of the Norwegian Public Limited Liability Companies Act.*
6. *The power of attorney shall be valid until and including November 22, 2012.*
7. *The resolution is conditional upon the approval by the General Meeting of the resolution proposed in item 4 above.*

The resolution referred to in item 7 of the resolution relates to the Private Placement. Due to the purpose of the Subsequent Offering and the fact that it will be directed towards the Eligible Shareholders only, it is necessary to waive the existing shareholders' preferential rights pursuant to Section 10-4 of the Norwegian Public Limited Companies Act. The resolution by the Board of Directors with respect to the share capital increase required by the Subsequent Offering based on the above authorisation will be passed prior to the commencement of the Subscription Period and be announced through Oslo Børs' electronic information system. Such resolution, which will be made in the form of a range with a minimum and maximum share capital increase, will be available on the web-page of the Company no later than the first day of the Subscription Period. The final share capital increase will be determined within such range after the expiry of the Subscription Period based on the number of Offer Shares subscribed for during the Subscription Period.

6.4 Timetable

The timetable set out below provides certain indicative key dates for the Subsequent Offering:

Last day of trading in the Shares including Subscription Rights.....	July 3, 2012
First day of trading in the Shares excluding Subscription Rights	July 4, 2012
Record Date	July 6, 2012
Subscription Period commences	August 20, 2012
Subscription Period ends.....	September 3, 2012 at 16:30 hours (CET)
Allocation of the Offer Shares.....	September 4, 2012
Distribution of allocation letters.....	September 4, 2012
Payment Date.....	September 7, 2012
Delivery of the Offer Shares	September 10, 2012
Listing and commencement of trading in the Offer Shares on Oslo Børs.....	September 10, 2012

6.5 Subscription Price and proceeds in the Subsequent Offering

The Subscription Price per Offer Share in the Subsequent Offering was set by the Board of Directors, in consultation with the Managers, to NOK 1.50 (being equal to the Subscription Price in the Private Placement), raising total gross offering proceeds of up to NOK 375 million.

6.6 The Subscription Period

The Subscription Period for the Subsequent Offering will commence on August 20, 2012 and expire at 16:30 hours (CET) on September 3, 2012 and may not be closed prior to such point in time.

6.7 Record Date

Eligible Shareholders as of July 3, 2012 (and being registered as such in the VPS on July 6, 2012 (being the Record Date) i.e. based on the standard three days' settlement procedure) will receive Subscription Rights.

Provided that the delivery of traded Shares were made with ordinary T+3 settlement in the VPS, Shares that are acquired until and including July 3, 2012 will give the right to receive Subscription Rights, whereas Shares that were acquired from and including July 4, 2012 will not give the right to receive Subscription Rights.

6.8 Subscription Rights

Non-tradable Subscription Rights giving a right to subscribe for and be allocated Offer Shares in the Subsequent Offering will be granted to the Eligible Shareholders pro rata based on their shareholding in the Company as of July 3, 2012, as registered in the VPS on the Record Date. Each Eligible Shareholder will be granted 0.6295 Subscription Rights for each Share registered as held by such Eligible Shareholder as of the Record Date, rounded down to the nearest Subscription Right. Each Subscription Right will, subject to applicable securities laws, give the right to subscribe for and be allocated one Offer Share in the Subsequent Offering. Over-subscription is allowed, but the Subsequent Offering will be limited to a maximum issue of 250,000,000 Offer Shares. In the event that not all issued Subscription Rights are exercised, Eligible Shareholders who have over-subscribed will be allocated additional Offer Shares proportionally to the number of Subscription Rights they have exercised. There can be no assurance that Offer Shares will be allocated based on over-subscription. Subscription without Subscription Rights will not be allowed.

The Subscription Rights will be credited to and registered on each Eligible Shareholder's VPS account on or about August 20, 2012 under ISIN NO 001 0655285. The Subscription Rights will be distributed free of charge to the Eligible Shareholders. The Subscription Rights are non-transferable and will accordingly not be listed on any regulated market place.

The Subscription Rights may be used to subscribe for Offer Shares in the Subsequent Offering before the expiry of the Subscription Period on September 3, 2012 at 16:30 hours (CET).

Subscription Rights which are not exercised before September 3, 2012 at 16:30 hours (CET) will have no value and will lapse without compensation to the holder. Holders of Subscription Rights should note that subscriptions for Offer Shares must be made in accordance with the procedures set out in this Prospectus. The Subscription Rights are non-transferable.

Subscription Rights of Eligible Shareholders resident in jurisdictions where the Prospectus may not be distributed and/or with legislation that, according to the Company's assessment, prohibits or otherwise restricts subscription for Subsequent Offering Shares (the "**Ineligible Shareholders**") will initially be credited to such Ineligible Shareholders' VPS accounts. Such credit specifically does not constitute an offer to Ineligible Shareholders to subscribe for Offer Shares. The Company will instruct the Managers to withdraw the Subscription Rights from such Ineligible Shareholders' VPS accounts with no compensation to the holder.

6.9 Subscription Offices

Subscriptions for Offer Shares must be made by submitting a correctly completed subscription form, attached hereto as Appendix A and Appendix B (Norwegian) (collectively, the "**Subscription Form**") to one of the Managers at the Subscription Offices (as defined below) set out below during the Subscription Period or, for Norwegian citizens, alternatively made online as further described below.

Eligible Shareholders will receive an information letter that includes information about where the Prospectus and the Subscription Form will be available, the number of Subscription Rights allocated to the Eligible Shareholder and certain other matters relating to the shareholding.

Correctly completed Subscription Forms must be received by one of the Managers no later than 16:30 hours (CET) on September 3, 2012 at the following addresses or fax numbers (the "**Subscription Offices**"):

Arctic Securities ASA Haakon VIIs gate 5 P.O. Box 1833 Vika N-0123 Oslo Norway Fax: + 47 21 01 31 36	DNB Markets Registrars Department Stranden 21 N-0021 Oslo Norway Fax: +47 22 48 29 80	Nordea Bank Norge ASA Securities Services – Issuer Services Middelthunsgate 17 P.O. Box 1166 Sentrum N-0107 Oslo Norway Fax: + 47 22 48 63 49
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Subscriptions will not be treated differently based on which of the Subscription Offices they are submitted to.

Subscribers who are Norwegian citizens may also subscribe for Offer Shares through the VPS online subscription system (or by following the link on www.arcticsec.no, www.dnb.no/emisjon or www.nordea.no/rec, which will redirect the subscriber to the VPS online subscription system). All online subscribers must verify that they are Norwegian citizens by entering their national identity number (Norwegian: "personnummer").

Neither the Company nor the Managers (or the Subscription Offices) may be held responsible for postal delays, unavailable fax lines, internet lines or servers or other logistical or technical problems that may result in subscriptions not being received in time or at all by the Managers. Subscription Forms received by the Managers after the end of the Subscription Period and/or incomplete or incorrect Subscription Forms and any subscription that may be unlawful may be disregarded at the sole discretion of the Company and/or the Managers without notice to the subscriber.

Subscriptions are binding and irrevocable, and cannot be withdrawn, cancelled or modified by the subscriber after having been received by one of the Subscription Offices or registered in the VPS online subscription system. The subscriber is responsible for the correctness of the information filled into the Subscription Form or registered when subscribing online in the VPS online subscription system. By signing and submitting a Subscription Form or submitting an online subscription in the VPS online subscription system, each subscriber confirms and warrants to have read this Prospectus and to be eligible to subscribe for Offer Shares under the terms set forth herein.

There is no minimum subscription amount for which subscriptions in the Subsequent Offering must be made. Over-subscription (i.e., subscription for more Offer Shares than the number of Subscription Rights held by the subscriber entitles the subscriber to be allocated) will be permitted. However, there can be no assurance that Offer Shares will be allocated for such subscriptions. See section 6.8 "Subscription Rights" above for further details on applicable allocation principles.

Multiple subscriptions (i.e., subscriptions on more than one Subscription Form) are allowed. Please note, however, that separate Subscription Forms submitted by the same subscriber with the same number of Offer Shares subscribed for on both or all Subscription Forms will only be counted once, unless otherwise explicitly stated on one of the Subscription Forms. In the case of multiple subscriptions through the VPS online subscription system or subscriptions made both on a Subscription Form and through the VPS online subscription system, all subscriptions will be counted. For the avoidance of doubt, only subscriptions or over-subscriptions based on exercise of Subscription Rights granted to the subscriber will be accepted.

6.10 Allocation and notification

Allocation of the Offer Shares is expected to take place on or around September 4, 2012 to subscribers having validly exercised their Subscription Rights during the Subscription Period. Each Subscription Right will give the right to subscribe for and be allocated one Offer Share in the Subsequent Offering.

Over-subscription is allowed, but the Subsequent Offering will be limited to a maximum issue of 250,000,000 Offer Shares. In the event that not all issued Subscription Rights are exercised, Eligible Shareholders who have over-subscribed will be allocated additional Offer Shares proportionally to the number of Subscription Rights they have exercised. There can be no assurance that Offer Shares will be allocated based on over-subscription. Subscription without Subscription Rights will not be allowed.

Subscription Rights that are not used to subscribe for Offer Shares before the expiry of the Subscription Period will have no value and will lapse without compensation to the holder.

No fractional Offer Shares will be allocated. The Company reserves the right to round off, reject or reduce any subscription for Offer Shares not covered by Subscription Rights. Notifications of allocated Offer Shares in the Subsequent Offering and the corresponding subscription amount to be paid by each subscriber are expected to be distributed in a letter from the VPS on or about September 4, 2012.

6.11 Delivery

Subject to timely payment by the subscribers, the Company expects that the share capital increase pertaining to the Subsequent Offering will be registered with the Norwegian Register of Business Enterprises on or about September 10, 2012 and that the Offer Shares will be delivered to the VPS accounts of the subscribers to whom they are allocated on or about the same date. The final deadline for registration of the share capital increase pertaining to the Subsequent Offering with the Norwegian Register of Business Enterprises, and, hence for the delivery of the Offer Shares, is, pursuant to the Norwegian Public Limited Companies Act, three months from the expiry of the Subscription Period, i.e. on December 3, 2012.

6.12 Payment for the allocated Offer Shares

The payment for Offer Shares allocated to a subscriber falls due on the Payment Date (September 7, 2012). Payment must be made in accordance with the requirements set out in sections 6.12.1 "Subscribers who have a Norwegian bank account" or 6.12.2 "Subscribers who do not have a Norwegian bank account" below.

6.12.1 Subscribers who have a Norwegian bank account

Subscribers who have a Norwegian bank account must, and will by signing the Subscription Form, provide the Managers with a one-time irrevocable authorisation to debit a specified bank account with a Norwegian bank for the amount payable for the Offer Shares, which are allocated to the subscriber.

The specified bank account is expected to be debited on or after the Payment Date. The Managers are only authorised to debit such account once, but reserves the right to make up to three debit attempts, and the authorisation will be valid for up to seven working days after the Payment Date.

The subscriber furthermore authorises the Managers to obtain confirmation from the subscriber's bank that the subscriber has the right to dispose over the specified account and that there are sufficient funds in the account to cover the payment.

If there are insufficient funds in a subscriber's bank account or if it for other reasons is impossible to debit such bank account when a debit attempt is made pursuant to the authorisation from the subscriber, the subscriber's obligation to pay for the Offer Shares will be deemed overdue.

Payment by direct debiting is a service that banks in Norway provide in cooperation. In the relationship between the subscriber and the subscriber's bank, the standard terms and conditions for "Payment by Direct Debiting – Securities Trading", which are set out on page 2 of the Subscription Form, will apply, provided, however, that subscribers who subscribe for an amount exceeding NOK 5 million by signing the Subscription Form provide the Managers with a one-time irrevocable authorisation to manually debit the specified bank account for the entire subscription amount.

6.12.2 Subscribers who do not have a Norwegian bank account

Subscribers who do not have a Norwegian bank account must ensure that payment with cleared funds for the Offer Shares allocated to them is made on or before the Payment Date.

Prior to any such payment being made, the subscriber must contact Arctic Securities, telephone number +47 21 01 30 40 for further details and instructions.

6.12.3 Overdue payment and payment guarantee

Overdue and late payments will be charged with interest at the applicable rate from time to time under the Norwegian Act on Interest on Overdue Payment of 17 December 1976 no. 100, currently 8.50% per annum. If a subscriber fails to comply with the terms of payment, the Offer Shares will, subject to the restrictions in the Norwegian Public Limited Companies Act and at the discretion of the Managers, not be delivered to the subscriber.

The Managers have, subject to the terms and conditions of a payment guarantee agreement entered into with the Company, guaranteed the payment on the Payment Date of the last NOK 50 million of the proceeds of the Subsequent Offering. Pursuant to the payment guarantee agreement, the Managers will receive a guarantee commission equal to 20 basis points of the guaranteed amount. Payments under the guarantee will represent payment of Offer Shares subscribed for by subscribers in default of their payment obligation as of the Payment Date. Such payment by the Managers will not relieve the subscribers from their obligations due to such payment default. The Offer Shares allocated to the defaulting subscribers will be transferred to a separate VPS account operated by the Managers and will, subject to the exercise of any of the remedies in the event of non-payment described in this Prospectus and the Subscription Form, only be transferred to the defaulting subscriber when payment of the subscription amount for all of the Offer Shares allocated to such subscriber is received.

The payment guarantee agreement contains certain conditions for the Managers' obligation to advance the payment of defaulting subscribers, including, inter alia, (i) payment from the subscribers who have been allocated Offer Shares in the Subsequent Offering for a total amount equal to the gross proceeds of the Subsequent Offering (being the number of Offer Shares subscribed for in the Subsequent Offering multiplied with the Subscription Price) less NOK 50 million; (ii) that REC in all material respect has fulfilled all its conditions and obligations in accordance with the payment guarantee as of the Payment Date and that the conditions for the implementation of the Subsequent Offering (except for the payment pursuant to the payment guarantee) has been fulfilled at such point in time; (iii) that REC has adopted all necessary resolutions and received all relevant approvals for the implementation of the Subsequent Offering and the listing of the Offer Shares on Oslo Børs; and (iv) absence of any material adverse change prior to due date for the guarantee obligation, as further described in the payment guarantee agreement.

The Managers, on behalf of the Company, reserve the right, at the risk and cost of the subscriber to, at any time, cancel the subscription and to re-allocate or otherwise dispose of allocated Offer Shares for which payment is overdue, or, if payment has not been received by the third day after the Payment Date, without further notice sell, assume ownership to or otherwise dispose of the allocated Offer Shares on such terms and in such manner as the Managers may decide in accordance with Norwegian law. The subscriber will remain liable for payment of the subscription amount, together with any interest, costs, charges and expenses accrued and the Managers, on behalf of the Company, may enforce payment for any such amount outstanding in accordance with Norwegian law.

6.13 Financial intermediaries

All persons or entities holding Shares or Subscription Rights through financial intermediaries (i.e., brokers, custodians and nominees) should read this section 6.13. All questions concerning the timeliness, validity and form of instructions to a financial intermediary in relation to the exercise, sale or purchase of Subscription Rights should be determined by the financial intermediary in accordance with its usual customer relations procedure or as it otherwise notifies each beneficial shareholder.

Neither the Company nor the Managers are liable for any action or failure to act by a financial intermediary through which Shares are held.

6.13.1 Subscription Rights

If an Eligible Shareholder holds Shares registered through a financial intermediary on the Record Date, the financial intermediary will customarily give the Eligible Shareholder details of the aggregate number of Subscription Rights to which it will be entitled. The relevant financial intermediary will customarily supply each Eligible Shareholder with this information in accordance with its usual customer relations procedures. Eligible Shareholders holding Shares through a financial intermediary should contact the financial intermediary if they have received no information with respect to the Subsequent Offering.

Eligible Shareholders who hold their Shares through a financial intermediary and who are Ineligible Shareholders will not be entitled to exercise their Subscription Rights.

6.13.2 Subscription Period

The time by which notification of exercise instructions for subscription of Offer Shares must validly be given to a financial intermediary may be earlier than the expiry of the Subscription Period. Such deadline will depend on the financial intermediary. Eligible Shareholders who hold their Shares through a financial intermediary should contact their financial intermediary if they are in any doubt with respect to the deadline.

6.13.3 Subscription

Any Eligible Shareholder who is not an Ineligible Shareholder and who holds its Subscription Rights through a financial intermediary and wishes to exercise its Subscription Rights, should instruct its financial intermediary in accordance with the instructions received from such financial intermediary. The financial intermediary will be responsible for collecting exercise instructions from the Eligible Shareholders and for informing the Managers of their exercise instructions.

6.13.4 Method of payment

Any Eligible Shareholder who holds its Subscription Rights through a financial intermediary should pay the Subscription Price for the Offer Shares that are allocated to it in accordance with the instructions received from the financial intermediary. The financial intermediary must pay the Subscription Price in accordance with the instructions in the Prospectus. Payment by the financial intermediary for the Offer Shares must be made to the Managers no later than the Payment Date. Accordingly, financial intermediaries may require payment to be provided to them prior to the Payment Date.

6.14 Completion, delivery and admission to trading

The Offer Shares to be issued in connection with the Subsequent Offering are expected to be issued in accordance with the authorisation granted to the Board of Directors by the extraordinary general meeting of the Company held on July 27, 2012.

Delivery of the Offer Shares will take place following registration of the share capital increase pertaining to the Subsequent Offering with the Norwegian Register of Business Enterprises. Assuming that payment from all subscribers who have been allocated Offer Shares is made on September 7, 2012, such registration is expected to take place on or around September 10, 2012. Subject to the foregoing, the delivery of the Offer Shares is expected to take place by registration of the Offer Shares in the VPS on or around September 10, 2012.

Following the issue of the Offer Shares, the Offer Shares will assume the Company's ordinary ISIN (being ISIN NO 001 0112675) and are expected to be listed and tradable on Oslo Børs on or about September 10, 2012. The Shares are listed on Oslo Børs under the ticker code "REC".

6.15 The rights conferred by the Offer Shares

The Offer Shares to be issued in the Subsequent Offering will be ordinary Shares in the Company each having a nominal value of NOK 1.00. The Offer Shares will be issued electronically in the VPS in registered form in accordance with the Norwegian Public Limited Companies Act. The Company's VPS registrar is DNB Bank ASA, Verdivapirservise, Stranden 21, N-0021 Oslo, Norway.

The Offer Shares will rank *pari passu* in all respects with the Company's existing Shares and carry full shareholder rights from the time of the registration of the share capital increase pertaining to the Subsequent Offering with the Norwegian Register of Business Enterprises. The Offer Shares will be eligible for any dividends that the Company may declare after said point in time. The Offer Shares will have the same voting rights and other rights and obligations which are standard under the Norwegian Public Limited Companies Act, and are governed by Norwegian law.

6.16 Dilution

Assuming full subscription in the Subsequent Offering, the expected dilution as a result of the Subsequent Offering is expected to amount to approximately 11.8% for existing shareholders who do not participate in the Subsequent Offering, compared to such shareholders' shareholding after the Private Placement.

6.17 Expenses and net proceeds

The total expenses of the Subsequent Offering, including the preparation of this Prospectus, are estimated to amount to approximately NOK 17 million, of which NOK 8 million are fees to the Managers in connection with the Subsequent Offering. The net proceeds of the Subsequent Offering are estimated to amount to approximately NOK 358 million. In the event that Eligible Shareholders subscribe for less than 250,000,000 Offer Shares, proceeds and total fees and expenses will be adjusted accordingly.

6.18 Participation of major shareholders and members of the Company's management, supervisory and administrative bodies in the Subsequent Offering

Except for the fact that certain of the members of the Board of Directors and Management, being Ole Enger (CEO), John Andersen Jr. (COO), Bjørn Brenna (CFO), Florian Krumbacher (CLO), Tore Torvund (Executive Vice President – REC Silicon), Peter Arne Ruzicka (Board member), Odd Christopher Hansen (Board member), and Silje Johnsen (Board member), will be granted Subscription Rights as Eligible Shareholders, the Company is not aware of whether any major shareholders of the Company or members of the Company's Management, supervisory or administrative bodies intend to subscribe for Offer Shares in the Subsequent Offering, or whether any person intends to subscribe for more than 5% of the Subsequent Offering.

6.19 Interests of natural and legal persons involved in the Subsequent Offering

The Managers or their affiliates have provided from time to time, and will provide in the future, investment and commercial banking services to the Company and its affiliates in the ordinary course of business, for which they may have received and may continue to receive customary fees and commissions. The Managers, their employees and any affiliate may currently own existing Shares in the Company. Further, in connection with the Subsequent Offering, the Managers, their employees and any affiliate acting as an investor for its own account may receive Subscription Rights (if they are Eligible Shareholders) and may exercise their right to take up such Subscription Rights and acquire Offer Shares, and, in that capacity, may retain, purchase or sell Offer Shares and any other securities issued by the Company or other investments for their own account and may offer or sell such securities (or other investments) otherwise than in connection with the Subsequent Offering. The Managers do not intend to disclose the extent of any such investments or transactions otherwise than in accordance with any legal or regulatory obligation to do so. The Managers will receive a commission in connection with the Subsequent Offering and, as such, have an interest in the Subsequent Offering. Reference is made to sections 6.12.3 "Overdue payment and payment guarantee" and 6.17 "Expenses and net proceeds" for information on fees to the Managers in connection with the Subsequent Offering.

6.20 Publication of information in respect of the Subsequent Offering

The Company has published information in respect of the Subsequent Offering through Oslo Børs' electronic information system on July 19, 2012.

The result of the Subsequent Offering will be made public through Oslo Børs' electronic information under the ticker code REC following the end of the Subscription Period on September 4, 2012.

6.21 Mandatory anti-money laundering procedures – VPS account

The Subsequent Offering is subject to the Norwegian Money Laundering Act No. 11 of 6 March 2009 and the Norwegian Money Laundering Regulations No. 302 of 13 March 2009 (collectively the "**Anti-Money Laundering Legislation**").

Subscribers who are not registered as existing customers of the Managers must verify their identity to the Managers in accordance with requirements of the Anti-Money Laundering Legislation, unless an exemption is available. Subscribers who have designated an existing Norwegian bank account and an existing VPS account on the Subscription Form are exempted, unless verification of identity is requested by the Managers. Subscribers who have not completed the required verification of identity prior to the expiry of the Subscription Period will not be allocated Offer Shares.

Furthermore, participation in the Subsequent Offering is conditional upon the subscriber holding a VPS account. The VPS account number must be stated in the Subscription Form. VPS accounts can be established with authorised VPS registrars, who can be Norwegian banks, authorised securities brokers in Norway and Norwegian branches of credit institutions established within the EEA. Investors may use nominee VPS accounts registered in the name of a nominee.

6.22 Selling and transfer restrictions

The distribution of this Prospectus and the offering and sale of the Offer Shares and the receipt and exercise of the Subscription Rights offered hereby may in certain jurisdictions be restricted by law. Persons in possession of this Prospectus are required to inform themselves about and to observe any such restrictions. See section 19 "Restrictions Sale and Transfer" for further information.

6.23 Managers and advisers

Arctic Securities (Coordinator) (Haakon VIIs gate 5, P.O. Box 1833 Vika, N-0123 Oslo, Norway), DNB Markets (Stranden 21, N-0021 Oslo, Norway) and Nordea Markets (Middelthunsgate 17, P.O. Box 1166 Sentrum, N-0107 Oslo, Norway) are acting as Managers for the Subsequent Offering.

Advokatfirmaet Schjødt AS is acting as Norwegian legal advisor to the Company in connection with the Subsequent Offering. Advokatfirmaet Thommessen AS is acting as Norwegian legal advisor to the Managers in connection with the Subsequent Offering.

6.24 Governing law and jurisdiction

The Offer Shares will be issued pursuant to Norwegian law.

The Subsequent Offering shall be governed by and construed in accordance with Norwegian law. Any dispute arising out of, or in connection with, the Subsequent Offering will be subject to the exclusive jurisdiction of the courts of Norway, with Oslo District Court as legal venue.

7. SELECTED FINANCIAL AND OPERATING DATA

7.1 Introduction

The Company's consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the Norwegian Accounting Act. The Company's consolidated financial statements have been prepared under the historical cost convention, as modified by impairment of some fixed assets and inventory, the revaluation of derivative instruments and a EUR convertible bond loan measured at fair value as well as fair value adjustments of parts of the fixed interest rate NOK bond loans. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant are disclosed in note 4 to the annual consolidated financial statements.

The annual consolidated financial statements have been audited by KPMG AS, the Company's independent auditor. The Company's consolidated condensed interim financial statements as of and for the three and six months ended June 30, 2012 and June 30, 2011, combined with relevant information in the financial review and notes in the relevant quarterly reports, have been prepared in accordance with IAS 34. The consolidated condensed interim financial statements are unaudited, and do not include all of the information required for full annual financial statements of the Company and should be read in conjunction with the consolidated annual financial statements for the prior year. The Company has used the same accounting policies and standards as in the consolidated financial statements as at December 31, 2011.

The amounts from the financial statements are presented in NOK, rounded to the nearest million, unless otherwise stated. As a result of rounding adjustments, the figures in one or more rows or columns included in the financial statement information may not add up to the total of that row or column.

In the tables presented below the financial information for the years ended December 31, 2011, 2010 and 2009 is derived from annual financial statements audited by KPMG AS. The interim financial information for the three and six months ended June 30, 2012 and 2011 is derived from interim financial statements that have not been subject to any audit or review by the auditor. The tables below for annual financial statements show some more details than the original financial statements for the years 2010 and 2009, primarily items that were presented in the notes, and primarily showing provisions as separate line items in the Statements of Financial Position, other income and expenses in the Statements of Income and receipt/payment of VAT in the Statements of Cash Flows. This is to provide more information, in line with the 2011 Financial Statements. Also, in the original 2009 Financial Statement there were no discontinued operations, but in the 2010 Financial Statements the 2009 figures were re-presented for Sovello as discontinued operations.

Due to the discontinuance of the operations of REC Wafer in the second quarter 2012, the Company has presented external profit and loss items of REC Wafer as discontinued operations in the consolidated condensed interim financial statements for the first six months 2012. The consolidated statement of income has been re-presented for the first six months 2011 for external profit and loss items of REC Wafer as discontinued operations. For more information on the re-presentation of REC Wafer's external profit and loss items, refer to the second quarter 2012 report. Discontinued operations remain consolidated in the consolidated financial statements, with the internal transactions between continuing and discontinued operations being eliminated in the consolidation. As a consequence, only income and expense from external transactions are re-presented as discontinued operations. This means that the line items and results presented for continuing and discontinued operations will not represent the activities of the operations as if they were standalone entities, for past periods or likely to be earned in future periods. The consolidated financial statements for the years ended December 31, 2009, 2010 and 2011 have not been re-presented in this prospectus for REC Wafer as discontinued operations.

7.2 Information from the Consolidated Statements of Financial Position

(NOK IN MILLION)	At June 30		At December 31,		
	(unaudited)	(unaudited)	(audited)	(audited)	(audited)
	2012	2011	2011	2010	2009
ASSETS					
Non-current assets					
Goodwill	263	237	263	587	584
Other intangible assets	248	469	398	536	476
Total intangible assets	511	705	661	1 123	1 060
Land and buildings	1 359	4 976	3 179	8 150	2 955
Machinery and equipment	9 543	12 459	11 534	17 136	10 803
Other tangible assets	256	321	318	439	167
Assets under construction	269	449	395	861	10 473
Total property, plant and equipment	11 428	18 204	15 425	26 586	24 398
Prepaid lease, non-current	187	96	198	104	29
Prepaid capex non-current	0	20	0	29	887
Investments in associates	70	98	74	174	146
Other non-current receivables	994	1 080	1 091	1 085	195
Embedded derivatives	0	0	5	4	0
Other derivatives	80	90	74	192	110
Restricted bank accounts non-current	0	0	0	0	88
Financial assets and prepayments	1 144	1 267	1 244	1 455	538
Deferred tax assets	2	330	5	336	374
Total non-current assets	13 272	20 622	17 534	29 634	27 286
Current assets					
Inventories	1 664	3 387	2 383	2 495	1 989
Prepaid lease, current	11	11	11	11	11
Trade and other receivables	1 947	2 715	2 553	2 953	2 598
Assets held for sale	5	19	14	21	0
Current tax assets	29	358	70	319	64
Other derivatives	178	586	310	582	484
Restricted bank accounts current	6	0	0	0	14
Cash and cash equivalents	1 912	310	1 596	849	1 688
Total current assets	5 752	7 386	6 936	7 231	6 848
Total assets	19 023	28 008	24 470	36 865	34 134

EQUITY AND LIABILITIES**Shareholders' equity**

Share capital	997	997	997	997	665
Other paid-in capital	16 356	16 356	16 356	16 356	12 764
Paid-in capital	17 353	17 353	17 353	17 353	13 428
Other equity and retained earnings	-5 345	4 119	4 868	3 809	5 828
Profit and loss for the period from total operations	-4 265	-6 788	-10 030	989	-2 347
Total shareholders' equity	7 743	14 685	12 192	22 151	16 909

Non-current liabilities

Retirement benefit obligations	121	103	125	94	45
Deferred tax liabilities	2 294	2 002	2 518	1 804	761
Provisions	820	309	447	288	195
Embedded derivatives	0	219	7	144	188
Other derivatives	54	49	86	41	25
Non-current financial liabilities, interest bearing	4 493	7 042	6 113	8 592	11 366
Non-current prepayments, interest calculation	51	492	214	479	478
Other non current liabilities, not interest bearing	4	5	0	0	14
Total non-current liabilities	7 838	10 221	9 511	11 443	13 072

Current liabilities

Trade payables and other liabilities	1 319	2 171	1 742	2 508	2 717
Provisions	485	25	354	85	420
Current tax liabilities	25	318	29	200	142
Embedded derivatives	0	190	55	140	75
Other derivatives	45	103	79	20	112
Current financial liabilities, interest bearing	1 472	97	159	194	611
Current prepayments, interest calculation	96	200	349	124	76
Total current liabilities	3 442	3 103	2 767	3 271	4 153
Total liabilities	11 280	13 324	12 278	14 714	17 225

Total equity and liabilities	19 023	28 008	24 470	36 865	34 134
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7.3 Information from the Consolidated Statements of Income

(NOK IN MILLION)	For the three months ended June 30		For the six months ended June 30		For the year ended December 31,		
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(audited)	(audited)	(audited)
	2012	2011	2012	2011	2011	2010	2009
Revenues	1 987	2 375	3 947	4 857	13 366	13 776	8 831
Cost of materials	-677	-682	-1 531	-1 685	-5 835	-5 498	-3 035
Changes in inventories and write downs	-192	142	-287	581	85	518	35
Employee benefit expenses	-305	-348	-596	-693	-2 001	-2 211	-1 649
Other operating expenses	-635	-658	-1 179	-1 340	-3 334	-3 284	-2 372
Other income and expenses	45	-4	224	35	586	232	-7
EBITDA	267	820	578	1 756	2 867	3 532	1 803
Depreciation	-360	-446	-714	-905	-2 142	-2 395	-1 218
Amortization	-29	-32	-60	-55	-135	-81	-56
Impairment	-3 600	-2 153	-3 601	-2 156	-10 097	-38	-1 359
Total depreciation, amortization and impairment	-3 989	-2 631	-4 375	-3 116	-12 375	-2 514	-2 632
EBIT	-3 722	-1 811	-3 797	-1 361	-9 508	1 018	-829
Share of profit/loss of associates	-3	-56	-3	-58	-97	1	-64
Financial income	14	10	31	19	51	35	95
Financial expenses	-116	-191	-216	-382	-693	-1 134	-325
Net currency gains/losses	216	-88	95	-312	-7	544	-254
Net gain/loss derivatives and fair value hedge	15	153	243	216	108	875	232
Impairment and gain/loss on financial assets	1	1	2	1	1	-1	0
Fair value adjustment convertible bonds	-273	183	-564	-76	841	481	-156
Net financial items	-146	12	-411	-591	205	801	-472
Profit/loss before tax from continuing operations	-3 868	-1 799	-4 208	-1 951	-9 303	1 818	-1 301
Income tax expense/benefit from continuing operations	157	5	207	-60	-726	-930	100
Profit/loss for the period from continuing operations	-3 712	-1 794	-4 001	-2 012	-10 030	889	-1 200
Profit/loss for the period from discontinued operations, net of tax*	-344	-4 886	-264	-4 776	0	101	-1 146
Profit/loss for the period from total operations	-4 056	-6 681	-4 265	-6 788	-10 030	989	-2 347
Attributable to:							
Owners of REC ASA	-4 056	-6 681	-4 265	-6 788	-10 030	989	-2 347
Per share data from continuing operations							
Earnings per share (NOK) - basic	-3.72	-1.80	-4.01	-2.02	-10.06	0.96	-1.63
Earnings per share (NOK) - diluted	-3.72	-1.81	-4.01	-2.02	-10.06	0.51	-1.63
Per share data from total operations							
Earnings per share (NOK) - basic	-4.07	-6.70	-4.28	-6.81	-10.06	1.07	-3.19
Earnings per share (NOK) - diluted	-4.07	-6.43	-4.28	-6.81	-10.06	0.61	-3.19

* Discontinued operations for the years ended December 31, 2011, 2010 and 2009 relates to Sovello. Discontinued operations for the three and six months ended June 30, 2012 and 2011 relates to REC Wafer. The consolidated financial statements for the years ended December 31, 2009, 2010 and 2011 have not been re-presented in this prospectus for REC Wafer as discontinued operations. Discontinued operations remain consolidated in the consolidated financial statements, with the internal transactions between continuing and discontinued operations being eliminated in the consolidation. As a consequence, only income and expense from external transactions are re-presented as discontinued operations. This means that the line items and results presented for continuing and discontinued operations will not represent the activities of the operations as if they were standalone entities, for past periods or likely to be earned in future periods.

7.4 Information from the Consolidated Statements of Comprehensive Income

(NOK IN MILLION)	For the three months ended June 30		For the six months ended June 30		For the year ended December 31,		
	2012	2011	(unaudited) 2012	(unaudited) 2011	(audited) 2011	(audited) 2010	(audited) 2009
Profit/loss for the period from total operations	-4 056	-6 681	-4 265	-6 788	-10 030	989	-2 347
Other comprehensive income, net of tax:							
Currency translation differences	225	-138	-185	-685	100	341	-1 654
Actuarial gain/loss on defined benefit pension schemes	0	0	0	0	-26	-4	11
Cash flow hedges	0	0	0	0	0	-19	-6
Total other comprehensive income for the period	225	-138	-185	-685	75	318	-1 649
Total comprehensive income for the period	-3 831	-6 818	-4 450	-7 473	-9 955	1 307	-3 995
Total comprehensive income for the period attributable to:							
Owners of REC ASA	-3 831	-6 818	-4 450	-7 473	-9 955	1 307	-3 995

7.4.1 Details of comprehensive income

This table presents details of the consolidated statement of comprehensive income (above):

(NOK IN MILLION)	TRANSLATION DIFFERENCES	TAX	PENSION	CASH FLOW HEDGE	ACQUISITION	CHANGE IN ACCOUNTING PRINCIPLE	PROFIT/LOSS	TOTAL
Year 2009								
Accumulated at January 1, 2009	1 362	-21	-19	34	234	-50	4 854	6 394
Loss for the period from total operations	0	0	0	0	0	0	-2 347	-2 347
Other comprehensive income:								
Currency translation differences	-1 702	48	0	0	0	0	0	-1 654
Actuarial gain/loss on defined benefit pension schemes	0	-7	19	0	0	0	0	11
Cash flow hedges								
- valuation gain/losses taken to equity	0	0	0	2	0	0	0	2
- transferred to profit/loss for the period *	0	3	0	-10	0	0	0	-8
Total other comprehensive income for the period	-1 702	43	19	-8	0	0	0	-1 649
Total comprehensive income for the period	-1 702	43	19	-8	0	0	-2 347	-3 995
Accumulated at December 31, 2009	-341	22	0	26	234	-50	2 507	2 399
Year 2010								
Accumulated at January 1, 2010	-341	22	0	26	234	-50	2 507	2 399
Profit for the period from total operations	0	0	0	0	0	0	989	989
Other comprehensive income:								
Currency translation differences	346	-5	0	0	0	0	0	341
Actuarial gain/loss on defined benefit pension schemes	0	-2	-3	0	0	0	0	-4
Cash flow hedges								
- valuation gain/losses taken to equity	0	0	0	1	0	0	0	1
- transferred to profit/loss for the period *	0	8	0	-27	0	0	0	-20
Total other comprehensive income for the period	346	1	-3	-26	0	0	0	318
Total comprehensive income for the period	346	1	-3	-26	0	0	989	1 307
Accumulated at December 31, 2010	6	23	-3	0	234	-50	3 497	3 706
Year 2011								
Accumulated at January 1, 2011	6	23	-3	0	234	-50	3 497	3 706
Loss for the period from total operations	0	0	0	0	0	0	-10 030	-10 030
Other comprehensive income:								
Currency translation differences	105	-5	0	0	0	0	0	100
Actuarial gain/loss on defined benefit pension schemes	0	-7	-19	0	0	0	0	-26
Total other comprehensive income for the period	105	-12	-19	0	0	0	0	75
Total comprehensive income for the period	105	-12	-19	0	0	0	-10 030	-9 955
Accumulated at December 31, 2011	111	11	-22	0	234	-50	-6 533	-6 249
June 30, 2011								
Accumulated at January 1, 2011	6	23	-3	0	234	-50	3 497	3 706
Loss for the period from total operations	0	0	0	0	0	0	-6 788	-6 788
Other comprehensive income:								
Currency translation differences	-667	-17	0	0	0	0	0	-685
Total other comprehensive income for the period	-667	-17	0	0	0	0	0	-685
Total comprehensive income for the period	-667	-17	0	0	0	0	-6 788	-7 473
Accumulated at June 30, 2011	-662	6	-3	0	234	-50	-3 292	-3 767
June 30, 2012								
Accumulated at January 1, 2012	111	11	-22	0	234	-50	-6 533	-6 249
Loss for the period from total operations	0	0	0	0	0	0	-4 265	-4 265
Other comprehensive income:								
Currency translation differences	-186	0	0	0	0	0	0	-185
Total other comprehensive income for the period	-186	0	0	0	0	0	0	-185
Total comprehensive income for the period	-186	0	0	0	0	0	-4 265	-4 450
Accumulated at June 30, 2012	-75	12	-22	0	234	-50	-10 798	-10 699
Total comprehensive income for the period attributable to:								
Owners of REC ASA	-186	0	0	0	0	0	-4 265	-4 450

*Cash flow hedges - transferred to profit/loss for the period affected the following line items in the consolidated statement of income

(NOK IN MILLION)	For the six months ended June 30		For the year ended December 31,		
	(unaudited)	(unaudited)	(audited)	(audited)	(audited)
	2012	2011	2011	2010	2009
Revenues	0	0	0	27	10
Total	0	0	0	27	10

7.5 Information from the Statement of changes in equity

(NOK IN MILLION)	Attributable to equity holders of REC ASA						
	SHARE CAPITAL	SHARE PREMIUM	OTHER PAID-IN CAPITAL	TOTAL PAID-IN CAPITAL	OTHER EQUITY	COMPRE- HENSIVE INCOME	TOTAL EQUITY
Year 2009							
At January 1, 2009	494	8 266	283	9 043	1 075	6 394	16 512
Equity share option plan	0	0	0	0	8	0	8
Share issue	170	4 215	0	4 385	0	0	4 385
Total comprehensive income for the period	0	0	0	0	0	-3 995	-3 995
At December 31, 2009	665	12 481	283	13 428	1 082	2 399	16 909
Year 2010							
At January 1, 2010	665	12 481	283	13 428	1 082	2 399	16 909
Equity share option plan	0	0	0	0	9	0	9
Share issue	332	3 593	0	3 926	0	0	3 926
Total comprehensive income for the period	0	0	0	0	0	1 307	1 307
At December 31, 2010	997	16 073	283	17 353	1 091	3 706	22 151
Year 2011							
At January 1, 2011	997	16 073	283	17 353	1 091	3 706	22 151
Equity share option plan	0	0	0	0	-4	0	-4
Total comprehensive income for the period	0	0	0	0	0	-9 955	-9 955
At December 31, 2011	997	16 073	283	17 353	1 087	-6 249	12 192
June 30, 2011							
At January 1, 2011	997	16 073	283	17 353	1 091	3 706	22 151
Equity share option plan	0	0	0	0	6	0	6
Total comprehensive income for the period	0	0	0	0	0	-7 473	-7 473
At June 30, 2011	997	16 073	283	17 353	1 098	-3 767	14 685
June 30, 2012							
At January 1, 2012	997	16 073	283	17 353	1 087	-6 249	12 192
Equity share option plan	0	0	0	0	2	0	2
Total comprehensive income for the period	0	0	0	0	0	-4 450	-4 450
At June 30, 2012	997	16 073	283	17 353	1 089	-10 699	7 743

7.6 Information from the Consolidated Statements of Cash Flow

(NOK IN MILLION)	For the three months ended June 30		For the six months ended June 30		For the year ended December 31,		
	(unaudited) 2012	(unaudited) 2011	(unaudited) 2012	(unaudited) 2011	(audited) 2011	(audited) 2010	(audited) 2009
Cash flows from operating activities							
Profit/loss before tax from total operations ¹⁾	-4 213	-6 287	-4 472	-6 371	-9 303	1 781	-2 482
Income taxes paid/received	-10	-1	30	-4	302	147	-384
Depreciation, amortization and impairment	3 751	7 131	4 146	7 808	12 375	2 520	3 565
Fair value adjustment convertible bond	273	-183	564	76	-841	-481	156
Associates, impairment financial assets, gains/losses on sale	2	55	1	10	48	83	64
Changes in receivables, prepayments from customers etc.	179	-162	61	-30	-149	-716	-622
Changes in inventories	327	-462	680	-952	134	-614	-462
Changes in payables, accrued and prepaid expenses	68	312	-113	99	-238	-58	207
Changes in provisions	427	-3	513	-32	307	-262	468
Changes in VAT and other public taxes and duties	-86	41	-1	-32	23	294	240
Changes in derivatives	73	-42	8	312	317	-234	706
Currency effects not cash flow or not related to operating activities	-195	82	-86	347	-11	-429	-253
Other items	19	2	12	47	135	454	83
Net cash flow from operating activities	615	483	1 343	1 278	3 098	2 485	1 286
Cash flows from investing activities							
Cash proceeds for shares (incl. associates)	0	0	0	0	0	3	2
Cash payments for shares (incl. associates)	0	-5	0	-5	-5	0	-1
Proceeds from finance receivables and restricted cash	6	5	11	11	55	121	34
Payments finance receivables and restricted cash	-11	-3	-16	-48	-59	-131	-140
Proceeds from sale of property, plant and equipment and intangible assets	3	1	3	45	45	0	0
Payments for property, plant and equipment and intangible assets	-130	-165	-222	-364	-729	-4 452	-11 136
Proceeds from investment grants	0	13	0	47	51	163	420
Proceeds from sale of subsidiaries and joint ventures, net of cash sold	0	-1	0	34	34	-34	-3
Net cash flow from investing activities	-132	-155	-224	-280	-609	-4 329	-10 823
Cash flows from financing activities							
Increase in equity	0	0	0	0	0	3 888	4 333
Payments of borrowings and up-front/waiver loan fees	-447	-1 938	-1 534	-3 792	-5 302	-19 231	-17 880
Proceeds from borrowings	0	1 484	742	2 278	3 570	16 361	24 316
Net cash flow from financing activities	-447	-454	-792	-1 514	-1 732	1 018	10 769
Effect on cash and cash equivalents of changes in foreign exchange rates	-6	-12	-11	-23	-10	-14	-40
Net increase/decrease in cash and cash equivalents	30	-137	316	-539	748	-840	1 192
Cash and cash equivalents at the beginning of the period	1 882	447	1 596	849	849	1 688	497
Cash and cash equivalents at the end of the period	1 912	310	1 912	310	1 596	849	1 688
¹⁾PROFIT/LOSS FROM TOTAL OPERATIONS CONSIST OF							
(NOK IN MILLION)							
Profit/loss before tax from continuing operations	-3 868	-1 799	-4 208	-1 951	-9 303	1 818	-1 301
Profit/loss before tax from discontinued operations	-344	-4 488	-264	-4 420	0	-38	-1 181
Profit/loss before tax from total operations	-4 213	-6 287	-4 472	-6 371	-9 303	1 781	-2 482

8. CAPITALIZATION AND INDEBTEDNESS

The following tables set forth the Company's capitalization and indebtedness prepared in accordance with IFRS as of June 30, 2012 in the column to the left. The middle column confirms that there has been no significant changes since June 30, 2012. The last column shows the effect of the Refinancing, Private Placement and Subsequent Offering. You should read this table in conjunction with the consolidated condensed interim financial statements for the second quarter 2012 combined with relevant information in the financial review and notes in the second quarter report, and the consolidated financial statements for 2011, including the notes thereto and the Report from the Board of Directors. Except for the Refinancing and the Private Placement, there have been no material changes to the Company's capitalization and indebtedness subsequent to June 30, 2012.

Consolidated statement of capitalization and indebtedness

(NOK IN MILLION)	Unaudited per June 30, 2012	Effects of the Refinancing and the Private Placement
Total current debt		
- Guaranteed	0	0
- Secured 1)	185	0
- Unsecured	3 258	-1 288
Total current debt	3 442	-1 288
Non-current debt		
- Guaranteed	0	0
- Secured 1)	780	0
- Unsecured	7 058	1 288
Total non-current debt	7 838	1 288
Shareholders' equity		
Share capital	997	867
Legal reserves	16 073	333
Other reserves	-9 327	0
Total shareholders' equity	7 743	1 200
Total capitalization	19 023	1 200

- 1) Debt includes financial lease liabilities of total NOK 965 million at June 30, 2012 (NOK 185 million current and NOK 780 million non-current). Finance lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default. See the annual financial statements for 2011 for description of the assets under these finance leases. The carrying values of these leased assets were impaired in 2011, and at June 30, 2012 the total carrying value was NOK 65 million.

In connection with the sale of the previous subsidiary REC ScanModule AB in the beginning of 2011, REC Solar AS provided guarantees for any claims resulting from REC ScanModule AB's prior business conduct or relating to the share purchase agreement. No debt is recognized for this guarantee.

Current and non-current debts include provisions of NOK 1,305 as of June 30, 2012, that are liabilities of uncertain timing or amount. This includes provisions for restructuring, onerous contracts etc. Onerous contracts of NOK 723 million includes estimated onerous contracts for SIC Processing AS of approximately NOK 440 million. The estimated present value of the maximum future payments under these contracts is approximately NOK 600 million. Refer also to section 17 of the Prospectus for legal matters and contingent liabilities not recognized as debt at June 30, 2012. Contractual purchase obligations and minimum operating lease liabilities of NOK 2.5 billion at June 30, 2012 are not included as debt in the statement of financial position.

Net indebtedness

(NOK IN MILLION)	Unaudited per June 30, 2012	Effects of the Refinancing and the Private Placement
A. Cash	1 912	1 200
B. Cash equivalent	0	0
C. Trading securities	0	0
D. Liquidity	1 912	1 200
E. Current financial receivable *	26	0
F. Current bank debt	0	0
G. Current portion of non-current bank debt	1 288	-1 288
H. Other financial debt	185	0
I. Current financial debt	1 472	-1 288
J. Net current financial indebtedness	-440	-2 488
K. Non-current bank debt **	-11	1 288
L. Bonds issued ***	3 724	0
M. Other non-current financial debt	780	0
N. Non-current financial indebtedness	4 493	1 288
O. Net financial indebtedness	4 054	-1 200

* Restricted bank (NOK 5 million) and current part of loans to SIC Processing (NOK 20 million).

** Negative amount is previously paid upfront fees that are amortized to income.

*** Bonds issued include convertible bonds at fair value and NOK bonds that are adjusted for fair value hedge of market interest rates. These fair value adjustments have reduced the carrying values of bond at June 30, 2012 by NOK 536 million.

In connection with the sale of the previous subsidiary REC ScanModule AB in the beginning of 2011, REC Solar AS provided guarantees for any claims resulting from REC ScanModule AB 's prior business conduct or relating to the share purchase agreement. No debt is recognized for this guarantee.

Current and non-current debt include provisions that are liabilities of uncertain timing or amount. Refer to the second quarter 2012 report (especially note 5 provisions) for further information on provisions at June 30, 2012. The second quarter 2012 report, note 8 commitments, shows contractual purchase obligations and minimum operating lease liabilities at June 30, 2012 that are not included as debt in the statement of financial position. Refer also to note 9 to the second quarter 2012 report and section 17 of the Prospectus for legal matters and contingent liabilities not recognized as debt at June 30, 2012.

9. OPERATING AND FINANCIAL REVIEW

This review contains information regarding the Company's financial condition and results of operations as of and for the years ended December 31, 2011, 2010 and 2009 and for the six months ended June 30, 2012 and 2011. Future results could differ materially from these results because of a number of factors, including those discussed in sections 2 and 4 of this Prospectus as well as other sections of this Prospectus.

9.1 Overview

9.1.1 General

The Group is positioned in the solar energy industry as a company with broad presence across the value chain. A break-down of the Group's revenue by area of activity is set out in the table below:

REVENUE (NOK IN MILLION)	For the six months ended		For the year ended December 31,		
	June 30				
	(unaudited)	(unaudited)	(audited)	(audited)	(audited)
	2012	2011	2011	2010	2009
REC Silicon	1 807	3 089	5 585	5 245	3 943
REC Wafer	429	3 036	4 413	6 804	5 879
REC Solar	2 285	3 103	5 856	5 624	1 881
Other Operations	35	54	92	99	76
Sovello	na	na	na	114	325
Adjustment for discontinued operations - Sovello*	na	na	na	-114	-325
Adjustment for discontinued operations - REC Wafer*	-318	-2 643	na	na	na
Eliminations	-290	-1 781	-2 580	-3 995	-2 947
Total	3 947	4 857	13 366	13 776	8 831

*Discontinued operations for the years ended December 31, 2011, 2010 and 2009 relates to Sovello. Discontinued operations for the six months ended June 30, 2012 and 2011 relates to REC Wafer. The consolidated financial statements for the years ended December 31, 2009, 2010 and 2011 have not been re-presented in this prospectus for REC Wafer as discontinued operations.

9.1.2 Operating Segments

The Group has three operating segments under IFRS, corresponding to its three divisions, and up to the sale in the beginning of 2010 it also reported Sovello separately:

- REC Silicon, which manufactures and sells solar-grade silicon, the raw material for silicon wafers for the PV industry, and silane gas, which is the key input material for the Group's production of polysilicon, at its production plants in Moses Lake, Washington, U.S. and Butte, Montana, U.S. REC Silicon also sells polysilicon for the electronics industry and silane gas to external customers within the display and electronics industries.
- REC Wafer, which manufactures multicrystalline silicon wafers and monocrystalline silicon ingots and wafers for the PV industry at its sites in Herøya and Glomfjord, Norway. On April 24, 2012 it was decided to close down all the remaining wafer production in Norway.
- REC Solar, which manufactures solar wafers, cells and modules in Singapore. REC Solar sells solar modules and participates in project development within selected segments of PV systems.

The segments' and the Group's EBITDA and EBIT are shown below:

EBITDA (NOK IN MILLION)	For the six months ended June 30		For the year ended December 31,		
	(unaudited)	(unaudited)	(audited)	(audited)	(audited)
	2012	2011	2011	2010	2009
REC Silicon	651	1 763	2 781	2 735	1 920
REC Wafer	-455	250	21	808	1 065
REC Solar	-89	428	-30	228	-1 074
Other Operations	-73	-70	-140	-149	-151
Sovello	na	na	na	1	-62
Adjustment for discontinued operations - Sovello*	na	na	na	-1	62
Adjustment for discontinued operations - REC Wafer*	471	-564	na	na	na
Eliminations	73	-52	234	-91	44
Total	578	1 756	2 867	3 532	1 803

EBIT (NOK IN MILLION)	For the six months ended June 30		For the year ended December 31,		
	(unaudited)	(unaudited)	(audited)	(audited)	(audited)
	2012	2011	2011	2010	2009
REC Silicon	86	1 293	1 801	1 853	1 446
REC Wafer	-227	-4 771	-6 203	16	-557
REC Solar	-3 856	-1 844	-5 110	-589	-1 602
Other Operations	-115	-115	-230	-172	-159
Sovello	na	na	na	-5	-995
Adjustment for discontinued operations - Sovello*	na	na	na	5	995
Adjustment for discontinued operations - REC Wafer*	243	4 127	na	na	na
Eliminations	73	-52	234	-91	44
Total	-3 797	-1 361	-9 508	1 018	-829

*Discontinued operations for the years ended December 31, 2011, 2010 and 2009 relates to Sovello. Discontinued operations for the six months ended June 30, 2012 and 2011 relates to REC Wafer. The consolidated financial statements for the years ended December 31, 2009, 2010 and 2011 have not been re-presented in this prospectus for REC Wafer as discontinued operations.

9.2 Critical Accounting Policies, Judgments and Use of Estimates

The Company has prepared its consolidated financial statements in accordance with IFRS. The Company's significant accounting policies under IFRS, as described in note 2 to the consolidated financial statements for 2011, are essential to understanding the Company's reported results of operations and financial condition. Certain of these accounting policies require critical accounting estimates that involve complex and subjective judgments and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. Such critical accounting estimates could change from period to period and have a material impact on financial condition or results of operations. Critical accounting estimates could also involve estimates where management reasonably could have used a different estimate in the current accounting period. The Company cautions that future events may vary from forecasts and that estimates routinely require adjustment.

Management's judgments having the most significant effect on amounts recognized in the financial statements and key sources of estimation uncertainties are discussed in note 4 to the annual consolidated financial statements and in other relevant notes to the consolidated financial statements for the relevant periods. This include, but is not limited to, note 20 to the consolidated financial statements for 2011 and note 5 to the second quarter 2012 financial statements relating to provisions for restructuring, onerous contracts, asset retirement obligations, warranties etc and note 7 to the annual consolidated financial statements relating to impairments of fixed assets. The Company has over the latest quarters recognized provisions related to the close downs of the operations in Norway. In the second quarter 2012, REC recognized further significant impairments, primarily related to the fixed assets of REC Singapore, see the second quarter 2012 report. If the expectation of the future market or operational developments are worse than expected in the second quarter 2012 impairment tests, further impairments may also be recognized in later periods.

9.3 Geographic distribution of revenues based on customer location

The following table shows the revenue of the Group broken down by geographic area according to customer location:

(NOK IN MILLION)	For the year ended December 31,		
	(audited) 2011	(audited) 2010	(audited) 2009
Germany	1 970	2 922	2 489
Italy	1 648	1 352	284
Spain	506	585	173
Other Europe	1 864	1 934	924
USA	681	822	453
China	2 318	1 640	469
Hong Kong	694	650	286
Japan	1 773	1 651	2 255
Korea	236	550	518
Taiwan	1 230	1 267	620
Other Asia	155	197	345
Other countries	291	206	17
Total external revenues*	13 366	13 776	8 831

*Compared to the published 2009 Annual Financial Statements, the 2009 figures in this table have been re-presented for discontinued operation and are therefore reduced by NOK 325 million.

For a breakdown of the Group's revenues for the first half year 2012 and 2011 and for the years 2011, 2010 and 2009 by area of activity, see section 9.1.1 above, which provides a breakdown of revenue by operating segment for those years. These are discussed in section 9.4 below.

9.4 Results of Operations

9.4.1 Key figures

(NOK IN MILLION)	For the three months ended June 30		For the six months ended June 30		For the year ended December 31,		
	(unaudited) 2012	unaudited 2011	(unaudited) 2012	(unaudited) 2011	(audited) 2011	(audited) 2010	(audited) 2009
Revenues	1 987	2 375	3 947	4 857	13 366	13 776	8 831
EBITDA	267	820	578	1 756	2 867	3 532	1 803
Total depreciation, amortization and impairment	-3 989	-2 631	-4 375	-3 116	-12 375	-2 514	-2 632
EBIT	-3 722	-1 811	-3 797	-1 361	-9 508	1 018	-829
Net financial items	-146	12	-411	-591	205	801	-472
Profit/loss before tax from continuing operations	-3 868	-1 799	-4 208	-1 951	-9 303	1 818	-1 301
Income tax expense/benefit from continuing operations	157	5	207	-60	-726	-930	100
Profit/loss from continuing operations	-3 712	-1 794	-4 001	-2 012	-10 030	889	-1 200
Profit/loss from discontinued operations, net of tax*	-344	-4 886	-264	-4 776	0	101	-1 146
Profit/loss from total operations	-4 056	-6 681	-4 265	-6 788	-10 030	989	-2 347

*Discontinued operations for the years ended December 31, 2011, 2010 and 2009 relates to Sovello. Discontinued operations for the three and six months ended June 30, 2012 and 2011 relates to REC Wafer. The consolidated financial statements for the years ended December 31, 2009, 2010 and 2011 have not been re-presented in this prospectus for REC Wafer as discontinued operations.

9.4.2 Operating and financial review

- As of the three months ended June 30, 2012

Attractive return on investment for the end-users in key markets as well as growing demand from a number of emerging markets led to high installation volumes in the second quarter of 2012. Policy makers in Germany made downward revisions to the feed-in-tariff starting from April 1, 2012. The tariff cut, and certain transition rules, led to high installation volumes in Germany in the second quarter. The high demand is driven by end-users benefitting from the current feed-in tariffs before its being reduced. Despite the high installation volumes, industry wide overcapacity continued to put pressure on market prices throughout the quarter. The low pricing has put severe margin pressure on most solar component suppliers and production capacity continues to be reduced or closed down entirely.

Due to further weakening of the wafer market and with prospects of continued negative operating results, on April 24, 2012 REC decided to permanently shut down the 650 MW multicrystalline wafer plant at Herøya. During the second quarter 2012, the remaining wafer production in REC Wafer Norway was permanently closed. For the second quarter figures referred to below, external income and expenses for REC Wafer are re-presented as discontinued operations.

Revenues from continuing operations amounted to NOK 1,987 million in the second quarter 2012, in line with the previous quarter. Revenues compared to the previous quarter mainly reflect increased polysilicon and module sales volumes offset by continued decline in selling prices. Average selling prices in USD for Siemens and granular polysilicon were down eight percent from the previous quarter. The average selling prices in EUR for modules were down eight percent from the previous quarter. EBITDA from continuing operations was NOK 267 million in the second quarter, compared to NOK 311 million in the previous quarter. EBITDA excluding special items from continuing operations was NOK 230 million in the second quarter, compared to NOK 128 million in the previous quarter. REC Silicon and REC Solar continued its operational improvements and reduced production costs per units of production. Overall sales volume of Siemens and granular polysilicon amounted to 5,889 MT, up 15 percent from the previous quarter. Silane gas sales were 454 MT in the second quarter, up 44 percent from the previous quarter. Module sales reached 216 MW, up 13 percent from the previous quarter.

In the second quarter 2012, REC recognized impairments for continuing operations of NOK 3.6 billion, primarily related to REC Singapore due to reduction to current and estimated future sales prices. Depreciation and amortization in the second quarter was in line with the first quarter. Fair value adjustment of the EUR convertible bond on NOK -273 million, partially offset by currency gains contributed to net financial items in the second quarter 2012 of NOK -146 million. REC has estimated an income tax benefit of NOK 157 million for the second quarter 2012, primarily due to calculation of deferred tax on the fair value adjustment of the convertible bond and approximately 37 percent income tax on the loss in REC Silicon. Loss for discontinued operations for the second quarter 2012 of NOK 344 million relates to external profit and loss items of REC Wafer, affected by costs related to the close downs, partially offset by contract termination benefits and reversal of impairments. The loss for total operations was NOK 4,056 million. Capital expenditure (net additions of property, plant and equipments and intangibles) amounted to NOK 58 million in the second quarter 2012. Net debt decreased from NOK 4.2 billion at March 31, 2012 to NOK 4.1 billion at June 30, 2012. Net debt was NOK 6.8 billion at June 30, 2011, Equity was reduced to NOK 7.7 billion at June 30, 2012, compared to NOK 11.6 billion at March 31, 2012 and NOK 14.7 billion at June 30, 2011. The reduction reflects primarily the loss for the periods. At June 30, 2012 total assets were NOK 19.0 billion, compared to NOK 28.0 billion at June 30, 2011. Total non-current assets were NOK 13.3 billion, down from NOK 20.6 billion at June 30, 2011. The decrease is primarily due to the impairments of fixed assets subsequent to June 30, 2011. Current assets were NOK 5.8 billion, down from NOK 7.4 billion at June 30, 2011. The decrease is primarily due to reduction in inventories and receivables, partially as an effect of the discontinuance of REC Wafer, high inventory levels last year and reduction to inventories in the current year. Total non-current liabilities was reduced to NOK 7.8 billion, from NOK 10.2 billion at June 30, 2011, primarily due to reduction to interest bearing debt, including the effect of reclassification of bank debt to current liabilities due to the maturity within 12 months. Total current liabilities increased slightly to NOK 3.4 billion from NOK 3.1 billion at June 30, 2011.

- The six months ended June 30, 2012

Attractive return on investment for the end-users in key markets as well as growing demand from a number of emerging markets led to high installation volumes in the first half year 2012. Policy makers in Germany have made downward revisions to the feed-in-tariff starting from April 1, 2012. The tariff cut, and certain transition rules, led to high installation volumes in Germany also in the second quarter. The high demand is driven by end-users benefitting from the current feed-in tariffs before its being reduced. Despite the high installation volumes, industry wide overcapacity continued to put pressure on market prices throughout the quarter.

The low pricing has put severe margin pressure on most solar component suppliers and production capacity continues to be reduced or closed down entirely. Due to further weakening of the wafer market and with prospects of continued negative operating results, on March 20, 2012, REC decided permanent shutdown of the monocrystalline wafer facility in Glomfjord Norway. For the same reasons, on April 24, 2012, REC decided to permanently shut down the 650 MW multicrystalline wafer plant at Herøya. During the second quarter 2012, the remaining wafer production in REC Wafer Norway was permanently closed. For the first half year 2012 and 2011, external income and expenses for REC Wafer are re-presented as discontinued operations.

REC Silicon and REC Solar continued its operational improvements and reduced cash costs per units of production. Production of Siemens and granular polysilicon increased to more than 11.000 MT for the first half year 2012. Module production in Singapore (excluding contract manufacturing) increased somewhat to about 335 MW for the first half year 2012. During the first half year 2012, all Wafer production in Norway was closed and the production was only 143 MW.

In the first half year 2012, revenues from continuing operations amounted to NOK 3,947 million, a decrease of 19 percent from the first half year 2011. The decline is explained by significantly reduced average selling prices partly offset by increased sales volumes. For the same reasons, in the first half year 2012, EBITDA for continuing operations amounted to NOK 578 million compared to NOK 1,756 million in the first half year 2011. In the first half year 2012, REC recognized impairments for continuing operations of NOK 3.6 billion, primarily related to REC Singapore due to reduction to current and estimated future sales prices. Fair value adjustment of the EUR convertible bond on NOK -564 million, contributed to net financial items in the first half year 2012 of NOK -411 million. REC has estimated an income tax benefit of NOK 207 million for the first half year 2012, primarily due to calculation of deferred tax on the fair value

adjustment of the convertible bond and approximately 37 percent income tax on the loss in REC Silicon. Loss for discontinued operations for the first half year 2012 of NOK 264 million relates to external profit and loss items of REC Wafer, and the loss for total operations was NOK 4,265. Capital expenditure (net additions of property, plant and equipments and intangibles) amounted to NOK 0.1 billion in the first half year 2012. Net debt decreased from NOK 4.7 billion at December 31, 2011 to NOK 4.1 billion at June 30, 2012. Equity decreased by NOK 4.5 billion to NOK 7.7 billion during the first half year 2012, reflecting primarily the loss for the period.

- The year ended December 31, 2011

Regulatory changes and macroeconomic uncertainty led to reduced global demand in the second and third quarter of 2011, and overcapacity in this period led to steep market price declines. In the fourth quarter demand improved, and according to solar industry analysts, overall demand for 2011 was in the range of 25 to 27 GW. This represented a growth of approximately 40 percent from 2010 to 2011. REC has over the last few years been through a phase of construction and ramp up of significant new production capacity, mainly in the US and in Singapore. REC has in 2011 focused on cost reductions, further optimization of assets, and improved product quality across the value chain. REC Silicon has in 2011 significantly increased production of granular solar grade polysilicon based on the low cost FBR process. Due to the challenging market conditions, REC Wafer has permanently closed about half of the production capacity in Norway. REC Solar has significantly improved cell efficiency and cost position in Singapore and built market presence in new markets. The REC module is recognized as a top performer in the field, and this is verified through independent tests. Production of Siemens and granular polysilicon increased 39 percent in 2011 to about 19,000 MT. Wafer production in Norway decreased by 11 percent to about 1,100 MW as production was reduced in the second half year 2011. Module production increased 39 percent to about 700 MW in 2011, as the Singapore facility continued to increase throughput.

REC's average selling prices for modules declined 25 percent in 2011 compared to the average price in 2010, wafer selling prices declined 27 percent, and the polysilicon selling prices were down 12 percent. In the first half of 2011 REC Wafer continued to deliver wafers under long-term contracts, but most sales contracts were terminated against cash compensation in the second half of the year and in January 2012. REC Silicon significantly increased sales to third party customers through the year as wafer production capacity in Norway were shut down. REC's revenues decreased three percent to NOK 13,366 million in 2011. The revenues were affected by reduced selling prices partly offset by increased sales volumes in REC Silicon and REC Solar. 2011 EBITDA decreased to NOK 2,867 million from NOK 3,532 million in 2010. Sharp price declines for all products was partly offset by increased sales of polysilicon and modules and cost reductions across all business units. In addition, inventory write downs and cost related to temporary and permanent shutdown of production capacity in Norway weakened REC's results. 2011 EBIT decreased to negative NOK 9,508 million from positive NOK 1,018 million in 2010. REC recognized NOK 10,097 million of impairment charges on property, plant, equipment and intangible assets in 2011, primarily in Norway and Singapore, compared to NOK 38 million in 2010. Depreciation and amortization decreased to NOK 2,278 million from 2,476 million in 2010. Financial items decreased to NOK 205 million in 2011 from NOK 801 million in 2010. Interest expenses were significantly reduced and reduction of the fair value of the convertible bond contributed positively to the result offset by reduced financial gains due to currency fluctuations. REC has estimated an income tax expense of NOK 726 million for the year 2011. The tax expense was incurred despite a loss before taxes from continuing operations primarily due to impairment charges without tax effect and non-recognition of deferred tax assets. REC reports a pre-tax loss from continuing and total operations of NOK 9,303 million and a loss after tax from continuing and total operations of NOK 10,030 million for 2011. Capital expenditure amounted to NOK 0.7 billion in 2011. Net debt decreased from NOK 7.9 billion in 2010 to NOK 4.7 billion by the end of 2011. Equity decreased by NOK 10 billion to NOK 12.2 billion during the year, reflecting primarily the loss for the year. At December 31, 2011 total assets were NOK 24.5 billion, compared to NOK 36.9 billion at December 31, 2010. Total non-current assets were NOK 17.5 billion, down from NOK 29.6 billion at December 31, 2010. The decrease is primarily due to the impairments of fixed assets during the year. Current assets were NOK 6.9 billion, slightly down from NOK 7.2 billion at December 31, 2010. Total non-current liabilities was reduced to NOK 9.5 billion, from NOK 11.4 billion at December 31, 2010, primarily due to reduction to interest bearing debt. Total current liabilities was NOK 2.8 billion, down from NOK 3.3 billion at December 31, 2010, primarily due to reduction to trade payables and other liabilities.

- The year ended December 31, 2010

After experiencing start up challenges in 2009, REC successfully ramped up the new silane gas and polysilicon plants during 2010. The plants, referred to as Silicon III and Silicon IV, are adding more than 10,000 MT of polysilicon capacity, and are based on REC's proprietary, low cost fluidized bed reactor (FBR) technology. In 2010, REC also successfully ramped-up capacity at the new integrated wafers, solar cells and modules production facility in Singapore. After a strong operational performance in ramp-up, REC is working to further improve the cost position in Singapore. Following the capacity expansion program, a large share of REC's asset base was in ramp-up during 2010. Low capacity utilization in the first half of the year negatively impacted financial performance. Towards the end of the year, higher capacity utilization, improved operations, and strong market demand strengthened REC's operating results substantially. Overall, production of polysilicon increased 75 percent to 13,673 MT from 2009 to 2010, wafer production in Norway increased by 48 percent to 1,210 MW and module production more than fourfold to 491 MW in the same period.

After a weak market in 2009, the photovoltaic (PV) industry and REC saw strong demand growth across all product areas in 2010. REC's average selling prices for modules declined 17 percent comparing the full year 2009 to the full year 2010. Average selling prices for wafers declined 30 percent, and for polysilicon average selling prices were down

13 percent. In 2010 REC Wafer continued to deliver wafers under its long-term contracts at market prices. REC Silicon sells most of the production volumes under long term contracts. In 2010 average selling prices for polysilicon were negatively affected by price discounts given on the lower grade polysilicon material produced during ramp-up of the new FBR facility. REC's revenue increased by 56 percent to NOK 13,776 million in 2010, whereas revenue increased by 63 percent on a constant currency basis. The revenue increase is primarily explained by increased sales volumes that more than offset the reduced selling prices. EBITDA increased by 96 percent to NOK 3,532 million in 2010, whereas EBIT increased to NOK 1,018 million from a negative NOK 829 million in 2009. The improved results reflect strong volume growth and reduced unit costs. In addition REC received a cancelation fee related to a wafer sales contract of NOK 304 million in the fourth quarter 2010. It should also be noted that the 2009 results were negatively impacted by ramp-up costs, write downs and expenses related to junction box repair. 2010 EBIT was affected by impairment charges on property, plant, equipment and intangible assets of NOK 38 million compared to 1,359 million in 2009. Depreciation and amortization increased from 1,273 million in 2009 to NOK 2,476 million in 2010.

Net financial items were positive in 2010 and negative in 2009. Net currency gains, gains on currency derivatives and positive fair value adjustments of the convertible bond more than offset higher financial expenses. Effective income tax rate for 2010 is estimated to approximately 51 percent of profit before tax from continuing operations. The high effective tax rate is affected by non-deductible losses, recognition of deferred tax liabilities due to the Singapore operations and recognition of 36 percent tax on profits in REC Silicon. REC thus reports a pre-tax profit from continuing operations of NOK 1,818 million and a profit after tax from continuing operations of NOK 889 million for 2010. Profit after tax of NOK 101 million from discontinued operations relates to the sale of Sovello. Capital expenditure amounted to NOK 4.3 billion in 2010. Net debt decreased from NOK 10.3 billion at year-end 2009 to NOK 7.9 billion at the end of 2010. Equity increased by NOK 5.2 billion to NOK 22.2 billion during the year, reflecting a capital increase during the spring, the profit for the year and currency translation differences. At December 31, 2010 total assets were NOK 36.9 billion, compared to NOK 34.1 billion at December 31, 2009. Total non-current assets were NOK 29.6 billion, up from NOK 27.3 billion at December 31, 2009. The increase is primarily due to the additions of fixed assets during the year. Current assets increased to NOK 7.2 billion from NOK 6.8 billion at December 31, 2009, primarily as an effect of the ramp-up of new production capacity. Total non-current liabilities were reduced to NOK 11.4 billion, from NOK 13.1 billion at December 31, 2009, primarily due to reduction to interest bearing debt. Total current liabilities had an overall reduction to a total of NOK 3.3 billion, compared to NOK 4.2 billion at December 31, 2009,

- The year ended December 31, 2009

The Group (REC) achieved revenue growth of 12 percent to NOK 9,156 million in 2009. Increased production in all business segments offset considerable declines in average selling prices, brought about by modest demand growth and oversupply after years of strong growth in the PV solar market. REC's average selling prices for modules declined 36 percent from 2008 to 2009. The market prices for wafers fell significantly below the prices agreed upon in the company's long-term wafer contracts. In order to maintain long-term customer relationships, REC during the year agreed to contract adjustments that had significant negative effect on the financial results towards the end of the year. New production units were brought on line in REC Silicon and REC Wafer, and production of solar and electronic grade polysilicon increased 13 percent and wafer production 40 percent from 2008. New cell and module capacity was brought on line through 2008, resulting in an increase in module production of 44 percent in 2009.

The increase in production was dampened by the delayed commercial start-up of the new plant for production of granular polysilicon (Silicon III), and a slower than expected ramp-up of new production lines for wafer. On average, approximately 75 percent of REC's total asset base was under construction or in ramp-up in 2009. Production was further negatively affected by the low market demand that made the company temporarily shut down the main part of its wafer, cell and module production for several months. As a result of lower than expected production and significant price decline, revenue fell below the levels indicated by the order backlog at the beginning of the year. EBITDA was further negatively impacted by write-downs and realized losses on inventory, and significant expenses related to junction box repair, and declined by 47 percent to NOK 1,741 million in 2009. EBIT for 2009 was negatively affected by impairment charges on property, plant, equipment and intangible assets of NOK 2,214 million. Combined with increased depreciation and amortization, this resulted in a negative EBIT of NOK 1,824 million in 2009.

Net financial items also turned negative in 2009, primarily as a result of higher interest and other financial expenses, and fair value adjustments of the convertible bond. This was partially offset by capitalized borrowing costs on assets under construction. The strengthening of NOK during the year gave rise to large currency gains, and losses on borrowings, receivables, and derivatives, which to a large extent offset each other. As a result, REC reported a pre-tax loss of NOK 2,482 million and a loss after tax of NOK 2,347 million in 2009.

REC is carrying out an extensive capacity expansion and cost improvement programs with the purpose to build a competitive long-term position across the value chain in the PV solar industry. With the new production facilities REC is targeting to; (i) strengthen the company's cost position in polysilicon, (ii) reestablish cost competitiveness in the Norwegian wafer operations, and (iii) create a cost competitive fully integrated production facility for wafer, cell and module in Singapore. However, REC will have approximately 50 percent of its asset base in ramp-up in 2010, and do not expect to realize the full cost potential before the new facilities are fully ramped-up by mid 2011.

For a more detailed description of changes in the Group's financial condition and results of operations for the six months ended June 30, 2012 and 2011 and the years ended December 31, 2011, 2010 and 2009, please see the quarterly reports for second quarter 2012 and 2011 and the annual reports for the years 2011, 2010 and 2009, all incorporated hereto by reference.

9.4.3 Market outlook, and production and cost targets

As described above, the steep price decline on solar modules and other components has led to attractive end-user returns on investments in PV systems in a number of markets and high installation volumes in the first half of 2012. The recent price declines continued to improve the competitiveness of solar energy versus conventional sources of energy, and the levelized cost of electricity from PV is now below the retail electricity price in several regions around the world. The cost of stimulating the use of PV for electricity generation is hence reduced significantly, and increased interest for PV as a clean source of energy from policymakers can be observed. Going forward it is expected that a number of markets, in particular in Asia and the US, will continue to grow and hence demand will diversify away from the key markets in Europe.

The feed-in-tariff in Germany was recently adjusted downward, and revisions of the support scheme for solar is also expected in Italy. So far in 2012, demand has been strong in these markets, but demand in Germany in particular is expected to decrease as the revised support scheme comes into full effect from the second half of 2012. Hence, overall demand outlook is highly uncertain, but industry analysts are forecasting global solar installations above 30 GW in 2012, up from 27 GW in 2011.

Analysts continue to forecast industry wide overcapacity, from polysilicon to module throughout 2012. Current market price levels are putting pressure on high cost capacity and capacities are being reduced across the solar value chain. Despite these adjustments the prices have continued to decline across the value chain in the first half year and this is expected to continue throughout 2012.

The development in the selling prices for REC's solar grade polysilicon and modules are generally expected to follow the market price fluctuations.

REC Silicon targets production of 21,500 MT based on increased production of FBR. FBR runs at an annualized capacity of about 15,000 MT or 70 percent of REC Silicon total polysilicon production. During the third quarter REC Silicon will take a planned annual outage of Silicon III/IV silane gas plants and the FBR plant to perform routine maintenance and complete initiatives to improve power reliability of the plant and further enhance FBR quality yields. As a result of this outage, the third quarter polysilicon production volume will be reduced and consequently the FBR cash cost per kg will increase compared to the second quarter.

The silane gas end markets, primarily displays and semiconductors, have seen some improvements in demand in the second quarter, but overall the silane market remains weak due to increased competitive pressures on market prices. The third quarter production target for REC Solar is based on full capacity utilization at the Singapore production facility. All production targets are subject to changes in market conditions and operational performance. REC Silicon continued to drive down the granular polysilicon cash cost per kg in the second quarter. By the fourth quarter 2012, REC Silicon targets a granular polysilicon cash production cost of USD 11.5 per kg, excluding SG&A and R&D. The FBR cash cost per kg in the third quarter is expected to increase due to the planned outage.

The cash cost of producing modules in Singapore was 71 Eurocents/watt, including SG&A and R&D in the second quarter down nine percent from the previous quarter. REC Solar has accelerated a number of cost improvement initiatives and is targeting cost of modules (excluding depreciation) of 57 Eurocents/watt by the fourth quarter 2012. The cost target is ambitious with execution risks.

See the second quarter report for 2012, incorporated herein by reference, for separate tables providing a breakdown of the fourth quarter 2011, first and second quarter 2012 actual and the fourth quarter 2012 target production costs for FBR polysilicon and solar modules produced in Singapore.

9.5 Capital Resources

9.5.1 Financing arrangements

Pre transaction in the short term REC has bank debt maturing in 2013 and bond debt maturing in 2014. In addition to the senior bonds maturing in 2016 and 2018 Therefore the Refinancing and the Private Placement are undertaken to secure strengthening of the Company's balance sheet and addressing the refinancing need in 2013.

Financing arrangements pre transaction

REC has established the following external sources of financing:

A five-year fixed rate NOK 1,250 million senior bond loan (the "**Senior NOK bond 2009/2014**") issued in the second half of 2009 in the Norwegian bond market. NOK 600 million of the Senior NOK bond 2009/2014 was repurchased by the Company in April 2011 as further described below.

A EUR 320 million convertible subordinated unsecured bond (the "**Convertible EUR bond 2009/2014**") issued in October 2009 with an annual coupon of 6.50 percent, payable quarterly in arrears on the specified payment dates.

A credit facility and loan agreement (the “**Existing Bank Facility**”) established with a bank syndicate on May 25, 2010, originally for up to NOK 10 billion, but now reduced to NOK 4 billion following an amendment signed on March 20, 2012 to improve the covenant path and exclude costs from EBITDA in the covenant calculation related to the close down of production capacity in Norway (limited to NOK 1.6 billion for a period including the fourth quarter 2011 to, and including, the second quarter 2013). The entire amount of NOK 4 billion is available until the maturity of the facility in May 2013. REC has further agreed on certain restrictions, including a maximum annual capital expenditure aligned with REC’s current business plans. The amendment required REC to pay certain amendment fees. See notes 3 and 17 in the 2011 Annual Report for further information on the Existing Bank Facility. The Existing Bank Facility will be replaced by the New Bank Facility as described in section 5.2 “The New Bank Facility” of the Prospectus. REC issued two senior unsecured bond loans in the Norwegian market in April 2011, of NOK 500 million (the “**Senior NOK bond 2011/2016**”) and NOK 700 million (the “**Senior NOK bond 2011/2018**”) with five and seven year tenors, respectively as part of the bond offering, REC bought back NOK 600 million of the Senior NOK bond 2009/2014 for a total of NOK 660 million.

At December 31, 2011 the Existing Bank Facility contains financial covenants and other restrictions. The financial covenants are reported on a quarterly basis to the banks and published annually in the annual report. The covenants are measured at the end of each quarter. From the 12 month period which ended on September 30, 2011 the leverage ratio (net debt/EBITDA) was not to exceed 3.50. For subsequent quarters the 12 month maximum leverage ratio requirement decreases steadily to 2.50 for the period ending December 31, 2012 and for each relevant period thereafter. The equity ratio shall never be lower than 30.00 percent. The interest cover ratio in respect of any 12 month period shall be equal to or exceed specified ratios. The measurement started for the period ending September 30, 2011 with the ratio 2.25 and increases steadily to 3.25 for the period ending March 31, 2013 and for each relevant period thereafter. The credit facility contain, among other things negative pledge clauses, restrictions in providing any security interest on any of the Group’s assets, acquiring or disposing of assets or businesses, providing of financial support and incurring financial indebtedness. In the event of change of control of REC’s shares, the loans shall be repaid in full. There are no restrictions on annual capital expenditure.

Financing arrangements post transaction

Post transaction the long term funding of REC will consist of the Senior NOK bond 2009/2014, Convertible EUR bond 2009/2014, Senior NOK bond 2011/2016, Senior NOK bond 2011/2018 and the New Bank Facility with DNB Bank ASA and Nordea Bank Norge ASA which will replace the Existing Bank Facility when the transaction including the Private Placement is completed. The long term funding sources of the Group are issued at the parent company level. However the Company and the following direct or indirect 100 percent owned subsidiaries of the Company are jointly and severally liable for the NOK bond 2009/2014, Senior NOK bond 2011/2016, Senior NOK bond 2011/2018 and the New Bank Facility: REC Wafer Pte. Ltd., REC Modules Pte. Ltd., REC Cells Pte. Ltd., REC Solar AS, REC Silicon AS, REC Silicon Inc., REC Advanced Silicon Materials LLC, REC Solar Grade Silicon LLC. The following entities have limited their liability to the value of their net assets: REC Wafer Pte. Ltd., REC Modules Pte. Ltd. and REC Cells Pte. Ltd.

REC has signed the loan agreement for the New Bank Facility with DNB Bank ASA and Nordea Bank Norge ASA. The New Bank Facility is a multicurrency revolving facility in a total amount of NOK 2 billion. The New Bank Facility will have a limit defined in NOK, even if the utilizations are drawn and serviced by other currencies. The NOK exchange rate affects the amounts available under the multicurrency credit facility. The New Bank Facility is being made available for the purpose of refinancing the Existing Bank facility as well as for general investments and corporate purposes. The proceeds being made available under the New Bank Facility, together with the proceeds from the Private Placement will enable prepayment of the Existing Bank Facility from 2010.

The New Bank Facility will contain certain financial covenants, and a breach of the financial covenants may give the lenders the right to accelerate the New Bank Facility. The financial covenants include requirements to nominal EBITDA, minimum equity ratio, leverage ratio (net interest bearing debt to EBITDA), interest cover ratio (EBITDA to net interest paid), liquidity reserve and capital expenditure. The New Bank Facility shall be paid in full at the maturity in April 2014. For the covenant levels in the New Bank Facility see section 5.2 “The New Bank Facility”. Upon completion of the Refinancing and Private Placement the Existing Bank Facility will mature and obligations under it will become due, however also upon completion of the Refinancing and Private Placement the New Bank Facility will be available.

The Senior NOK bond 2009/2014 with an outstanding amount of NOK 650 million, Convertible EUR bond 2009/2014 with an outstanding amount of EUR 320 million, Senior NOK bond 2011/2016 with an outstanding amount of NOK 500 million, Senior NOK bond 2011/2018 with an outstanding amount of NOK 700 million do not contain financial covenants, there are cross default provisions between all these loan agreements above threshold amounts. (Threshold amount is a minimum amount for such an event to be relevant, i.e. amount of NOK 100 million means an event of default less than that will not affect the loan and consequently no cross default between the other agreements.) The Senior NOK bond 2009/2014 has a threshold amount of NOK 100 million, the Convertible EUR bond 2009/2014, bond an amount of NOK 125 million, both the Senior NOK bond 2011/2016 and Senior NOK bond 2011/2018 NOK 300 million and the New Bank Facility and Existing Bank Facility NOK 100 million. In addition, the Existing Bank Facility has a drawn amount of NOK 1,300 million.

In the bond holder meeting on June 22, 2012 the bondholders permitted REC Wafer Norway AS to resign as guarantor under REC’s Senior NOK bond 2009/2014, Senior NOK bond 2011/2016 and Senior NOK bond 2011/2018, provided that REC Wafer Norway AS is no longer a guarantor under the Existing Bank Facility. In addition, in a bondholder meeting on July 16, 2012, the loan agreement for the Convertible EUR bond 2009/2014 was amended so that REC Wafer Norway is no longer a member of the group. The waivers given in the bondholder meetings on June 22 and July

16, 2012 are permanent amendments to the loan agreements. In the New Bank Facility REC, Wafer Norway AS will not be a guarantor.

Furthermore, REC has entered into a compensation agreement with DNB Bank ASA and an indemnification agreement with Nordea Bank Norge ASA for the potential losses that may arise from the shutdown and dissolution of REC Wafer Norway AS. The indemnification agreement with DNB Bank ASA covers an amount up to NOK 45,731,250, and to finance the compensation amount a facility of NOK 45,731,250 has been agreed between REC ASA and DNB Bank ASA. This facility will have the same financial covenants as the New Bank Facility as set out in 5.2. The facility has a maturity date of April 25, 2014.

The indemnification agreement with Nordea Bank ASA covers an amount up to NOK 200,000,000, with a possible additional compensation of up to NOK 70,000,000 payable in December 2016. As part of the indemnification agreement, Nordea Bank ASA has provided a loan facility agreement with an amount of NOK 200,000,000 with maturity of May 31, 2017, the loan facility agreement will have the same financial covenants as the New Bank Facility as set out in 5.2.

Short term debt

Short term debt comprises provisions, trade and other payables, accrued finance cost, accrued operating and VAT. The short term debt should primarily be covered by cash and receivables from customers. In addition short term debt includes the current portion of the financial indebtedness and financial debt maturing in less than one year.

9.5.2 Finance policy

According to REC's finance policy, the Group shall at all times maintain financial ratios within the limits defined in the loan agreements of REC and its subsidiaries, and take the necessary measures that are available to avoid financial distress. Taking into account the market volatility and the risk related to future cash flow, the Group is according to its finance policy targeting an average maturity on the debt portfolio above 3 years. At June 30, 2012 the average maturity is approximately 2.6 (approximately 2.7 at December 31, 2011, and including finance lease liabilities) and REC will evaluate opportunities to increase debt maturity.

9.5.3 Currency risk

The Group operates internationally and is exposed to currency risk. The Group is primarily exposed to fluctuations in US Dollar (USD), Euro (EUR), Singapore Dollar (SGD) and Norwegian Krone (NOK), arising from commercial transactions in currencies other than the entities' functional currencies, recognized assets and liabilities, and net investments in foreign operations.

REC's primary focus is hedging the currency risk of external net cash flow of the Group in currencies other than NOK. NOK is the functional currency of the parent company REC and the reporting currency for the Group. Net cash flow is defined as the consolidated external cash flows from operations, finance costs and capital expenditure. The Group's policy is to hedge between 50 and 100 percent of forecasted consolidated external net cash flow on a 24 month rolling basis. The purpose is to reduce the currency risk of the expected future net cash flows for the Group measured in NOK.

To manage currency risk arising from commercial transactions, the entities in the Group use various forward contracts or options. In addition REC swaps parts of the currency exposure of interest bearing debt from NOK to EUR and USD since future cash flows are estimated to arise from these currencies. REC manages the currency risk on an overall Group level and establishes external foreign exchange rate contracts with banks.

See note 30 in the 2011 Annual Report for currency sensitivities of derivatives and other financial assets and liabilities. Entering into currency derivative contracts increase currency risk from financial instruments related to the financial statements even if the purpose is to reduce the currency risk of estimated future cash flows in relation to NOK. This is because by entering into currency derivative contracts REC establishes financial instruments and consequently exposes itself for changes in the fair value or cash flows of the financial instruments. In addition, recognized financial assets and liabilities (especially internal receivables and payables and external interest bearing liabilities) in currencies other than the separate entities functional currencies are affected by changes in currency rates.

In 2010 and 2011, REC has not used hedge accounting according to IAS 39 Financial Instruments Recognition and Measurement for currency hedges.

Currency developments will also affect translation of the statement of income and financial position of foreign entities, as well as other financial items in foreign currencies such as cash equivalents, receivables, debt and derivatives.

9.5.4 Liquidity risk

According to the finance policy, REC shall ensure as far as possible given the market situation that sufficient liquidity is available for periods with volatility in operating cash flows, and maintain flexibility for possible new investments by keeping one or more long-term committed revolving credit facilities and/or cash on deposit.

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and having availability to funding due to the dynamic nature of the underlying businesses. In addition there has in the past been no apparent seasonality related to borrowing requirements.

The liquidity risk has increased in the second half of 2011 and first half of 2012, due to the difficult financial market and the future market uncertainty and risk related to the Group's products.

9.5.5 Interest rate risk

Changes in market interest rates affect the fair value of assets and liabilities or the variability in cash payments. The Group is exposed to interest rate risk through funding and cash management activities, primarily in REC. Cash in bank accounts and bank borrowings have historically primarily carried variable interest rates, while bonds to a large extent are fixed rate. REC has borrowings through drawdown on credit facilities, bonds, convertible bond and finance leases.

Borrowings through REC are primarily exposed to changes in USD, EUR and NOK interest rates. REC has entered into interest rate derivatives, both to swap variable interest to fixed and to swap fixed rate exposure to variable interest rates (see note 11) in the 2011 annual report.

Interest hedging instruments have been used to control the debt's exposure towards interest rate fluctuations within the framework defined in the finance policy. The debt's price sensitivity towards fluctuations or volatility in interest rates is measured by modified duration. Market interest rate volatility affects the pricing of the net debt and is also impacting the Group's net interest costs. Interest rate fluctuations affect the pricing of the debt instruments less when the modified duration is low.

Interest income and interest expense in the statement of income, as well as interest receipts and payments, are influenced by interest rate changes for financial instruments that carry variable interest rates. Fair values of fixed rate instruments and interest derivatives are affected by interest rate changes. See note 30 for interest rate sensitivity.

For further details regarding the financing of REC and financial risk management see notes 3.3, 17 and 33 in the 2011 Annual Report.

9.5.6 Cash flow

Cash flows second quarter 2012

Net cash flow from operating activities for total operations was NOK 615 million in the second quarter compared to NOK 483 million for the same period in 2011. EBITDA for total operations in the second quarter 2012 was NOK -348 million whilst net cash flow from operating activities for total operations was NOK 615 million. Of this difference of NOK 963 million, NOK 427 million relates to changes in provisions. EBITDA was negatively affected by provisions for onerous contracts and restructuring, of which a large part will be paid in later periods. The other main effect relates to reduction in working capital. The reduction in working capital is among other things affected by the build down of the wafer operations, write-downs of inventories and prepayments and sales of inventories. Realization of gains on currency derivatives more than offset interest payments in the quarter. Net cash flow from operating activities in the second quarter 2011 was negatively affected by increase in inventories. Capital expenditure has been limited both in 2012 and 2011, contributing to a net cash flow from investing activities of NOK -132 million in the second quarter 2012 compared to NOK -155 million in the second quarter 2011. Net cash flow from financing activities was NOK -447 million in the second quarter compared to NOK -454 million for the same period in 2011. The net cash outflow from financing activities in 2012 was primarily related to ordinary transactions under the bank facility, and reflects that REC generated net cash inflows from operating activities and had large amounts of cash in bank at March 30 and also at June 30, 2012. In the second quarter 2011, REC bought back and issued NOK bonds and had ordinary transactions under the bank facility.

Cash flows first six months 2012

Net cash flow from operating activities for total operations was NOK 1,343 million for the first half year 2012 compared to NOK 1,278 million for the same period in 2011. EBITDA for total operations in the first half year 2012 was NOK 107 million whilst net cash flow from operating activities for total operations was NOK 1,343 million. EBITDA was negatively affected by provisions for onerous contracts and restructuring, of which a large part will be paid in later periods. The other main effect relates to reduction in working capital. The reduction in working capital is among other things affected by the build down of the wafer operations, write-downs of inventories and prepayments and sales of inventories. This was somewhat offset by previously received prepayments from customers taken to income due to contract terminations. Realization of gains on currency derivatives more than offset interest payments in the period.

Capital expenditure has been limited, contributing to a net cash flow from investing activities of NOK -224 million for the first half year 2012. Net cash flow from investing activities was NOK -280 million for the first half year 2011. Information per segment for additions and payments for property, plant and equipment, and intangible assets in the first half year 2012 is found in note 2 to the second quarter 2012 report.

Net cash flow from financing activities was NOK -792 million for the first half year 2012 compared to NOK -1,514 million for the same period in 2011. The net cash outflow from financing activities in the first half year 2012 was primarily related to ordinary transactions under the bank facility, and reflects that REC generated net cash inflows from operating activities and had large amounts of cash in bank at year-end 2011, and also at June 30, 2012. In 2011, REC repaid the loans from Eksportfinans, bought back and issued NOK bonds. Proceeds from financing activities in the first half year 2011 included prepayments, interest calculations received of NOK 115 million.

Cash flows in 2011

Net cash flow from operating activities was NOK 3,098 million for 2011 compared to NOK 2,485 million for 2010. Net cash flow from operating activities in 2011 was higher than EBITDA. Compared to EBITDA, net cash flow from operating activities was positively affected by REC Silicon being repaid more than NOK 300 million income taxes. Recognition of provisions for restructuring and onerous contracts did not have the corresponding cash outflow in the period. Net interest paid was partially offset by cash inflows from derivatives. Change in other working capital and effects of prepayments from customers contributed in total somewhat negative. Net cash flow from investing activities was NOK -609 million for the year 2011 compared to NOK -4,329 million in 2010. In 2011, the Group has incurred limited payments for capex as the expansion programs to a large extent were finalized during 2010. Information per segment for additions and payments for property, plant and equipment, and intangible assets in the year 2011 is outlined in a separate table in the Board of Directors' report in the Annual Report for 2011. In March 2011 REC cancelled and repaid the NOK 1.3 billion loans from Eksportfinans and REC cancelled NOK 1.4 billion of the NOK 10 billion bank credit and guarantee facilities agreement. In April 2011, the Company issued new senior unsecured bonds in the Norwegian market; NOK 500 million and NOK 700 million with five and seven year tenors respectively. As part of the bond offering, REC bought back NOK 600 million of the existing NOK 1,250 million bond for a total of NOK 660 million. Net cash flow from financing activities was NOK -1,732 million for the year 2011 compared to NOK 1,018 million in 2010. Proceeds from financing activities include prepayments, interest calculations received of approximately NOK 115 million in 2011.

Cash flows in 2010 and 2009

Net cash flow from operating activities was NOK 2,485 million for 2010, compared to NOK 1,286 million for 2009. EBITDA in 2010 improved compared to 2009, which contributed to the increase. However, build-up of working capital and payment of previously recognized provisions contributed negatively on cash flow from operating activities in 2010. Reduced capitalization of borrowing costs contributed to more interest expenses as part of operating activities. Derivatives contributed more positively in 2009 than 2010. For 2010, REC was refunded some previously paid income taxes, whereas income taxes were paid in 2009. Net cash flow from investing activities was NOK -4,329 million for 2010, compared to NOK -10,823 million for 2009, primarily for property, plant and equipment and intangible assets. The large amounts for both years reflect the large expansion projects that were finalized during 2010. Net cash flow from financing activities was NOK 1,018 million for 2010, compared to NOK 10,769 million for the year 2009. The cash flow from financing activities for both years are affected by increase in equity through rights issues, with effect on financing activities of NOK 3.9 billion in 2010 and NOK 4.3 billion in 2009. In 2009 there were also large net proceeds from borrowings, including issuance of bonds and drawdown on debt facilities. See above regarding REC's financing arrangements.

Restrictions on the ability of subsidiaries to transfer funds

The cash generated is primarily allocated in the cash pools of Group and is therefore readily accessible for usage for REC ASA. Some minor cash has been allocated outside the cash pool due to local restrictions and setup. The cash outside the cash pools have thresholds levels and the surplus cash is transferred into the cash pool and thereby readily accessible to REC ASA.

Material unused sources of liquidity

At December 31, 2011 REC had an unused revolving credit facility of NOK 6.5 billion. REC had on March 20, 2012 signed an amendment to the bank loan agreement. The facility amount has been reduced from NOK 8.6 billion to NOK 4 billion.

The unused amount of the credit facility at June 30, 2012 was NOK 2.7 billion and the available cash in bank amounted to NOK 1.9 billion, in aggregate NOK 4.6 billion in available liquidity.

The refinancing and Private Placement will affect available liquidity; refer to section 5 of this Prospectus.

9.6 Working capital statement

In the Company's opinion, the Group has sufficient working capital for its present requirements. However, there are debt maturities in 2014, consisting of the Senior NOK bond 2009/2014 and the Convertible EUR bond 2009/2014 which will need to be addressed and refinanced in due time. There is a risk that REC will not be able to refinance these loans.

9.7 Significant Developments since June 30, 2012

Between June 30, 2012 and up to the date of the Prospectus, the Group has experienced the following significant developments:

The bondholders' meeting in REC's convertible bond issue held on July 3, 2012 did not approve the proposed changes to the bond loan agreement for the convertible bond loan in connection with the proposed refinancing of the Group. The convertible bond proposal was subsequently withdrawn, and REC revised the refinancing proposal. On July 4, 2012 REC announced a revised refinancing proposal that included an issue of new shares raising gross proceeds of NOK 1,300 million through a new successfully placed Private Placement, a Subsequent Offering of up to NOK 375 million and a proposed Refinancing of REC's Existing Bank Facility to a NOK 2,000 million New Bank Facility with maturity in April 2014. See note 6 of the second quarter report 2012 incorporated herein by reference for more information on new and revised covenants in the New Bank Facility. On July 16, 2012 a bondholders' meeting in REC ASA's convertible bond loan approved a change to the bond loan agreement where REC Wafer Norway AS is excluded from the definition of "Group" in the bond loan agreements going forward.

The Board of Directors of REC also resolved to withdraw the notice of the Extraordinary General Meeting planned for July 20, 2012 and to make a revised proposal to the Extraordinary General Meeting on July 27, 2012.

The proposal for issuance of new shares through the Private Placement, the Subsequent Offering, and hence also the Refinancing of the bank debt facility, was approved by the Extraordinary General Meeting on July 27, 2012.

Except for the significant developments described above, there have been no significant changes in the financial or trading position of the Group since June 30, 2012.

10. INDUSTRY OVERVIEW

The following discussion and the discussion appearing under section 11 of this Prospectus contain information sourced from third parties. The Company confirms that this information has been accurately reproduced and that, as far as the Company is aware and is able to ascertain from information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where information sourced from third parties has been presented, the source of such information has been identified.

The Group's activities are concentrated in the photovoltaic solar energy industry. The PV industry produces solar grade polysilicon, solar wafers, cells, modules and systems that convert energy from sunlight into electricity. Polysilicon is the primary raw material for the PV industry.

Historically, the world's energy consumption needs have been met through exploitation of non-renewable resources such as fossil fuels (e.g., oil, coal and natural gas) and nuclear power. According to EIA's International Energy Outlook 2011, these sources together accounted for 86.7% of the world's total energy consumption and 80.5% of the world electricity generation in 2009, while the remaining 13.2% and 19.5% (respectively) of those were met by renewable energy sources, including traditional biomass and large hydropower and "new" renewables, such as small hydropower, modern biomass, wind, solar, geothermal, and biofuels.

The key drivers of demand for renewable energy sources include the following:

- environmental pollution caused by the use of fossil fuels, which many believe to be responsible for long-term climatic change, and the resulting tightening of regulations aimed at reducing carbon dioxide emissions, such as carbon credits;
- government stimulus systems aimed at resolving the environmental and pollution problems, such as a feed in tariff ("FIT"), green certificates ("GC"), renewable energy portfolio standards, cash or an investment tax credit ("ITC"), that allows profitable investments in renewable energy generation;
- the rapidly increasing global demand for energy primarily due to the expanding global population and expected economic growth, especially in South and East Asia;
- the finite nature of oil, gas and coal reserves and the associated increase in prices expected in the long term;
- geopolitical supply risk of fossil fuels and the perceived need of some developed countries (such as the United States and Japan) to reduce dependence on imported oil;
- price of CO₂ emissions; and
- governmental commitments to reach green house gas emission reduction targets

Most importantly, efforts by the renewable energy industry to decrease costs per kWh of energy generated from renewable sources, provide a fundamental driver for making such energy increasingly competitive in new markets and segments.

Solar energy has a number of advantages. Solar energy can generate electricity in remote areas, supplying off-grid requirements. The size of a solar energy system can be tailored to available area, from large, open field systems to small residential roof-tops installations, placed on top of existing buildings or infrastructure. The power generated can be fed directly into the grid, delivering power where it is needed. Further, the electricity production from PV systems to a large extent matches the peak demand on the grid, particularly in industrialized and densely populated regions in the sun-belt. The systems used to convert solar energy into useable energy are silent, have few or no moveable parts and can be manufactured, installed and maintained relatively easily. The robustness of the basic principles of the technology has been well demonstrated through many decades.

11. THE COMPANY'S BUSINESS

11.1 Introduction

The Group is involved in all steps of the PV manufacturing value chain: production of solar-grade polysilicon, manufacturing of silicon wafers, production of solar cells and production of solar modules and development of solar power systems. The Group conducts its business through three reporting segments, REC Silicon, REC Wafer and REC Solar. The operations of REC Wafer are currently being closed down permanently, and production is expected to end during Q2 2012.

The legal name of the Company is Renewable Energy Corporation ASA, which also is its commercial name together with "REC". The Company's principal office is located at Kjørboveien 29, P.O. Box 594, N-1337 Sandvika, Norway, and its main telephone number at that address is +47 67 57 44 50. The Company is a public limited liability company registered under the laws of Norway with registration no. 977 258 561 and governed by the Norwegian Public Limited Liability Companies Act. It was incorporated on 3 December 1996.

11.2 History

The Company was established in 1996 under the name Fornybar Energi AS, assumed the name Renewable Energy Corporation AS in 2000 and was transformed into a public limited liability company (ASA) in 2005. At the time when it was established, the Company had a 12% equity interest in ScanWafer AS, which had been established in 1994 with the objective of becoming a specialized producer of multicrystalline wafers for the PV industry. In order to improve wafer quality by ensuring a quick and reliable feedback loop from the cell processing step, some of the founders of the Company decided in 1999 to integrate further in the value chain by also producing solar cells and modules. These activities were later merged into the Group.

In 2002, in response to concerns about the long-term availability of silicon feedstock to support the further growth of the wafer business, the Company and Advanced Silicon Materials, Inc ("ASiMI"), then owned by Komatsu America Corporation ("Komatsu"), formed a joint venture company called Solar Grade Silicon LLC ("SGS"), later renamed to REC Solar Grade Silicon LLC for the purpose of converting Komatsu's polysilicon plant in Moses Lake, Washington, United States, into a plant dedicated solely to production of solar grade polysilicon.

The Company increased its equity interest in ScanWafer AS to 71% in 2003 and to 100% in 2004.

In July 2005, the Company acquired Komatsu's interest in SGS, thereby increasing its ownership interest in SGS from 70% to 100%, and simultaneously acquired from Komatsu a majority interest in ASiMI, which owned and operated a polysilicon plant in Butte, Montana, U.S. Komatsu retained a non-voting minority interest in ASiMI that was acquired by the Group in 2009.

In May 2006, the Company's shares were listed at the Oslo Stock Exchange. Through the initial public offering in connection with the listing, the Company registered some 22,000 new shareholders.

In 2006, REC embarked on a EUR 3 billion investment program, lasting until 2010. Further details of investments over time can be found in annual and quarterly reports into this document incorporated by reference, see section 20.2. In 2007 Singapore was chosen as the location for a new site for manufacturing of solar wafers, cells and modules, and the investment decision was made in the middle of 2008. Ramp-up of production was initiated towards the end of 2009 and the plant was officially opened in 2010. During the same time period, the Group also significantly expanded the production of polysilicon in Moses Lake through the industrialization of its proprietary FBR technology. The Moses Lake expansions opened in 2009 and 2010, respectively. The investment program also included investments in the Norwegian wafer operations.

The table below shows net additions of property, plant and equipment and intangible assets for the three years ended 2009, 2010 and 2011. The reduction in investments from 2009 through 2010 to 2011 reflects the end of this investment program. The Group is currently not undertaking any major investment program, but is on a regular basis undertaking maintenance investments and investments to improve quality, reduce cost and debottleneck current production facilities. Total capex spend for the Group in 2012 is expected to be below NOK 600 million.

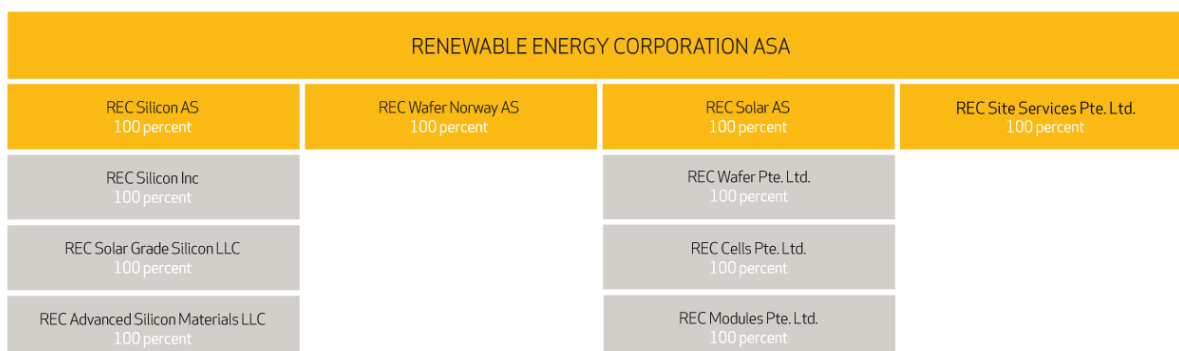
NET ADDITIONS OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS (NOK IN MILLION)	For the year ended December 31,		
	2011	2010	2009
REC Silicon	176	227	2 991
REC Wafer	252	1 002	2 270
REC Solar	169	3 044	5 804
Other Operations	8	57	185
Total	606	4 331	11 251

The competitive pressure in the solar industry has increased over the last couple years. Towards the end of 2010, the Group closed its production of solar modules in Sweden. The solar cell production in Narvik and approximately half of

the wafer production in Norway was shut down in the second half of 2011. The production of monocrystalline wafers in Glomfjord was shut down in Q1 2012. In April 2012, the Group decided to shut down the last part of the Norwegian wafer operations in Herøya.

11.3 Legal Structure

The following chart illustrates the legal structure of the material companies within the Group as of the date of this Prospectus:



Renewable Energy Corporation ASA, the parent company of the Group, has no production activities, but comprises parts of Group Management and corporate functions.

Below is a brief overview of the operations conducted by each of the Company's material subsidiaries:

Name of subsidiary	Field of operation
REC Advanced Silicon Materials LLC (U.S.)	Production and sale of polysilicon and silane gas
REC Cells Pte. Ltd. (Singapore)	Production and sale of solar cells
REC Modules Pte. Ltd. (Singapore)	Production and sale of solar modules
REC Silicon, Inc. (U.S.)	Holding company of U.S. subsidiaries
REC Solar AS (Norway)	Holding company for companies related to production of solar wafers, cells and modules Singapore and sale of solar modules and systems
REC Solar Grade Silicon LLC (U.S.)	Production and sale of polysilicon
REC Wafer Norway AS (Norway)	Production and sale of solar wafers, currently being shut down
REC Wafer Pte. Ltd. (Singapore)	Production and sale of solar wafers
REC Site Services Pte. Ltd. (Singapore)	Provides infrastructure and shared services for the production facilities in Singapore

Sales of solar modules are mainly conducted through a number of sales companies (acting as independent Limited Risk Distributors) registered in the main markets in Europe, USA and Asia. All these sales companies are 100% subsidiaries (direct or indirect) of REC Solar AS. There are some direct sales from REC Modules Pte. Ltd. REC Systems is also developing solar parks based on REC modules. The Systems activity is organized in legal entities that primarily are 100 % subsidiaries (direct or indirect) of REC Solar AS.

11.4 REC Silicon

11.4.1 Introduction

REC Silicon is one of the world's leading producers of high purity silicon materials for the photovoltaic and electronic industries. REC Silicon operates at two sites in the United States; in Moses Lake, Washington and in Butte, Montana.

REC Solar Grade Silicon LLC, which operates the plant in Moses Lake, Washington, was the world's first dedicated producer of polycrystalline silicon for solar applications.

At the plant in Moses Lake, only solar grade silicon qualities are produced. This has enabled REC Silicon to simplify the production and associated business processes compared to its other plant that also serves the market for electronic grade silicon. The Moses Lake plant is an ISO 9002 -registered manufacturing facility.

To find a cheaper way to supply polysilicon for the PV industry, the Company decided in 2002 to invest in development of the FBR technology and thereafter to substantially expand production capacity in Moses Lake. The primary benefits of the FBR technology and manufacturing process are energy efficiency and the continuous production process, which result in lower cost. Furthermore the output is granular polysilicon, which is easier to handle.

REC Silicon's new plant in Moses Lake, based on its proprietary FBR technology, started production in March 2009, but was soon thereafter shut down for process safety reasons due to problems. Since then, REC Silicon has resolved the major start-up equipment reliability issues. Additional silane gas capacity (as an interim material for polysilicon production) started production in the middle of 2010. Production of FBR-material has gradually increased with longer runlengths and gradually improved yield and quality, and is now producing above design capacity. The quality of the output is expected to continue to improve as the FBR production processes mature. The critical success factor for the facility will be the ability to run a stable process and thereby increase the yield of solar grade material. With the exception of R&D, preparation for further expansion of production capacity has been put on hold as a result of a deteriorating market development.

With its plant in Butte, Montana, REC Silicon is one of the world's largest and leading manufacturers and suppliers of silane gas (SiH_4). The plant's high-purity silane, large manufacturing capacity, bulk delivery system, global distribution network and safe handling expertise, all provide significant advances for customers seeking improved performance and cost. The Butte plant is an ISO 9002-registered manufacturing facility. The 240-acre site has two silane production units. The plant also produces electronic grade polysilicon and other related niche products.

The patented, closed-loop silane manufacturing process produces consistent, ultra-pure silane by conversion of metallurgical-grade silicon into trichlorosilane and redistribution/distillation to silane. The continuous-flow process recycles all hydrogen and chloride materials back to the initial reactors, while continuous distillation steps purify the gas. The entire process is a low waste, low impact, and environmentally friendly process. All materials from line purging and testing are recovered and recycled. Starting materials are commercially available from independent sources; there is no dependence on by-products or intermediates from other industries.

11.4.2 Environmental concessions

The plants in Moses Lake and Butte are required to have environmental permits for air and water quality in order to operate. All such permits are in place for both plants, and the facilities are in material compliance with all applicable regulations and requirements.

On July 1, 2011, the effective date of the Environmental Protection Agency's Greenhouse Gas Tailoring Rule, the Moses Lake facility became a major source with respect to Title V Air Operating Permit and Prevention of Significant Deterioration regulations based on facility-wide potential greenhouse gas (GHG) emissions. The Group has the potential to emit over 100,000 tons per year of CO₂-equivalents, thus an Operating permit is required and a complete Title V Air Operating Permit application to the permitting agency has been submitted by REC Silicon within 12 months of becoming subject to the regulations in accordance with the requirements. The process of preparing this permit application prompted careful examination of all potentially applicable air quality-related requirements. A few potential compliance issues are addressed and are expected to be resolved in due time.

In Butte, new water requirements were issued by the State of Montana in Nov 2010 and there have been some immaterial breaches of the permitted discharge levels in 2011 and 2012. Actions have in every case been taken to mitigate the problems, and there is a high focus on achieving a stable and reliable process with regards to the new permit regime.

These issues are not expected to influence the capacity utilization of the plants.

11.5 REC Wafer

11.5.1 Introduction

REC Wafer was one of the pioneering producers of multicrystalline silicon wafers to the solar industry, with production at Glomfjord and Herøya in Norway. During 2011 and 2012, the Group has decided to shut down all operations in REC Wafer due to deteriorating market conditions.

11.5.2 Environmental concessions

The production processes of REC Wafer have operated under emission permits with particular discharge limit values of suspended solids and organic material in the waste water. Biological treatment plants at Herøya and the Glomfjord Mono plant have ensured significant reduction of these parameters before discharge to the recipients (Frierfjord and Glomfjorden). Throughout the lifetime of the plants there have been some occasional non compliances regarding these permits, and the Group has been in close dialogue with the Norwegian Climate and Pollution Agency (Norwegian: "Klif") to resolve them. At the time of shutdown, there are no pending environmental issues with the authorities. The Company does not expect any significant risks concerning the environment after shutdown.

11.6 REC Solar

11.6.1 Introduction

REC Solar started production in 2003, and has since experienced strong growth. REC Solar originally started producing solar cells in Norway and solar modules in Sweden. In 2008 the Company announced its decision to build an integrated

manufacturing complex in Singapore. Production at the site commenced in 2010. The Norwegian and Swedish facilities have now been shut down.

Today, REC Solar produces and sells solar modules in a highly efficient, automated plant in Singapore. Solar wafers and solar cells are produced as intermediate products.

The solar modules are sold to distributors, project developers and system integrators in the international PV market.

11.6.2 Environmental concessions

In Singapore, the Group has obtained all required permits from the Singapore Government. During the lifetime of the plant there has not been any non compliance regarding emissions. There has been one minor non compliance issue for the Wafer plant regarding waste management, where several waste consignment notices were not submitted within the legal requirement of three days. Mitigating actions have been taken and the case is now closed. All the business units in Singapore are certified by the environmental management standard of ISO 14001 as well as the standard of OHSAS 18001 for health and safety management. No material environmental risk of the current operations has been identified.

11.7 Technology, Research, Development and Intellectual Property

The Group's competitiveness is primarily based on a proprietary silane process for high volume, low cost manufacturing of silane gas as well as a fluidized bed reactor technology for converting silane to polysilicon with 80-90% less power consumption than the more conventional Siemens process. The main and original patents behind this silane process are expired, but there is a significant amount of know-how and development required for competitors who want to copy the main process. This is further constrained by valid Group patents on details of the technology and the fact that silane is both flammable and explosive, and silane development work requires maximum care.

The fluidized bed reactor technology for converting silane to polysilicon has been developed both by the Group and MEMC. The two companies sit on several patents protecting the developed solutions. Together with a similar set of patents held by the company Solarworld, this provides a significant barrier to competing developments.

The majority of the Group's competition is using trichlorosilane as the feed gas for making polysilicon. Significant efforts have been used by others to try to develop the fluidized bed reactor technology for trichlorosilane feed gas, but this has in practice been more challenging. The Group's silane process combined with the FBR process has therefore proven to be a very competitive and attractive technology for making polysilicon.

The FBR polysilicon granular form factor is particularly attractive to mix with conventional Siemens material in order to achieve a productivity boost for the ingot manufacturers currently doing mono crystalline ingot manufacturing for the PV market. This adds to the competitiveness of the FBR technology itself. However, for electronic grade applications and the most advanced and costly solar cell designs, the Group's FBR purity is still considered below optimum. The Group is therefore well advanced in developing its second generation FBR technology with the target of near electronic quality and even better economy of scale.

The Group's silane gas technology provides for a very high purity silane gas, which is an excellent starting point for making ultra pure polysilicon for the high resistance float zone market. The Group has therefore for long time been a leading supplier of polysilicon for these most demanding applications, which are typically used by high voltage devices like electric cars and trains.

In the polysilicon domain the Group's current research is focused on three axis; higher productivity silane chemistry, improved purity and productivity FBR processes as well as improved polysilicon processes and new products for the Float Zone market.

Downstream, REC Solar is a well established, large volume manufacturer of PV products with an integrated, highly automated plant for wafers, cells and modules in Singapore. There are several proprietary and patent protected manufacturing solutions in REC Solar's plant, making it one of the least labor intensive plants in the world.

The Singapore plant has also been pre-designed for implementation of improved backside passivation technology for solar cells. This new technology requires equipment modifications and additions at several places in the production lines, which is very difficult unless planned for in advance. Currently, REC Solar is in the final phase of module qualification for the backside passivation technology. This is the last phase before a full implementation of this technology can be made. Due to all the pre-investments already made at the time of construction, this can be done at low investment costs. The improved backside passivation will provide an increase in module power. This benefit is likely to increase over time since a backside passivation will enhance the positive impact of future improvements in wafer quality on cell efficiency. On top of this, backside passivation will allow a transition to thinner wafers without significant efficiency loss. Finally, backside passivation will improve the energy yield of the solar modules (kWh produced per year divided by the nominal module power) at the customer site.

In combination with other improvements currently under development, backside passivation will establish the Group among the leaders on multi crystalline cell and modules technology in the industry.

For future expansions, the Group has two main development projects targeting solar cells with efficiencies well above 20%, based on completely new technologies and patent pending cell designs.

REC Solar modules have been the world's best performers in Photon's field test for solar modules in 2011 (after being ranked second in 2010). This test basically measures how much energy is produced per kilowatt of installed module power for each month and integrated over the year (also called energy yield). There are several design elements in REC Solar's production processes for solar cells and modules that account for this good result.

The research and development activities consist of continuous development of current production processes and equipment as well as next generation production technologies designed to reduce silicon cost, enhance quality while reducing wafer thickness, improve cell and module efficiency, and reduce production cost throughout the value chain. The research and development expenses for 2009 amounted to NOK 314 million in total, and NOK 290 million in 2010. The research and development expenses for 2011 amounted to NOK 308 million, including NOK 62 million impairment charges of previously paid and capitalized costs for a technology development agreement with SiGen for mono wafer cutting. For additional information on the amounts spent on research and development from and including 2009, please see the Company's consolidated financial statements, incorporated hereto by reference.

11.8 Employees

As of June 30, 2012, the Group employed approximately 3,070 people, in addition to about 90 contracted employees. Of the approximately 3,070 employees, in total 2% were employed by Renewable Energy Corporation ASA and REC US Technology Inc., 28% were employed by REC Silicon, 20% were employed by REC Wafer and 51% were employed by REC Solar.

The table below reflects a breakdown of the geographic location of the employees of the Group.

	June 30,		December 31,	
Number of employees* by location	2012	2011	2010	2009
Norway	679	1244	1,428	1,407
Sweden	0	0	328	231
Rest of Europe.....	91	67	49	33
Singapore and other	1,437	1,620	1,538	663
United States	862	898	867	783
Total.....	3,069	3,829	4,210	3,117

* Does not include Sovello employees

The table below reflects a breakdown of the Group's employees based on business divisions. As described in 11.5, decisions have been made to shut down the operations of REC Wafer. As a result of this, most of the employees in REC Wafer have left REC or are in their notice periods. The majority of the remaining employees in REC Wafer have left REC during July 2012. A limited number of employees will be retained for some time to complete tasks related to the shut-down. Wafer Norway did only have employees in Norway prior to the reductions. Manning has also been reduced in other divisions due to the current market conditions.

	June 30,		December 31,	
Number of employees* by division	2012	2011	2010	2009
REC (parent) and REC US Technology Inc	50	73	79	82
REC Silicon	849	874	850	775
REC Wafer	607	991	1,078	989
REC Solar.....	1,563	1,891	2,203	1,271
Total.....	3,069	3,829	4,210	3,117

* Does not include Sovello employees

Trade unions' presence varies depending on business area, country and local practice. A number of the Group companies have entered into collective bargaining agreements with trade unions either directly, or as members of employer organizations. These agreements typically govern terms and conditions of employment and dispute procedures. Terms and conditions of union agreements in each country reflect the prevailing practices in each such country. The Company believes that relations between management and employees are good. As of the date of this Prospectus, the Company had three employee representatives on the Board of Directors.

11.9 Safety and Health

The Group ended 2011 with no work-related fatalities in more than 7.5 million worked hours across the workforce. The number of lost time injuries (LTI) was 11, down from 29 in 2010. The LTI- rate (number of LTI per million worked hours) was 1.4 in 2011 compared with 3.9 in 2010. The number of Total Recordable Injuries (TRI) was 44, down from 59 in 2010. The TRI-rate (number of TRI per million worked hours) decreased from 8.0 in 2010 to 5.7. Even if the results represent an improvement, the Group is continuously working to reduce the TRI rate.

The strong downward trend the Group has recorded from 2009 to the present is a result of increased focus on systematic safety leadership and standardization throughout the organization. This includes setting clear performance and improvement targets for all units, weekly and monthly HSE job observations performed by management as well as extensive management and team involvement in each incident investigation. HSE performance and systems are developed, monitored, audited, and reviewed to identify trends, measure progress, assess compliance, drive continuous improvement, manage risks and provide assurance that governing processes are working effectively.

Health and Safety has the highest priority in the Group and the target is zero harm. To achieve a world class safety culture, it is vital to involve all employees in continuous improvement in the daily way of working. The REC Business System has proved to be a key factor for improving the safety culture. This includes that all work activities need to be risk assessed to eliminate inherent risks or apply control measures. In 2011, this has been a key focus area for all the Group's manufacturing units, with the significant involvement of employees. For example in REC Solar, extensive work has been undertaken in standardizing all work instructions and risk assessments as part of the OHSAS 18001 certification process. In REC Wafer and REC Silicon, emphasis has been put on training employees and management in the Safe Job Analysis method, which has been applied to high risk and non-standard work activities.

Another key area for continuous improvement is incident management. All employees are encouraged to register hazards and incidents in order to identify and implement preventive measures that can eliminate recurrences and reduce the total level of risk. In 2011, more than 20,000 hazards and incidents were managed in this way, equating to approximately five per full time employee.

All employees at the Group's manufacturing sites are represented in formal joint management-worker health and safety committees, where they monitor and advice on occupational health and safety programs.

11.10 Environmental Sustainability

Sustainability is an integral part of the strategy of the Group. This includes maximizing the energy efficiency of its products, minimizing negative environmental impacts, and preventing pollution from all business activities and products. Both the Group and the solar industry in general depend on the safety and sustainability of PV products.

The Group is focused on continuously reducing negative environmental impact of its processes and products. The Group currently uses hydropower for a majority of its silicon, wafer and cell operations. Through this practice and a broad program of focusing on cost reduction and operational efficiency, the Group has a very attractive carbon footprint of 21 gm CO₂ equivalent per kWh of electricity generation capacity produced. Energy payback time is one of the key elements in the Group's contribution to the environment. This measure is determined by the amount of time it takes a PV system to generate the energy used to produce it. The Group is currently among the industry leaders with its low energy payback time, with approximately 1 year, achieved with the proprietary fluidized bed reactor process for silicon production and the high energy yields of its modules. The Group has a range of HSE-related permits for operations at its sites, and maintains a record of any non-compliance as part of regulatory HSE requirements. Non-compliances constitute breach of permit, citations or violations identified by regulatory audits. In 2010, a total of 34 non compliances were recorded, of which 7 were open at year end. In 2011, a total of 31 new non-compliances were recorded, and at year end 3 were still open, but have since been closed. Of the total 31 non compliances, 15 were violations from regulatory audits and 16 were permit breaches. Of the 16 permit breaches, 13 were short term excursions of emission limits, and 3 were specific breaches of permit conditions. No breaches resulted in significant long-term environmental impacts.

11.11 Sustainability Management

The Group's renewable energy products are generating clean energy for today and the future. Sustainability is an integrated part of our business model. To REC, sustainability is about being a responsible manufacturer with sound and transparent business practices as well as understanding and managing the social and environmental impacts of our activities. To safeguard sound business practices in all activities, REC developed its Group Policies on Sustainability in 2010, consisting of Business Conduct Policy, Safety and Health Policy, Environment and Climate Policy as well as Quality and Improvement Policy. To support the implementation of the Group Policies, the REC HSE principles were developed and adopted by the Group Management in January 2011. This is an HSE management system based on internationally accepted standards such as ISO 14001 and OHSAS 18001, but also on the REC Business System (RBS) methodology. Just as RBS drives the achievement of world-class operational performance, it is an important driver for world-class safety levels. All manufacturing units have worked systematically to improve their safety performance over the last years.

The sustainability governing structure was in 2011 strengthened by revising the Code of Conduct and establishing a Whistleblower procedure available to both employees and external stakeholders. This will be followed up further in 2012 with training programs for targeted groups of employees. REC also encourages its suppliers and business partners to implement sound business practices in line with its own policy, especially focusing on human rights and HSE. These issues have been integrated into REC's supplier audits, which were performed on a large part of our critical suppliers throughout 2011.

To ensure compliance with the Group Policies, REC sets annual objectives; monitors performance through specific KPIs, reports results monthly and quarterly and executes audits on all levels in the organization, in line with the REC Business System. This process has been strengthened in 2011 across the whole organization. The Board of Directors gets quarterly sustainability reports focusing on KPI scorecard and risks. It is a Board responsibility to secure acceptable performance, also within the sustainability area.

To ensure quality in all parts of the production, the Group is using the ISO 9001 certification as a basis framework. Five of eight Group manufacturing units now have ISO 9001 certification.

To further improve the environmental aspects of the production process, the Group has been focusing on implementation of the ISO 14001 standard. The ISO 14001 is a framework to assist organizations in developing their own environmental management system. All business units in Singapore have achieved the ISO 14001 certification and are undergoing annual audits by third party.

OHSAS 18001 is an international occupational health and safety management system standard. It is intended to help organizations control occupational health and safety risks. The four business units in Singapore implemented the OHSAS 18001 during 2011, and achieved the certification at the end of the year.

Similarly, the polysilicon facility in Butte is actively pursuing the US OSHA equivalent to OHSAS 18001, called the Voluntary Protection Program (VPP). The VPP recognizes companies who have implemented effective safety and health management systems where management, labor, and OSHA work cooperatively and proactively to prevent fatalities, injuries, and illnesses through a system focused on: hazard prevention and control; worksite analysis; training; and management commitment and worker involvement. VPP participants are exempted from OSHA programmed inspections while they maintain their VPP status. The facility in Butte submitted their application in December 2011 and will be audited in 2012.

The Group in Moses Lake paid a fine of USD 50,219 to the Department of Labor & Industries in 2011. This was a result of negotiated settlement related to 14 violations of the process safety management regulations following a week long inspection in March 2010. The underlying matters associated with the violations have been ameliorated. Regarding environmental non-compliances, in 2011 the Group in Moses Lake was fined USD 10,000 for not meeting emission limits set by the Washington Department of Ecology's air quality permit. This was related to emission tests conducted in June 2010.

12. RELATED PARTY TRANSACTIONS

12.1 General

The Company has related party relationships with its subsidiaries, associates, joint ventures and with its Group management and Board of Directors and principal shareholders. Transactions with subsidiaries are eliminated on consolidation and are not reported as related party transactions in the Consolidated Financial Statements.

The principle shareholder in REC ASA and with a significant influence over the Group is Orkla ASA. For the first three months of 2011, up to the time the previous subsidiaries in the Elkem Group were sold by Orkla ASA, REC Silicon bought goods and services for NOK 15 million from companies of the Elkem Group. REC Wafer purchased services for NOK 3 million from Orkla ASA in 2011. Group had no accounts payables at year-end 2011 to the Orkla Group. During 2010, REC bought goods and services for NOK 5 million from Orkla ASA. In 2010, REC Silicon made purchases from the Elkem Group of NOK 38 million (USD 6 million). At December 31, 2010 REC Silicon had no accounts payables to this company. The rights issue in May 2010 was fully underwritten. Orkla Group guaranteed for 39.7 percent and received underwriting fees of NOK 36 million.

In 2009, the REC Silicon has made purchases from Elkem AS of NOK 36 million (USD 6 million), and had accounts payables to Elkem AS of NOK 5 million (USD 1 million) at December 31, 2009. Most of the shareholders participated in the 2009 rights issue. The rights issue was fully underwritten and the largest shareholders participated in the Underwriting Syndicate on the same terms and conditions as the bank underwriters. Orkla ASA and Elkem AS together guaranteed for NOK 1,795 million and consequently received guarantee provision of NOK 54 million.

12.2 Key Management Compensation etc.

Group Management and Board of Directors' compensation, ownership of REC ASA shares and options and loan agreements are shown in note 16 of the Company's consolidated annual financial statements for 2011 incorporated hereto by reference (see section 20.2) and available at www.recgroup.com/en/ir

12.3 Jointly controlled entities

12.3.1 Sovello

Sovello AG became a jointly controlled entity at December 19, 2006. In the first quarter 2010, the owners of Sovello entered into an agreement to sell all the Sovello shares and shareholders loans. The acquirer is a fund under the management of Ventizz Capital Partners. The transaction was closed on April 22, 2010. No consideration was received for the shares and shareholders loans. For practical purposes, Sovello has been deconsolidated as from April 1, 2010. During the first half of 2010, REC ASA paid the total provisions of EUR 10.8 million recognized at December 31, 2009 to the Sovello banks under the guarantees and undertakings. Sovello accrued interest of NOK 7 million (EUR 1 million) on the loans to REC ASA during the first quarter 2010. From January 1 to April 22, 2010 REC Silicon invoiced USD 10 million for sales of polysilicon to Sovello.

During the first quarter 2009, Sovello drew upon the loan commitment made by REC ASA of NOK 33 million (EUR 4 million). In close cooperation with the bank syndicate of Sovello, REC ASA in the second quarter provided a short term bridge loan to Sovello of NOK 42 million (EUR 5 million) and provided a guarantee of NOK 83 million (EUR 10 million) to the bank syndicate of Sovello. In the fourth quarter, REC ASA paid NOK 35 million (EUR 4.2 million) on this guarantee as capital contribution to Sovello, reducing the guarantee to NOK 48 million (EUR 5.8 million). REC ASA paid additional NOK 17 million (EUR 2 million) as capital contribution in the fourth quarter. The two other shareholders of Sovello also provided such short term bridge loans, shareholder guarantees and capital contributions. Together with the other owners of Sovello, REC ASA had also provided certain undertakings and had committed to secure the liquidity of Sovello until end of January 2010.

Sovello accrued interest of NOK 26 million (EUR 3.1 million) to REC ASA during 2009. At December 31, 2009 REC ASA had receivables of NOK 480 million (EUR 58 million) from Sovello. In the second and fourth quarters of 2009, REC Silicon repaid to Sovello USD 11.5 and 8.5 million, respectively of the prepayments. In 2009, REC Silicon recognized revenues from sales of polysilicon to Sovello, that reduced prepayments and sign-on fees at year-end to NOK 17 million (USD 3 million) and NOK 228 million (USD 40 million), respectively. In addition, for accounting purposes REC Silicon calculated interest on these balances.

12.3.2 Other

Group contributed equity to other jointly controlled entities with NOK 31 million in 2011 and NOK 18 million in 2010.

12.4 Associates

In April 2008, REC Solar AS acquired a 20 percent ownership interest in Mainstream Energy Inc. In the first quarter 2012, REC Solar sold modules for NOK 51 million to companies in the Mainstream Energy Inc. Group, and had net receivables of NOK 57 million at March 31, 2012. In 2011, REC Solar sold modules for NOK 367 million to, and made

purchases for NOK 2 million from Mainstream Energy Inc. Group, and had net receivables of NOK 132 million at December 31, 2011. In 2010, REC Solar sold modules for NOK 479 million to the Mainstream Energy Inc. Group, made purchases for NOK 3 million and had net receivables of NOK 210 million at December 31, 2010.

The Norwegian company Meløy Bedriftsservice AS, located at Glomfjord (Norway) is an associate of REC Wafer Norway AS. In 2011, REC Wafer made purchases of NOK 17 million from Meløy Bedriftsservice AS. In 2010, REC Wafer made purchases of NOK 14 million from Meløy Bedriftsservice AS. REC Wafer had no accounts payable at December 31, 2011 or 2010.

Under the agreement between REC Solar AS and the other shareholders of Mainstream Energy Inc., had call and put options (put options effective only if REC Solar AS had majority ownership interest) that could increase REC Solar AS's shareholding in future years. However, the options expired in 2010 without being used. In 2010, REC Solar sold modules for NOK 479 million to AEE Solar Inc. and REC Solar Inc., subsidiaries of Mainstream Energy Inc., made purchases for NOK 3 million and had net receivables of NOK 210 million at December 31, 2010.

During 2009, REC Solar sold modules for NOK 178 million to, and purchased goods and services for NOK 2 million from, AEE Solar Inc. and REC Solar Inc., and had receivables of NOK 80 million at December 31, 2009.

The Norwegian company Si Pro AS, located at Glomfjord (Norway) was an associate of REC Wafer Norway AS. In the fourth quarter 2009, REC Wafer sold its ownership interest in Si Pro AS. During 2009, REC Wafer made purchases of NOK 54 million in aggregate from Si Pro AS and Meløy Bedriftsservice AS and had NOK 2 million accounts payable at December 31, 2009 to Meløy Bedriftsservice AS.

For a more detailed description of the Company's related party transactions for the years ended December 31, 2011, 2010 and 2009 and the six months ended June 30, 2012, see the annual financial reports for the years 2011, 2010 and 2009 and the report for the second quarter 2012, all incorporated hereto by reference.

13. THE COMPANY'S BOARD AND MANAGEMENT

13.1 Overview

The Company's management is vested in its Board of Directors and its President and Chief Executive Officer. In accordance with Norwegian law, the Company's Board of Directors is responsible for, among other things:

- supervising the general and day-to-day management of the Company;
- ensuring proper organization of the Company's business;
- preparing plans and budgets for the Company's activities;
- ensuring that the Company's activities, accounts and asset management are subject to adequate controls; and
- undertaking investigations necessary to perform its duties.

The Company's President and Chief Executive Officer ("CEO") is responsible for its day-to-day management in accordance with the instructions, policies and operating guidelines set out by its Board of Directors. Among other things, the CEO of a Norwegian public company is obligated to ensure that the company's accounts are kept in accordance with existing Norwegian legislation and regulations and that the assets of the company are managed responsibly. In addition, at least once a month, the CEO of a Norwegian public company must brief the board of directors about the company's activities, position and operating results.

13.2 Corporate Governance

13.2.1 General

The Board of Directors seeks to provide effective governance of business and affairs to ensure long-term benefits of REC's stakeholders, and puts emphasis on transparency and equal treatment of its shareholders. Approved and implemented Corporate Governance principles are built on a set of rules and procedures, which, along with the charters and key practices of the Board Committees, provide the framework for the governance in REC. The Board will annually review the Corporate Governance policy.

REC endorses the Norwegian Code of Practice for Corporate Governance (the "Code of Practice") issued by the Norwegian Corporate Governance Board, most recently revised October 21, 2010. The Board of Directors has adopted a report on corporate governance for 2011 in accordance with the Code of Practice. The report is included in the Company's 2011 consolidated annual report, incorporated hereto by reference (see section 22.2) and available at www.recgroup.com/en/ir.

The Company's objective is to create long-term values for its shareholders. The Company believes sound business must be based on value-based management and clear ethical guidelines. The Company's mission is smart energy for a cleaner future. To enable the Company to carry out the mission, the Board has adopted a common set of core values: Responsibility, enthusiasm, commitment, innovation and drive. These values have been introduced to all employees, and the Company has implemented various programs in order to maintain focus on and live the values.

13.2.2 Deviations from the Code of Practice

The Company complies with the Code of Practice, with the following exceptions, as explained in the in the Board of Director's 2011 Corporate Governance Report included in the 2011 Annual Report:

- Corporate assembly and Board of Directors: The Board members have not been specifically encouraged to own shares.

13.2.3 Committees

- The Audit Committee

The Audit Committee consists of two members of the Board and acts as a preparatory body to the Board with respect to the fulfillment of its responsibility related to assessment and control of financial risk, financial reporting, auditing and control. The Audit Committee sees that the external auditor has satisfactory auditing procedures and competence and makes recommendations to the Board and the annual general meeting concerning appointment of external auditor. The Committee also makes recommendations with regard to the external auditor's fees. The tasks and procedure of the Audit Committee are further regulated in the Company's Audit Committee Charter. The Audit Committee held eight meetings in 2011. The current members of the Audit Committee are Odd Christopher Hansen and Helene Margareta Vibbleus Bergquist.

- The Compensation Committee

The Compensation Committee is a preparatory body to the Board with respect to terms and conditions of employment for the President and Chief Executive Officer and with respect to general principles and strategies for the compensation of leading executives of the Group. The Board of Directors has recently decided that going forward, these issues will be processed by the Board of Directors directly. Thus, the Compensation Committee will be discontinued.

- The Corporate Governance Committee

The Corporate Governance Committee acts as a preparatory and monitoring body and assists the Board in executing its responsibilities on matters of corporate governance. The Board decided not to form a Corporate Governance Committee in 2011 as the reporting on corporate governance as described in the Accounting Act and the NUES principles should be prepared as part of the Audit Committee's tasks.

- The Nomination Committee

Pursuant to the Company's Articles of Association section 6, the Company shall have a Nomination Committee consisting of three members. The members are elected for a term of two years by the annual general meeting, which also appoints the chairman of the committee. The Nomination Committee makes proposals to the annual general meeting for members to be elected to the Nomination Committee. The Nomination Committee presents recommendations to the annual general meeting regarding the election of the shareholder-elected members of the Board of Directors and the remuneration for members of the Board of Directors and for members of the Nomination Committee. The Nomination Committee's recommendations must be justified and provide relevant information of the candidates. The Board annually prepares an evaluation of its work. The Nomination Committee examines this report and takes its contents into consideration when making its recommendations on board composition. The Nomination Committee also consults with the largest shareholders of the Company before submitting its proposals. Information of the members on the Nomination Committee and deadlines for submitting proposals to the Committee are included on the Company's website. The chairman of the Nomination Committee presents and provides the basis for the proposals from the committee at the annual general meeting and also provides an account of how the committee has carried out its work. The rules of procedure do not establish rules for rotation of the members of the Nomination Committee. The current members of the Nomination Committee are Christian Berg (chairman, member since May 19, 2009), Karl Otto Tveter (member since May 22, 2012) and Rune Selmar (member since April 20, 2006).

13.3 Board of Directors

13.3.1 General

According to the Company's Articles of Association, the Board of Directors shall consist of a minimum of five and a maximum of twelve members.

The name, age, qualifications and certain other information relating to each member of the Company's Board of Directors is set forth below. The address Kjørboveien 29, P.O. Box 594, N-1337 Sandvika, Norway, serves as business address for the below listed persons in their capacity as members of the Board of Directors.

13.3.2 Current Board of Directors

The Company's Board of Directors consists of the following directors:

Name	First appointed	Current term expires
Jens Ulltveit-Moe, Chairman	May 2012	May 2013
Peter Arne Ruzicka	May 2012	May 2013
Mimi Kristine Berdal	May 2011	May 2013
Helene Margareta Vibbleus Bergquist	May 2010	May 2013
Odd Christopher Hansen.....	June 2009	May 2013
Hans Ødegård, employee representative	May 2011	May 2013
Silje Johnsen, employee representative	May 2011	May 2013

Further, the employee representative, Silje Johnsen on the Board of Directors has Kristin Sylvei Nordal as an alternate representative.

Jens Ulltveit-Moe (born 1942), has been the Chairman of the Board of REC since May 2012, His current term expires at the annual general meeting in 2013. Mr Ulltveit-Moe is the CEO and a board member of Umoe AS, who holds 59,497,211 shares in the Company. In addition Umoe AS has subscribed for and been allocated 186,666,666 New Shares in the Private Placement. Mr. Ulltveit-Moe holds an M. Sc. degree from the Norwegian School of Economics and Business Administration in

Bergen and an MIA from the School of International Affairs, Columbia University, New York City. Mr. Ulltveit-Moe currently holds the following directorships, supervisory or leading management positions (other than positions in the Company and/or its subsidiaries):

- Chairman of the Board of Agnes Holding AS
- Chairman of the Board of Industriveien 18 AS
- Chairman of the Board of JUM Holding AS
- Chairman of the Board of Kagra Gruppen AS
- Chairman of the Board of Kagra IV AS
- Chairman of the Board of Sandsli Bygg AS
- Chairman of the Board of Sandsli Bygg KS
- Chairman of the Board of Toppetasjen Eiendom AS
- CEO and Chairman of the Board of Ulltveit Rederi LNG Holding AS
- Chairman of the Board of Ulltveit Rederi LNG II AS
- Chairman of the Board of Umoe Forestry AS
- Chairman of the Board of Fornebu Lumber Company Inc.
- Chairman of the Board of Umoe Invest AS
- Chairman of the Board of Umoe Restaurant Group AS
- Chairman of the Board of Umoe Shipping and Energy AS
- Deputy chairman of the Board of Norspan LNG III AS
- Deputy chairman of the Board of Norspan LNG III IS
- Deputy chairman of the Board of Norspan LNG IV AS
- Deputy chairman of the Board of Norspan LNG IV IS
- Deputy chairman of the Board of Norspan LNG V AS
- Deputy chairman of the Board of Norspan LNG V IS
- Deputy chairman of the Board of Norspan LNG VI AS
- Deputy chairman of the Board of Norspan LNG VI IS
- Deputy chairman of the Board of Norspan LNG VII AS
- Deputy chairman of the Board of Norspan LNG VII IS
- Deputy chairman of the Board of Norspan LNG VIII AS
- Deputy chairman of the Board of Norspan LNG VII IS
- Deputy chairman of the Board of Vestfy KS
- CEO and member of the board Umoe Gruppen AS
- Member of the Board of Norspan LNG AS
- Member of the Board of Norspan LNG IS
- Member of the Board of Norspan LNG II AS
- Member of the Board of Norspan LNG II IS
- Member of the Board of Per Krohgs Vei 4 KS
- Member of the Board of Umoe Bioenergy ASA
- Member of the Board of Umoe Bioenergy S.A.
- Deputy board member of Per Krohgs Vei 4 AS
- Deputy board member of Danneviggen Holding AS
- Deputy board member of Kapum AS
- Deputy board member of Um Holding AS
- Deputy board member of Um Safe AS
- CEO and member of the Board of Umoe AS
- Numerous board memberships and positions in the Knutsen OAS Shipping group

Save for the above mentioned, Mr. Ulltveit-Moe has during the last five years held the following directorships, supervisory or leading management positions (other than positions in the Company and/or its subsidiaries):

- Chairman of the Board of Kverneland ASA
- Chairman of the Board of Sevan Marine
- Chairman of the Board of PGS
- Chairman of the Board of Knutsen OAS Shipping
- Numerous board memberships and positions in the Knutsen OAS Shipping group

Peter Arne Ruzicka (born 1964) has been a member of the Board of Directors of REC since May 2012. His current term expires at the annual general meeting in 2013. Mr Ruzicka is the CEO of Canica AS, who in turn is a major shareholder in Orkla ASA, the largest shareholder of the Company. Mr. Ruzicka holds an MBA degree from Oslo Business School. Mr. Ruzicka currently holds the following directorships, supervisory or leading management positions (other than positions in the Company and/or its subsidiaries):

- CEO of Canica AS
- Member of the Board of Orkla ASA
- Member of the Board of Angvik Eiendomsinvestor AS

- Deputy manager of Angvik Investor AS
- Deputy board member of Destinasjon Voss AS
- Chairman of the Board of Eiendom Farris Bad AS
- Chairman of the Board of Jernia AS
- Chairman of the Board of Jernia Management AS
- Chairman of the Board of Komplet AS
- Chairman of the Board of Komplet Invest AS
- Member of the Board of Møre Investor AS
- Member of the Board of Nøisomhed AS
- Member of the Board of Sepas AS
- Chairman of the Board of Stein Erik Hagens Allmennnyttige Stiftelse
- Chairman of the Board of Stein Erik Hagens Stiftelse For Klinisk Hjerterforskning
- CEO and Chairman of the Board of Ventotene Eiendom AS
- CEO and Chairman of the Board of Ventotene Holding AS
- Chairman of the Board of Ventotene Invest AS
- CEO and Chairman of the Board of Ventotene Røa AS
- CEO and Chairman of the Board of Ventotene Tomteveien AS

Save for the above mentioned, Mr. Ruzicka has during the last five years held the following directorships, supervisory or leading management positions (other than positions in the Company and/or its subsidiaries):

- Member of the corporate assembly of Orkla ASA
- Deputy member for the shareholder elected Board Members of Orkla ASA

Mimi Kristine Berdal (born 1959) has been a member of the Board of Directors of REC since May 2011. Her current term expires at the annual general meeting in 2013. Ms. Berdal is currently running an independent legal and corporate counselling business. Ms. Berdal holds a Cand.jur (law) degree from the University of Oslo and is admitted to the Bar, Norwegian Bar Association. Ms. Berdal currently holds the following directorships, supervisory or leading management positions (other than positions in the Company and/or its subsidiaries):

- Chairman of the Board of Infratek ASA
- Board Member of Gjensidige Investerings- rådgivning ASA
- Board Member of Gjensidige Pensjon og Sparing Holding AS
- Board Member of Copeinca ASA
- Board Member of Gassco AS
- Board Member of Q-free ASA
- Board Member of Camposol PLC
- Board Member of Intex Resources ASA
- Board Member of Gjensidige Fondene AS
- Board Member of Itera ASA

Save for the above mentioned, Ms. Berdal has during the last five years held the following directorships, supervisory or leading management positions (other than positions in the Company and/or its subsidiaries):

- Chairman and member of the Board of Stabæk Fotball
- Chairman and member of the Board of Rocksource ASA
- Member of the Board of the Norwegian Bar Association's Committee for Financial Support
- Member of the Board of the Norwegian Bar Association, Oslo
- Member of the Board of Oslo Byhall AS
- Member of the Board of Øvrevoll Galopp AS
- Member of the Board of Arntzen de Besche advokatfirma AS
- Member of the Board of Stiftelsen Norsk Rikstoto
- Member of the Board of Synnøve Finden ASA
- Member of the Board of Hansa Property Group ASA
- Member of the Board of 24SevenOffice ASA
- Member of the Board of STX Europe ASA
- Member of the Board of DnB NOR Eiendomfond
- Member of the Board of Wavefield Inseis ASA

Helene Margareta Vibbeus Bergquist (born 1958) has been a member of the Board of Directors of REC since May 2010. Her current term expires at the annual general meeting in 2013. Ms. Bergquist is currently an independent Management Consultant. Her education includes a Bachelor of Science degree in Business Administration from the University of Linköping Sweden and is a former Authorised Public Accountant in Sweden.

Ms. Bergquist currently holds the following directorships, supervisory or leading management positions (other than positions in the Company and/or its subsidiaries):

- Member of the Board of Pertendo AB
- Member of the Board of Nordic Growth Market NGM AB
- Member of the Board of TradeDoubler AB (publ)
- Member of the Board of Trelleborg AB (publ)
- Member of the Board of Tyréns AB
- Member of the Board of Swedish International Development Cooperation Agency (SIDA)
- Member of the Board of Try-A-Guide Stockholm AB

Save for the above mentioned, Ms. Bergquist has during the last five years held the following directorships, supervisory or leading management positions (other than positions in the Company and/or its subsidiaries).

- Chairman and member of the Board of Invisio Communications AB
- Chairman and member of the Board of Nordic Growth Market NGM Holding AB

Odd Christopher Hansen (born 1953) has been a member of the Board of Directors of REC since June 15, 2009. His current term expires at the annual general meeting in 2013. He holds an MSc in International Management from Sloan School of Management MIT, and holds a Master of Science in Business and Economics from the Norwegian School of Economics and Business Administration (NHH).

Mr. Hansen currently holds the following directorships, supervisory or leading management positions (other than positions in the Company and/or its subsidiaries):

- Chairman of Hovedbyen 23 AS
- Chairman of O.C. Hansen rådgivning AS
- Chairman of Carl Hansens brygge AS
- Board Member of Vestfold Handelseiendom AS
- Board Member Smalvollveien 63 AS
- Board Member of Bertel O. Steen AS
- Board Member of The Norwegian Crown Prince and Crown Princess' Humanitarian Fund
- Senior advisor to EQT
- Senior advisor to Morgan Stanley Nordics

Save for the above mentioned, Mr. Hansen has during the last five years not held any other directorships, supervisory or leading management positions during the last five years (other than positions in the Company and/or its subsidiaries).

Hans Ødegård – employee representative (born 1955) has been a member of the Board of Directors of REC since May 2011. Mr. Ødegård is the local Union Leader at REC Wafer Norway AS at Herøya since March 2010 and has been an employee in the Group since March 15, 2009. Mr. Ødegård has a Certificate of apprenticeship as process operator.

Mr. Ødegård currently does not hold any directorships, supervisory or leading management positions (other than positions in the Company and/or its subsidiaries).

Mr. Ødegård has previously held the following directorships, supervisory or leading management positions during the last five years (other than positions in the Company and/or its subsidiaries):

- Member of the Board of Borealis Bamble
- Member of the Board of INEOS Bamble

Silje Johnsen – employee representative (born 1976) has been a deputy member of the Board of Directors of REC since May 29, 2009 and a member of the Board of Directors since May 2011. Her current term as a deputy board member expires on the date of the annual general meeting in 2013. Ms. Johnsen holds the position of Corporate Legal Counsel of REC. She has a Cand.jur (law) degree from the University of Oslo.

Ms. Johnsen currently does not hold, and has during the last five years not held, any directorships, supervisory or leading management positions (other than positions in the Company and/or its subsidiaries).

Mr. Nilsen currently holds no directorships, supervisory or leading management positions (other than positions in the Company and/or its subsidiaries). Mr. Nilsen has during the last five years not held any other directorships, supervisory or leading management positions (other than positions in the Company and/or its subsidiaries).

13.4 Senior Management

The Company's senior management team assists the CEO in managing and coordinating the implementation of the Company's strategic and operational goals.

The name, age, qualifications and certain other information relating to each member of the Company's senior management are set forth below. The address Kjørboveien 29, P.O. Box 594, N-1337 Sandvika, Norway, serves as business address for the below listed persons in their capacity as members of the senior management team.

Ole Enger (born 1948) is the President and CEO of REC. Mr. Enger holds a degree from the Norwegian University of Life Sciences and a business degree from the Norwegian School of Economics.

Mr. Enger currently holds no directorships, supervisory or leading management positions (other than positions in the Company and/or its subsidiaries):

Mr. Enger has previously held the following directorships, supervisory or leading management positions during the last five years (other than positions in the Company and/or its subsidiaries):

- President and CEO of SAPA AB
- President and CEO of Elkem AS
- EVP of Elkem AS

John Andersen, Jr. (born 1967) holds the position of Executive Vice President & COO. Mr. Andersen previously held the positions of Executive Vice President REC Wafer and REC Solar (2010-2012), Executive Vice President REC Solar (2007-2010), Executive Vice President – REC Wafer (2004-2007) and Vice President Business Development at REC. He joined the Group in 2001. Mr. Andersen holds a Master of Business and Economics (Finance) degree from the Norwegian School of Management. He has also completed extensive courses in international strategy in the Master of Science program at the Norwegian School of Management.

Mr. Andersen has previously held the following directorships, supervisory or leading management positions during the last five years (other than positions in the Company and/or its subsidiaries):

- Member of the Supervisory Board of Sovello AG
- Director of Mainstream Energy Corporation

Tore Torvund (born 1952) holds the position of Executive Vice President – REC Silicon. He holds a Master of Science degree from the Norwegian University of Science and Technology.

Mr. Torvund currently does not hold any directorships, supervisory or leading management positions (other than positions in the Company and/or its subsidiaries).

Mr. Torvund has previously held the following directorships, supervisory or leading management positions during the last five years (other than positions in the Company and/or its subsidiaries):

- EVP Exploration & Production Norway in StatoilHydro ASA
- EVP Oil & Energy in Norsk Hydro ASA

Alessandro Perrotta (born 1969) holds the position of Executive Vice President – Wafer, Cells & Modules. He holds an E.M.B.A from University of Miami. Prior to this, he acquired his B.S., Electrical Engineering Technology from Temple University, Philadelphia and M.S., from Villanova University, Villanova.

Mr. Perrotta has previously held the following directorships, supervisory or leading management directorships, supervisory or leading management positions during the last five years:

- Chief Operating Officer of MyCube
- Senior Technical and Strategic Advisor to the CEO of Motorola Inc USA
- Corporate Vice President at Amphenol Corporation, USA
- Senior Strategy and Technology Advisor to CEO at Corporation, USA

Bjørn Brenna (born 1956) is the Company's Executive Vice President and CFO. Mr. Brenna joined the Group in March 2006. He holds a Masters of Business and Economics degree from the Norwegian School of Management, and holds a Bachelor of Science degree in Electrical Engineering.

Mr. Brenna currently holds the following directorships, supervisory or leading management positions (other than positions in the Company and/or its subsidiaries):

- Chairman of RBBR Invest AS

Mr. Brenna has previously held the following directorships, supervisory or leading management positions during the last five years (other than positions in the Company and/or its subsidiaries):

- Board Member of Synnøve Finden ASA

Florian Krumbacher (born 1966) holds the position of Senior Vice President and CLO. Mr. Krumbacher is a candidate of jurisprudence from the University of Munich and holds a Master degree from the London School of Economics as well as a PhD from the University of Regensburg.

Mr. Krumbacher currently does not hold any directorships, supervisory or leading management positions (other than positions in the Company and/or its subsidiaries).

Mr. Krumbacher has previously held the following directorships, supervisory or leading management positions during the last five years (other than positions in the Company and/or its subsidiaries):

- General Counsel of ADVA AG Optical Networking (Martinsried/Munich)
- Member of the Board of ADVA Optical Networking Ltd. (UK)
- Member of the Board of ADVA Optical Networking AS (N)
- Member of the Board of ADVA Optical Networking AB (S)
- Member of the Board of ADVA Optical Networking North America Inc.
- Member of the Board of ADVA Optical Networking Ltd. (China)
- Member of the Board of ADVA Optical Networking Pte. (Singapore)
- Member of the Board of ADVA Optical Networking Hong Kong Ltd.

Øyvind Hasaas (born 1956) holds the position of Executive Vice President – OD & HR. Mr. Hasaas has an MBA from the University of Karlstad, Sweden, and management courses at IMD and INSEAD.

Mr. Hasaas has previously held several executive management positions in Hydro, last as Head of Hydro Industrial and Business Parks.

13.5 Remuneration of the Senior Management and the Board of Directors

13.5.1 Remuneration to the Senior Management in 2011

(All amounts in NOK)

Name	Base salary	Bonus earned	Options	Pension benefits	Other taxable benefits
Ole Enger President and CEO	5,096,105	1,065,000	197,985	348,739	215,833
John Andersen Jr. EVP and COO	3,021,616	550,000	49,723	422,911	187,513
Erik Sauar SVP and CTO	1,567,502	247,500	-892,025	177,261	64,882
Tore Torvund EVP	2,675,049	605,748	208,111	329,631	2,036,716
Bjørn Brenna EVP and CFO	2,434,817	440,000	-31,993	357,034	197,630
Øyvind Hasaas EVP	1,959,411	330,000	70,334	302,242	43,543
Kristine Ryssdal SVP and CLO	1,892,518	0	-780,789	288,002	169,843
Total 2011	18,647,018	3,238,248	-1,178,654	2,225,820	2,915,960

All amounts are exclusive of social security tax. Compensation in other than NOK has been calculated at average exchange rates for the year, except for bonus that has been calculated at year-end rates, to arrive to the total NOK amounts in the table above. All amounts include payments and benefits from REC and subsidiaries to the Group management. There were no payments and benefits from the Group for services outside the function as Group management.

The guidelines for 2011 for determination of salary and other compensations for leading employees has been as outlined above. The only changes in the compensation agreements for leading employees during 2011 are adjustments of the amounts, as shown in the table above, and the changes in the composition of the Group management.

Base salary represents the amounts, including holiday pay that has been paid in the year. Base salary is normally adjusted at January 1. The base salaries are for months of employment.

The bonuses are annual performance bonuses. The amounts in the table above represent the bonuses earned during the fiscal year, and are normally paid and reported as taxable income for the employee in the subsequent year. The

bonus amounts should be understood as the total of the bonus and vacation pay on the bonus, if appropriate. The purpose of the bonus scheme is to attract and retain the right talent and to award and incentivize outstanding performance in business critical functions, taking both short and long term value creation into consideration.

In 2008, a REC share option program was established. The share option program is further described in note 32 to the Company's consolidated financial statements for 2011, and the number of options for the Group management is shown in the tables above and below. The estimated fair values of the options are expensed over the estimated vesting periods and the amounts shown in the preceding table are the amounts expensed in the relevant year. The amounts expensed for 2011 have been reduced due the extension of the expected vesting periods from three to six years, except for the 2011 program. All Senior management options in 2011 were allocated simultaneously and expire 14 days subsequent to the Company's presentation of its second quarterly report in 2017. Please refer to section 15.7.2 "Share option program" for further details on the Senior management options allocated in 2011. Negative amounts for options reflected in the 2011 table represent forfeitures of options from the employee upon the termination of their employment except for Bjørn Brenna in 2011.

The amounts in the tables for pension benefits include for defined benefit obligations the relevant year's earning of benefits including interest on the balance, and change in accumulated benefit obligation for the year for Mr. Enger's individual plan, and the expense (premiums) for the year for defined contribution plans. See note 19 to the Company's consolidated financial statements for 2011 further description of the plans.

Other taxable benefits include benefits like company car / coverage of automobile expenses / vehicle allowance, telephone and Internet service, newspapers, health club memberships, reimbursement of home-office related expenses and certain other benefits. The benefits vary, and the amounts in the table are the amounts that are reported as taxable income in the relevant year, based on rules and regulations in the relevant tax laws. Bonus payments are not included because earned bonus is reported separately. Øyvind Hasaas has in addition received commuting housing allowance which are not taxable benefits and not included in the tables.

The following members of the Group management have arrangements that entitle them to special benefits if the employment is terminated, beyond the normal notice period of 6 months.

- Mr. Enger's employment contract is automatically terminated at the time he reaches 65 years of age, unless a prolongation is agreed. Mr. Enger is born on March 14, 1948. In the event that Mr. Enger's contract is terminated by REC, he is entitled to a severance payment equal to one month of his base salary.
- Mr. Andersen has signed a voluntary resignation agreement and will be leaving the company on 30th June 2013. In the event that Mr. Andersen's contract is terminated by REC before 31st December 2012, he is entitled to a severance payment equal to six months of his base salary.
- Mr. Brenna is entitled to a severance payment equal to 12 months of his base salary if his contract is terminated. In the event of dismissal, Mr. Brenna would be entitled to the first six months of the compensation, but any amounts in excess of this that he receives from another employer would be deducted from the balance.
- In the event that Mr. Torvund's contract is terminated by REC, he is entitled to a severance payment equal to six months of his base salary.
- Mr. Krumbacher is entitled to a severance payment equal to 12 months of his base salary if his contract is terminated. In the event of dismissal, Mr. Krumbacher would be entitled to the first six months of the compensation, but any amounts in excess of this that he receives from another employer would be deducted from the balance.
- Mr. Hasaas is entitled to a severance payment equal to 12 months of his base salary if his contract is terminated. In the event of dismissal, Mr. Hasaas would be entitled to the first six months of the compensation, but any amounts in excess of this that he receives from another employer would be deducted from the balance.
- In addition to the above Mr. Brenna, Mr. Torvund, Mr. Krumbacher and Mr. Hasaas have signed stay-on agreements that entitle them to 12 months base salary if they stay with the company until December 31, 2013. They will also be entitled to 12 months base salary if REC terminates their employment without cause or due to reasons relating to the company before this date.
- Silje Johnsen (employee representative in the Board of Directors) has signed a stay-on agreement that entitles her to 12 months base salary if she stays with the company until December 31, 2013. She will also be entitled to 12 months base salary if REC terminates her employment without cause or due to reasons relating to the company before this date.

Except as noted above, no members of the Group management or Board of Directors have service contracts with the Group that provide for benefits upon termination of employment.

Compensation of the Board of Directors paid in 2011*(All amounts in NOK)*

Name	Board compensation	Compensation for committee work
Bjørn Wigen/Dag Opedal*	425,000	50,000
Tore Schiøtz	250,000	50,000
Odd Christopher Hansen	250,000	50,000
Hilde Myrberg*	250,000	50,000
Svein Tore Holsether/Roar Engeland*	250,000	50,000
Bernt Reitan	250,000	50,000
Susanne Munch Thore*	250,000	50,000
Heléne Vibbleus Bergquist	250,000	50,000
Total (period May 19, 2010 – May 25, 2011)	2,175,000	400,000

* Compensation paid to the companies in which they are employed.

Compensation to employee elected board members paid in 2011*(All amounts in NOK)*

Name	Board compensation	Compensation for committee work
Tommy Kristensen	250,000	0
Rolf Birger Nilsen	250,000	50,000
Anders Langerød	250,000	0
Unni Iren Kristiansen	226,712	50,000
Silje Johnsen	23,288	0
Total (period May 19, 2010 – May 25, 2011)	1,000,000	100,000

Ordinary salary etc. paid, and pension benefits earned, for employee elected board members 2011*(All amounts in NOK)*

Name	Salary	Bonus paid	Pension benefits	Other taxable benefits
Tommy Kristensen	396,466	0	32,790	9,763
Rolf Birger Nilsen	417,090	3,241	21,753	4,000
Anders Langerød (Member up to May 25, 2011)	194,573	833	6,540	0
Unni Iren Kristiansen (Member up to May 25, 2011)	229,356	22,997	33,592	5,960
Silje Johnsen (Member from May 25, 2011)	540,576	73,509	44,261	9,157
Hans Ødegård (Member from May 25, 2011)	259,841	167	13,138	2,333
Total	2,037,901	100,748	152,075	31,214

13.6 Board of Directors' and Management's shareholdings and options

The following table sets forth information concerning Shares and options held by the members of the Board of Directors and Senior Management as of the date of the Prospectus.

Name	Options	Shares
Ole Enger	1,149,131	32,941
John Andersen, Jr.	872,935	292,798
Alessandro Perrotta	0	0
Bjørn Brenna	768,554	85,511
Florian Krumbacher	96,209	2,043
Tore Torvund	839,224	16,486
Jens Ulltveit-Moe*	0	30,997,211
Peter Arne Ruzicka**	0	520,000
Odd Christopher Hansen	0	100,000
Mimi Kristine Berdal	0	120,000
Helene Margareta Vibbleus Bergquist	0	0
Hans Ødegård	0	0
Silje Johnsen	0	3,569

* Mr Ulltveit-Moe is CEO, board member and owner of Umoe AS, who has been allocated 186,666,666 New Shares in the Private Placement. Does not take into account share lending.

** Mr Ruzicka is the CEO of Canica AS, who has been allocated 76,666,666 New Shares in the Private Placement. Canica AS is a major shareholder in Orkla ASA, the largest shareholder of the Company. He also holds 400,000 shares in Orkla ASA through his wholly owned investment company Ventotene Invest AS, and 5,500 shares in Orkla ASA through his minor children.

13.7 Bonus and Incentive Program

Annual performance bonuses are described above in section 13.5.1 "Remuneration to the Senior Management in 2011".

In 2008, a REC share option program replaced the long term incentive plan that had been in place since 2006. The share option program is further described in note 16 to the Company's consolidated financial statements for 2011.

13.8 Conflicts of interests etc.

None of the mentioned members of the Company's management or Board of Directors have been subject to any bankruptcy, receivership or liquidation proceedings, nor has any mentioned member of the Company's management or Board of Directors been convicted of any fraudulent offence or been subject to any official public incrimination or sanctions by statutory or regulatory authorities (including designated professional bodies) in acting as founder, director or senior Manager of any company for the last five years, nor has any mentioned member of the Company's management or Board of Directors been disqualified by a court from acting as a member of the management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for the last five years.

Mr. Jens Ulltveit-Moe holds the position as Chairman of the Company's Board of Directors. Furthermore, he is the CEO and a board member of Umoe AS, who holds 59,497,211 shares in the Company. In addition Umoe AS has subscribed for and been allocated 186,666,666 New Shares in the Private Placement.

Mr. Peter Arne Ruzicka holds the position as a member of the Company's Board of Directors. He is also the CEO of Canica AS, a company owning shares in Orkla ASA, as well as board member and shareholder of Orkla ASA. As the interest of Canica AS, as a shareholder, and the Company may not always be aligned Mr. Ruzicka's affiliation in Canica AS could potentially constitute a conflict of interests from time to time.

Other than the above mentioned, there are currently no actual or potential conflicts of interest between the Company and the private interests of any of the mentioned members of the Company's management or Board of Directors, nor are there any family relationships between any such persons. Some of the members of the Company's management and Board of Directors are, as described above, directors of, or may have other interests in, companies and businesses that from time to time may have a conflicting interest with the Company. Any such conflicts, as they arise, will be dealt with in the manner prescribed by the Norwegian Public Limited Companies Act, the Company's Articles of Association and in accordance with the Company's corporate governance code.

14. MAJOR SHAREHOLDERS

The following table sets forth information on shareholders, as registered in the VPS, who following the Private Placement will have a shareholding in the Company which is notifiable under Norwegian securities law, i.e. above 5%.

Name of REC Shareholder	Number of REC Shares prior to the Private Placement ¹	Percentage of REC Shares	Number of REC Shares following the Private Placement	Percentage of REC Shares following the Private Placement
Orkla ASA ²	396,236,635	39.7%	529,569,968	28.4%
Umoe AS ³	30,997,211	3.1%	217,663,877	11.7%
Funds managed by DNB Asset Management AS.....	59,281,556	5.9%	298,718,280	16.0%

For information on allocations made in the Private Placement, see sections 5.3.6 "Allocation and notification" and 5.3.7 "Participation of major shareholders and members of the Company's management, supervisory and administrative bodies in the Private Placement".

Except as set out above, the Company is not aware of any persons or entities who, directly or indirectly, have an interest of 5% or more of the Shares as of the date of the Prospectus. The Company is not aware of any shareholder directly or indirectly controlling the Company. The Company's major shareholders do not have voting rights different from those of other holders of the Company's Shares.

Shareholders owning 5% or more of the Shares in the Company have an interest in the Company's share capital which is notifiable pursuant to the Norwegian Securities Trading Act.

¹ Shareholding as of July 23, 2012, as documented by the shareholders' register in the Norwegian Central Securities Depository as of July 26, 2012. Does not take into account share lending.

² Peter Arne Ruzicka is a member of the Board of Directors of the Company and Orkla ASA.

³ Umoe AS is controlled by the Company's Chairman of the Board Jens Ulltveit-Moe.

15. SHARES AND SHAREHOLDER MATTERS

15.1 General

The following is a summary of material information relating to the Company's share capital, including summaries of certain provisions of its Articles of Association and applicable Norwegian law in force as of the date of this Prospectus, including the Norwegian Public Limited Companies Act. This summary does not purport to be complete and is qualified in its entirety by the Company's Articles of Association and Norwegian law.

REC is a public limited liability company (ASA) organized under the laws of Norway with its registered office at Bærum, Norway. The Company was incorporated on December 3, 1996 under the name Fornybar Energy AS. The Company's registration number in the Norwegian Register of Business Enterprises is 977 258 561, and its Shares are registered in the VPS under ISIN NO 001 0112675. The Company's VPS account manager is DnB NOR Bank ASA Verdipapirservice, Stranden 21, N-0021 Oslo, Norway. The Company does not have a Corporate Assembly. The employees have appointed directors to, and are represented on, the Board of Directors.

As a public limited liability company, none of the Company's shareholders will have personal liability for its obligations under Norwegian law. However, anyone who is responsible for a decision relating to a distribution from the Company in violation of Norwegian law, or for implementing such decision, and was aware or should have been aware of such violation is liable for the return to the Company of the funds distributed, or the loss incurred by the Company.

15.2 Stock Exchange Listing

The Shares were admitted to trading on Oslo Børs on May 9, 2006. The Company's Shares are not listed on any other stock exchange or regulated market, and no such application has been made.

15.3 Share Capital

The Company's issued and registered share capital following as of the date of this Prospectus is NOK 997,152,118 divided into 997,152,118 Shares, each fully paid and with a nominal value of NOK 1. The Company's issued and registered share capital following the registration of the Private Placement in the Norwegian Register of Business Enterprises will be NOK 1,863,818,785 divided into 1,863,818,785 Shares, each fully paid and with a nominal value of NOK 1.00. The registered number of Shares in the Company following the registration of the Subsequent Offering in the Norwegian Register of Business Enterprises will be between 1,863,818,785 and 2,113,818,785, each with a nominal value of NOK 1.00.

Below is a table showing the historical share structure development for the Company for the period covered by the historical financial information:

Date of resolution	Type of change in share capital	No. of shares issued after change	Nominal value	Price per Share issued
March 13, 2006	Capital increase	18,880,658	NOK 20	NOK 255
March 30, 2006	Capital increase	21,054,456	NOK 20	NOK 255
April 20, 2006	Share split (1:20)	421,089,120	NOK 1	N/A
May 8, 2006	Capital increase (IPO)	494,089,120	NOK 1	NOK 95
June 19, 2006	Capital increase	494,110,199	NOK 1	NOK 12.75
September 12, 2006	Capital increase	494,145,626	NOK 1	NOK 12.75
December 1, 2006	Capital increase	494,171,882	NOK 1	NOK 12.75
March 21, 2007	Capital increase	494,314,725	NOK 1	NOK 85.50
June 5, 2009	Capital increase (rights issue)	664,768,079	NOK 1	NOK 26.50
May 20, 2010	Capital increase (rights issue)	997,152,118	NOK 1	NOK 12.10
July 31, 2012 (expected)	Capital increase (private placement)	1,863,818,785	NOK 1	NOK 1.50

As of January 1, 2011 the Company had issued 997,152,118 Shares each with a nominal value of NOK 1.00, and as of December 31, 2011 the Company had issued 997,152,118 Shares each with a nominal value of NOK 1.00.

15.4 Authorizations to Increase the Share Capital

At the annual general meeting held on May 22, 2012, the Board of Directors was granted the authority to increase the share capital by a maximum of NOK 99,700,000 through one or more share issues. The authorization may be used for (i) carrying out investments, acquisitions and mergers, and/or (ii) to provide the Company with financial flexibility. The authorization also includes capital increases in connection with mergers and share issues to employees.

The subscription price and subscription terms in shares issues resolved pursuant to the authorization shall be decided by the Board in connection with each share issue, taking into consideration the Company's requirements and the market value of the Shares at the relevant time. Shares may be issued for contribution in form of cash or by transfer of other assets (contribution in kind). Existing shareholder's pre-emptive rights to subscribe for shares may be deviated from by the Board upon exercise of the authorization.

The authorization replaced all previous authorizations to issue shares, and will expire at the 2013 annual general meeting (but in any case not later than 15 months calculated from the date the authorization was granted by the general meeting).

In addition, the Company's extraordinary general meeting held on July 27, 2012 made the following resolution to issue the New Shares and increase the share capital of the Company in connection with the Private Placement:

1. *The share capital shall be increased with NOK 866,666,667, from NOK 997,152,118 to NOK 1,863,818,785 by issue of 866,666,667 new shares, each with a nominal value of NOK 1.*
2. *The new shares shall be subscribed for by any of Arctic Securities ASA, DNB Markets and Nordea Markets on behalf of, and pursuant to proxies from, investors that have ordered and been allocated shares in the Private Placement, and may be subscribed for in the minutes of the General Meeting or on a separate subscription form, within August 8, 2012. The preferential right of the existing shareholders to subscribe for new shares pursuant to Section 10-4 of the Norwegian Public Limited Liability Companies Act is waived, cf Section 10-5 of the Norwegian Public Limited Liability Companies Act.*
3. *The subscription price shall be NOK 1.50 per share. Payment shall be made in cash.*
4. *Payment for the new shares shall be made within two business days after the subscription and no later than August 11, 2012. The payment shall be made to the Company's designated bank account for the share capital increase.*
5. *The new shares shall carry rights to dividend and have shareholder rights from registration of the share capital increase in the Norwegian Register of Business Enterprises.*
6. *Section 4 of the Articles of Association is amended and shall read:*

"The Company's share capital is NOK 1,863,818,785 divided into 1,863,818,785 shares, each with a nominal value of NOK 1. The shares shall be registered in the Norwegian Central Securities Depository".
7. *The resolution is conditional upon the approval by the General Meeting of the resolutions proposed in sections 5 below.*

The resolutions referred to in item 7 of the proposal relates to the resolution to issue New Shares in the Private Placement and the resolution to approve the Convertible Bond Refinancing.

15.5 Authorization to Acquire Own Shares

At the annual general meeting held on May 22, 2012, the Company's shareholders authorized the Board of Directors to repurchase up to 10% of the nominal value of the Company's share capital at a price per Share of between NOK 1 and NOK 250, for one or more of the following purposes:

- to fulfil the Company's obligations under the share purchase program for its employees;
- in connection with the Company's share option program for its employees, and
- to increase return on investment for the Company's shareholders.

Pursuant to the resolution by the annual general meeting, the Shares shall be acquired and disposed of through ordinary purchase on the stock exchange.

The Board's authorization is valid until the annual general meeting in 2013 or until it is rescinded by a simple majority resolution of a subsequent general meeting (but in any case not later than 15 months calculated from the date the authorization was granted by the general meeting).

At the date hereof, the Company owns 4,238 Shares (treasury shares), each with a par value of NOK 1, and with a total book value of NOK 25,561.

15.6 Convertible Bonds

At the extraordinary general meeting held on June 5, 2009, the Board of Directors was authorized to resolve to raise one or more convertible loans or loans with warrants, cf. Section 11- 1 of the Norwegian the Public Limited Companies Act, in order to ensure financial flexibility, including in connection with capital expenditures and/or mergers and acquisitions. The authorization was used in connection with issuance of a EUR 320 million convertible bond in October 2009. The subordinated unsecured convertible have an annual coupon of 6.50 percent, payable quarterly in arrears on the specified payment dates and a conversion price of EUR 6.4938 representing a conversion premium of 30 percent over the reference price of EUR 4.9952 (NOK 42.3040). The applicable EUR: NOK exchange rate has been set at 8.4690. The conversion price of EUR 6.49 was adjusted to EUR 5.40 per share and the number of shares increased from 49.3 million to 59.3 million due to the dilution effect of the rights issue in May 2010. The bonds are issued and redeemed at 100 percent of their principal amount and will, unless previously redeemed, converted or purchased and cancelled, mature on June 4, 2014. The loan agreement includes customary conversion price adjustment provisions. REC has the right to convert the bonds into ordinary shares at any time on or after January 4, 2013, provided that the value of the underlying shares on Oslo Børs (translated into EUR) on at least twenty trading days within a period of thirty consecutive trading days has exceeded 150 percent of the principal amount of the outstanding bonds.

At the annual general meeting held on May 22, 2012, the Board of Directors was authorized to resolve to raise one or more convertible loans or loans with warrants, so that the sum of loans shall not exceed a total principal amount of NOK 4,985,000,000 and that the share capital increase shall not exceed NOK 99,700,000 or about 10% of the existing share capital. The authorization may be used for (i) carrying out investments and acquisitions, and/or (ii) providing the Company with financial flexibility. The Board is authorized to waive existing shareholders' pre-emptive rights to subscribe for loans and shares. The authorization is valid until the 2013 Annual General Meeting, but in any event not later than 15 months from the authorization was given.

15.7 Share Options

15.7.1 General

On May 19, 2008 the Company's annual general meeting approved a share option program for management and key personnel. The REC Board did not propose to the Annual General Meeting in 2012 to continue the share option program for 2012. The Board proposes to prepare a long term and individual incentive program for executives and key employees based on result and performance related parameters. The Board of Directors also wishes to continue the Group employee share purchase program that commenced in 2008 and is offered to all Group employees. Maximum purchase value will be limited to NOK 35,000, and there will be a discount to the share purchase price of 20%. The program will be executed whenever practical. Leading employees are also offered shares under the company's ordinary share purchase program for all employees.

15.7.2 Share option program

59 employees were granted 8,600,083 options under the share option program for 2011. The program has a profit cap of one to two years fixed salary. The program has a six-year duration with a lock-up period in the first three years. The number of share options awarded is limited to a maximum profit gain in each calendar year of the exercising period relative to base annual salary effective at January 1 in the year of exercise. The profit gain is calculated as the difference between the exercise price and the market price at the time of exercise.

Status at June 30, 2012 was as follows:

Program	Original no. of options	Outstanding options at June 30, 2012	Strike price	Original no. of participants
2008	873,546	269,903	130.53	71
2009	3,876,678	1,710,109	44.00	85
2010	7,245,411	4,082,913	20.61	68
2011	8,600,083	6,052,056	13.57	59
TOTAL	20,595,718	12,114,982		

The exercise price and number of options granted have been adjusted to compensate for the dilutive effects of the rights issues in 2009 and 2010, see note 32 to the consolidated financial statements for 2011.

15.8 Other Financial Instruments

Other than described above, there are no other outstanding options, warrants, convertible loans or other instruments which would entitle the holder of any such securities to require that the Company issue any Shares.

15.9 Shareholder Rights

Under Norwegian law, all shares shall provide equal rights in a company. However, Norwegian law permits a company's articles of association to provide for different types of shares (e.g., several classes of shares). In such case, a company's articles of association must specify the different rights, preferences and privileges of the classes of shares and the total nominal value of each class of shares. The Company's Articles of Association provide for a single class of shares with equal rights.

15.10 Limitations on the Right to Own and Transfer Shares

There are no restrictions affecting the right of Norwegian or non-Norwegian residents or citizens to own the Company's Shares. The Company's Articles of Association do not contain any provisions restricting the transferability of Shares.

15.11 General Meetings

Under Norwegian law, a company's shareholders exercise supreme authority in the company through the general meeting.

A shareholder may attend the general meeting either in person or by proxy. Although Norwegian law does not require the Company to distribute proxy forms to its shareholders for general meetings, the Company has a history of doing so as a listed company and intends to continue this practice also in the future.

In accordance with Section 5-6 of the Norwegian Public Limited Companies Act, the annual general meeting is required to be held within six months from the end of each financial year (i.e. on or prior to June 30). The following business must be transacted and decided at the annual general meeting:

- approval of the annual accounts and annual report, including the distribution of any dividend; and
- any other business to be transacted at the general meeting by law or in accordance with the Company's Articles of Association.

Pursuant to Section 5-6 of the Norwegian Public Limited Companies Act, the annual general meeting of shareholders shall also deal with the Board of Directors' declaration concerning the determination of salaries and other remuneration to senior executive officers pursuant to Section 6-16a of said Act.

Norwegian law requires that written notice of general meetings be sent to all shareholders whose addresses are known at least three weeks prior to the date of the meeting, unless the company's articles of association stipulate a longer period. The Company's Articles of Association do not include any provision on this subject. A shareholder is entitled to have an issue discussed at a general meeting if such shareholder provides the Board of Directors with notice of the issue so that it can be included in the written notice of the general meeting.

In addition to the annual general meeting, extraordinary general meetings of shareholders may be held if deemed necessary by the Company's Board of Directors. An extraordinary general meeting must also be convened for the consideration of specific matters at the written request of the Company's auditors or shareholders representing a total of at least 5% of the share capital.

15.12 Voting Rights

Each Share in the Company carries one vote.

As a general rule, resolutions that shareholders are entitled to make pursuant to Norwegian law or the Company's Articles of Association require approval by a simple majority of the votes cast. In the case of election of directors to the board of directors, the persons who obtain the most votes cast are deemed elected to fill the positions up for election. However, as required under Norwegian law, certain decisions, including, but not limited to, resolutions to waive preferential rights, if applicable, in connection with any share issue, to approve a merger or demerger, to amend the Company's Articles of Association, to authorize an increase or reduction in the share capital, to authorize an issuance of convertible loans or warrants or to authorize the Board of Directors to purchase the Company's Shares or to dissolve the Company, must receive the approval of at least two-thirds of the aggregate number of votes cast as well as at least two-thirds of the share capital represented at the general meeting. Norwegian law further requires that certain decisions, which have the effect of substantially altering the rights and preferences of any shares or class of shares, receive the approval of the holders of such shares or class of shares as well as the majority required for amendments to the Company's Articles of Association. Decisions that (i) would reduce any shareholder's right in respect of dividend payments or other rights to the assets of the Company or (ii) restrict the transferability of the shares already issued, require a majority vote of at least 90% of the share capital represented at the general meeting in question as well as the majority required for amendments to the Company's Articles of Association. Certain types of changes in the rights of shareholders require the consent of all shareholders affected thereby as well as the majority required for amendments to the Company's Articles of Association.

All shareholders who are registered in the register of shareholders maintained by the VPS as of the date of the general meeting, or otherwise have reported and proved their ownership of Shares, are entitled to admission without any requirement for pre-registration. It should, however, be noted that there are varying opinions as to the interpretation of Norwegian law in respect of the right to vote for nominee-registered shares. For example, Oslo Børs has in a statement of November 21, 2003 held that in its opinion “nominee-shareholders” may vote in general meetings if they prove their actual shareholding prior to the general meeting.

15.13 Amendments to the Company’s Articles of Association, including Variation of Rights

Pursuant to the provisions of the Norwegian Public Limited Companies Act, the affirmative vote of two-thirds of the votes cast at a general meeting, as well as at least two-thirds of the share capital represented at the meeting, is required to amend the Company’s Articles of Association. Certain types of changes in the rights of the Company’s shareholders require the consent of all shareholders or 90% of the votes cast at a general meeting.

15.14 Additional Issuances and Preferential Rights

If the Company issues any new Shares, including bonus share issues (representing the issuance of new Shares by a transfer from the Company’s share premium reserve or distributable equity to the share capital), the Company’s Articles of Association must be amended, which requires a two-thirds majority of the votes cast at a general meeting of shareholders. In connection with an increase in the Company’s share capital by a subscription for Shares against cash contributions, Norwegian law provides the Company’s shareholders with a preferential right to subscribe to the new Shares on a pro rata basis in accordance with their then-current shareholdings in the Company.

The preferential rights to subscribe to an issue may be waived by a resolution in a general meeting passed by a two-thirds majority of the votes cast at a general meeting of shareholders required to approve amendments to the Company’s Articles of Association.

The general meeting may, with a vote as described above, authorize the Board of Directors to issue new Shares. Such authorization may be effective for a maximum of two years, and the nominal value of the Shares to be issued may not exceed 50% of the nominal share capital as at the time the authorization was granted. The preferential right to subscribe for Shares against consideration in cash may be set aside by the Board of Directors only if the authorization includes such authority for the Board of Directors.

In order to issue Shares to holders of the Company’s Shares who are citizens or residents of the United States upon the exercise of preferential rights, the Company may be required to file a registration statement in the United States under U.S. securities laws. If the Company decides not to file a registration statement, these holders may not be able to exercise their preferential rights.

Under Norwegian law, bonus shares may be issued, subject to shareholder approval and provided, amongst other requirements, the Company does not have an uncovered loss from a previous accounting year, by transfer from the Company’s distributable equity or from the Company’s share premium reserve. Any bonus issues may be effected either by issuing Shares or by increasing the nominal value of the Shares outstanding. If the increase in share capital is to take place by new shares being issued, these new Shares must be allotted to the shareholders of the Company in proportion to their current shareholdings in the Company.

15.15 Related Party Transactions

Under Norwegian law, an agreement between the company and a shareholder, or connected person of such shareholder (e.g. a company controlled by a shareholder or its spouse, partner or other family members), which involves consideration from the company in excess of 5% of the company’s share capital at the time of such acquisition is not binding on the company unless the agreement has been approved by the shareholders at a general meeting. Agreements entered into in the normal course of the company’s business containing pricing and other terms and conditions which are normal for such agreements, the purchase of securities at a price that is in accordance with the official quotation, as well as certain other transactions, do not require such approval. Any performance of an agreement that is not binding on the company must be reversed.

15.16 Minority Rights

Norwegian law contains a number of protections for minority shareholders against oppression by the majority, including but not limited to those described in this and preceding paragraphs. Any shareholder may petition the courts to have a decision of the Company’s Board of Directors or general meeting declared invalid on the grounds that it unreasonably favors certain shareholders or third parties to the detriment of other shareholders or the Company itself. In certain grave circumstances, shareholders may require the courts to dissolve the company as a result of such decisions. Shareholders holding in aggregate 5% or more of the Company’s share capital have a right to demand that the Company holds an extraordinary general meeting to discuss or resolve specific matters. In addition, any shareholder may demand that the Company places an item on the agenda for any general meeting if the Company is notified in time for such item to be included in the notice of the meeting.

15.17 Transfers and Other Changes in Ownership of the Company's Securities by Directors and Officers

Under Norwegian law, the individual members of the Company's Board of Directors, the President and Chief Executive Officer, and other key employees and the Company's auditor must immediately notify the Board of Directors of both their own and their personal connected persons' sale or acquisition of the Company's Shares or other securities. Such sale or acquisition must also be reported to Oslo Børs, which will promptly publish the notice through its information system.

15.18 Rights of Redemption and Repurchase of Shares

The Company has not issued redeemable shares (i.e., shares redeemable without the shareholder's consent). The Company's share capital may be reduced by reducing the nominal value of the Shares. Such a decision requires the approval of two-thirds of the votes cast at a general meeting. Redemption of individual Shares requires the consent of the holders of the Shares to be redeemed.

A Norwegian company may purchase its own shares if an authorization for the board of directors of the company to do so has been given by the shareholders at a general meeting with the approval of at least two-thirds of the aggregate number of votes cast at the meeting. The aggregate nominal value of treasury shares so acquired and held by the company is not permitted to exceed 10% of the company's share capital, and treasury shares may only be acquired if the company's distributable equity, according to the latest adopted balance sheet, exceeds the consideration to be paid for the shares. The authorization by the shareholders at the general meeting cannot be given for a period exceeding 18 months. See section 15.5 for the Company's current authorizations and holdings in respect of treasury shares.

15.19 Shareholder Vote on Certain Reorganizations

A decision to merge with another company or to demerge requires a resolution of the Company's shareholders at a general meeting passed by two-thirds of the aggregate votes cast, as well as two-thirds of the aggregate share capital represented, at the general meeting. A merger plan or demerger plan signed by the Company's Board of Directors, along with certain other required documentation, would have to be sent to all shareholders at least one month prior to the general meeting.

15.20 Liability of Directors

The Company's Board of Directors and the President and Chief Executive Officer owe a fiduciary duty to the Company and thereby its shareholders. Such fiduciary duty requires that the Board members and the President and Chief Executive Officer act in the Company's best interests when exercising their functions and exercise a general duty of loyalty and care towards the Company. Their principal task is to safeguard the interests of the Company.

Members of the Company's Board of Directors and the President and Chief Executive Officer may each be held liable for any damage they negligently or willfully cause the Company. Norwegian law permits the general meeting to exempt any such person from liability, but the exemption is not binding if substantially correct and complete information was not provided at the general meeting when the decision was taken. If a resolution to grant such exemption from liability or not to pursue claims against such a person has been passed by a general meeting with a smaller majority than required to amend the Company's Articles of Association, shareholders representing more than 10% of the share capital or, if there are more than 100 shareholders at the relevant point in time, more than 10% of the total number of shareholders may pursue the claim on the Company's behalf and in its name. The cost of any such action is not the Company's responsibility, but can be recovered from any proceeds the Company receives as a result of the action. If the decision to grant an exemption from liability or not to pursue claims is made by such a majority as is necessary to amend the Articles of Association, or if a settlement has been reached, the minority shareholders cannot pursue the claim in the Company's name. A resolution by the general meeting to exempt the directors from liability does not protect the directors from a claim or a lawsuit filed by a third party other than a shareholder, for example a creditor.

15.21 Indemnification of Directors and Officers

Neither Norwegian law nor the Company's Articles of Association contain any provision concerning indemnification by the Company of the Company's Board of Directors. The Company is permitted to purchase, and has purchased, insurance to cover the members of its Board of Directors against certain liabilities that they may incur in their capacity as such.

15.22 Distribution of Assets on Liquidation

Under Chapter 16 of the Norwegian Public Limited Companies Act, a company may be wound-up by a resolution of the company's shareholders in a general meeting passed by the same vote as required with respect to amendments to the articles of association. The shares rank equally in the event of a return on capital by the company upon a winding-up or otherwise.

15.23 Summary of the Company's Articles of Association

The following is a summary of provisions of the Company's Articles of Association, some of which have not been addressed in the preceding discussion. The Company's Articles of Association have been incorporated hereto by reference (see section (22.2) and available at www.recgroup.com/en/ir. See section 22.2 of this Prospectus.

Name of the Company – Pursuant to the Articles of Association section 1, the Company's registered name is Renewable Energy Corporation ASA. REC is a Norwegian public limited liability company.

Registered Office – Pursuant to the Articles of Association section 2, the Company's registered office is in the municipality of Bærum, Norway.

Objectives of the Company – Pursuant to the Articles of Association section 3, the objectives of the Company are to develop and sell products and services related to renewable energy sources, and to perform other financial operations related thereto. The Company may, through subscription of shares or in any other ways, including granting loans, acquire interests in other companies with identical or similar objectives.

Share Capital – Pursuant to the Articles of Association section 4, the Company's current share capital is NOK 997,152,118 divided into 997,152,118 Shares each with a nominal value of NOK 1. The Shares shall be registered in the Norwegian Central Securities Depository.

Board of Directors – Pursuant to the Articles of Association section 5, the Board of Directors shall consist of a minimum of five and a maximum of twelve directors. The Chairman shall be elected by the Board of Directors. In the event of an equality of votes, the Chairman has the casting vote. The Board shall be elected for a period of one year at a time.

Signatory Rights – Pursuant to the Articles of Association section 7, the right to sign on behalf of the Company is assigned to the Chairman and one board member jointly. The Board of Directors may grant power of procuration.

Annual General Meeting – Pursuant to the Articles of Association section 9, the annual general meeting of the Company's shareholders will be convened by its Board of Directors no later than June 30 each year. The meeting will deal with the approval of the annual report and accounts, including distribution of dividends, and any other matters as required by law or the Company's Articles of Association.

Documents for Consideration at General Meetings – Documents to be considered by shareholders at general meetings in the Company (including documents that pursuant to law is to be enclosed with the notice of such meetings), may pursuant to the Company's Articles Association not be sent to all shareholders if they are made available on the Company's web site. A shareholder may nevertheless request such documents to be sent.

16. DIVIDENDS AND DIVIDEND POLICY

16.1 Dividends

16.1.1 Procedure for Declaration of Dividends

Dividends in respect of a fiscal year, if any, will be declared at the Company's annual general meeting in the following year. Under Norwegian law, dividends may only be paid in respect of a fiscal year for which audited financial statements have been approved by the annual general meeting, and any proposal to pay a dividend must be recommended by the Company's Board of Directors and approved by its shareholders at a general meeting. The shareholders at the Company's annual general meeting may vote to reduce, but may not adopt a resolution to increase, the dividend proposed by the Company's Board of Directors. Dividends declared and approved in this manner accrue to those shareholders who were shareholders at the time the resolution was adopted, unless otherwise stated in the resolution.

16.1.2 Legal Constraints on the Distribution of Dividends

Dividends may be paid in cash or in some instances in kind. The Norwegian Public Limited Companies Act provides several constraints on the distribution of dividends:

- Dividends are payable only out of distributable reserves. Section 8-1 of the Norwegian Public Limited Companies Act provides that distributable reserves consist of the profit for the prior fiscal year (as reflected in the income statement approved by the annual general meeting) and the retained profit from previous years (adjusted for any reclassification of equity), less (i) uncovered losses, (ii) the book value of research and development, goodwill and net deferred tax assets (as recorded in the balance sheet, as of the most recent fiscal year end, approved by the annual general meeting), (iii) the total nominal value of treasury shares which the Company has acquired for ownership or as security in previous fiscal years, and credit and security which, pursuant to Sections 8-7 to 8-9 of the Norwegian Public Limited Companies Act, fall within the limits of distributable equity, and (iv) that part of the profit for the prior fiscal year which, by law or pursuant to the Company's Articles of Association, must be allocated to the undistributable reserve or cannot be distributed as a dividend.
- Dividends cannot be distributed if the Company's equity amounts to less than 10% of the total assets, measured with reference to the parent Company's balance sheet as of the prior fiscal year end without a two-month creditor notice period provided for under Sections 12-4 and 12-6 of the Norwegian Public Limited Companies Act.
- Dividends can in any event only be distributed to the extent compatible with sound and careful business practice, with due regard to any losses which the Company may have incurred since the balance sheet date (i.e., the prior fiscal year end) or which the Company may expect to incur.
- The amount of dividends the Company can distribute is calculated on the basis of the parent Company's financial statements.

According to the Norwegian Public Limited Companies Act, there is no time limit after which entitlement to dividends lapses. Further, said Act contains no dividend restrictions or specific procedures for non-Norwegian resident shareholders. For a description of withholding tax on dividends that is applicable to non-Norwegian residents, see section 19.

As part of the restructuring of the bank facilities, the Company has agreed to continue certain restrictions with respect to dividends and other distributions made by the Company to its shareholders.

16.2 Dividend Policy

The Company has not paid any dividends to date, whether in cash or in kind, and the Company does not currently intend to pay dividends in the foreseeable future. The Company currently intends to retain all earnings, if any, and to use these, together with the net proceeds of the Private Placement, to finance the further business of the Company.

See the Company's corporate governance guidelines included in the 2011 Annual Report for further information on dividend policy.

17. LEGAL MATTERS

17.1 Disputes

From time to time the Company and/or the Group may become engaged in litigation or regulatory proceedings incidental to their business.

Other than the disputes set out below, neither the Company and/or the Group is, or has been, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the issuer is aware), as of the date of this Prospectus, and for the preceding 12 months, which may have, or have had in recent past significant negative effects on the Company's and/or the Group's financial position or profitability.

REC Silicon

REC Solar Grade Silicon LLC ("REC SGS") vs Grant County

REC SGS owns approximately 105.13 acres of property in Grant County, Washington. The property is zoned for industrial use. The Group operates three separate plants (Plants 1, 3 and 4) on the property. REC SGS is involved in a property tax dispute with Grant County, Washington involving assessment years 2009, 2010, and 2011. For assessment year 2009, with taxes payable in 2010, Grant County assigned an assessed value to the property of \$1,260,217,900. In a complaint filed in the Grant County Superior Court, REC SGS has asserted that the true and fair value of the property did not exceed \$590,000,000. Applying the 1.193216% tax rate, the potential refund if REC SGS prevail on all issues is \$7,997,147. This case is currently stayed pending the resolution of the separate challenges to assessment years 2010 and 2011 that are now pending before the Washington State Board of Tax Appeals ("BTA"), which is an independent administrative board that adjudicates property tax appeals. For assessment year 2010, with taxes payable in 2011, Grant County assigned an assessed value to the property of \$1,562,758,300. REC SGS has asserted that the true and fair value of the property did not exceed \$1,007,000,000. Applying the 1.210026% rate, the potential refund if REC SGS prevail on all issues is \$6,713,964. Like the 2009 matter, this matter is currently pending before the BTA. For assessment year 2011, with taxes payable in 2012, Grant County assigned an assessed value of \$1,742,375,800. REC SGS has asserted that the true and fair value of the property did not exceed \$1,008,900,000. Applying the 1.268417% rate, the potential refund if we prevail on all issues is \$9,303,532. Like the 2009 and 2010 matters, this matter is currently pending before the BTA. The basis for the reduction of the assessed values is similar for all three assessment years.

REC Wafer Norway

EKRO

REC Wafer Norway AS ("REC Wafer") is defendant in an arbitration case against EKRO Resirk AS ("EKRO"), a former supplier of silicon cleaning and recycling services to REC Wafer. Under an agreement entered into between the parties in 2008, EKRO should have designed and built a new recycling plant close to the Group's factories at Herøya. The Group terminated the agreement for material breach in October 2011 after EKRO had not been able to complete the plant according to the agreement. In December 2011, EKRO claimed NOK 165 million in compensation and damages from REC Wafer and initiated arbitration proceedings against REC Wafer in Norway. The arbitration panel was established in March 2012. REC Wafer contests EKRO's claim in its entirety. No provision has been made.

SIC Processing

On April 18, 2012, REC Wafer has initiated arbitration proceedings against SIC Processing AS, a supplier of recycling services for exhausted slurry used in the wafer production process. As from 2005, the parties have entered into several cooperation and supply agreements which were amended in 2010. REC Wafer claims a declaratory judgment that certain parts of SIC Processing's compensation under the agreements have been reduced to zero due to the close-down of SIC Processing's factories. The total compensation amount over the remaining contract period prior to any reductions due to the factory close-downs is estimated at approximately NOK 315 million (present value).

These parts of the agreements are included in the estimated total provisions for onerous contracts at June 30, 2012, but at a much lower amount. Reference is made to note 5 in the second quarter 2012 report. Any change in the provision will affect the total cost for the close down of operations in REC Wafer.

Wafer Supply Agreements

As further explained in sections 2 and 9.5.1, REC Wafer has negotiated termination and settlement agreements with most of its long-term wafer customers. Going forward, legal proceedings may be expected if commercial solutions acceptable to both parties cannot be found with the remaining customer.

REC Solar

In connection with the construction of the integrated plant in Singapore, REC has received an initial claim for property taxes of SGD 12 million annually, starting from the end of 2009. REC contested the amount of the claim as it was

significantly overestimated. The tax authority then revised the property tax downwards, for 2010 to SGD 6,189,300 and for 2011 to SGD 6,488,700. REC is now contesting the property tax for 2010 onwards, and has appealed to the Valuation Review Board against the amount of property tax payable. REC has expensed and paid all property tax claims in full.

18. SECURITIES TRADING IN NORWAY

18.1 Introduction

Oslo Børs is the principal market in which shares, bonds and other financial instruments are traded in Norway. Oslo Børs is incorporated as a public limited liability company. As of December 31, 2011, the total capitalization of companies listed on Oslo Børs amounted to approximately NOK 1,557 billion. Shareholdings of non-Norwegian investors as a percentage of total market capitalization on December 31, 2011 amounted to approximately 35%.

18.2 Trading and Settlement

Continuous trading on Oslo Børs takes place between 09:00 hours and 16:30 hours (CET) each trading day, as of August 6, 2012, with pre-trade between 08:15 hours and 09:00 hours (CET).

The settlement period for trading on Oslo Børs is three days (T+3).

The ability of brokerage houses to trade for their own account is restricted to trading that occurs as an integral part of either investment services or general capital management. Trading by individual employees is also restricted.

Investment services may only be provided by Norwegian brokerage houses holding a license under the Norwegian Securities Trading Act, branches of brokerage houses from an EEA Member State or brokerage houses from outside the EEA that have been licensed to operate in Norway. Brokerage houses in an EEA Member State may also conduct cross-border investment services in Norway.

It is possible for brokerage houses to undertake market-making activities in listed Norwegian shares if they have a license to do so under the Norwegian Securities Trading Act, or in the case of brokerage houses in an EEA Member State, a license to carry out market making activities in their home jurisdiction. Such market-making activities will be governed by the regulations of the Norwegian Securities Trading Act covering brokers' trading for own account. Such market-making activity, however, does not as such require notification to the NFSA or Oslo Børs except for the general obligation on brokerage houses that are members of Oslo Børs to report all trades in stock exchange listed securities.

18.3 Information, Control and Surveillance

Under Norwegian law, Oslo Børs is required to perform a number of surveillance and control functions. The Surveillance and Corporate Control unit of Oslo Børs monitors all market activity on a continuous basis. Market surveillance systems are largely automated, promptly warning department personnel of abnormal market developments.

From May 1, 2010, the Financial Supervisory Authority of Norway controls the issuance of securities in both the equity and bond markets in Norway. From this date, the Financial Supervisory Authority of Norway evaluates whether the issuance documentation contains the required information and whether it would otherwise be illegal to carry out the issuance.

Each listed company must deliver to Oslo Børs copies of all reports and communications sent to its shareholders. Each company must also promptly, unless there are valid reasons for postponement, publicly disclose in an efficient and non-discriminatory manner any inside information (i.e. precise information about the financial instruments, the company or other matters which are suited to have a significant effect on the price of the financial instruments or related financial instruments noticeably, and that are not publicly available or commonly known in the market). Oslo Børs may levy fines on companies that violate such requirements.

18.4 The VPS and Transfer of Shares

The VPS is the Norwegian paperless centralized securities registry. It is a computerized bookkeeping system in which the ownership of, and all transactions relating to, Norwegian listed shares must be recorded. The Company's share register is operated through the VPS. All transactions relating to securities registered with the VPS are made through computerized book entries. The VPS confirms each entry by sending a transcript to the registered shareholder irrespective of any beneficial ownership. To give effect to such entries, the individual shareholder must establish a share account with a Norwegian account agent. Norwegian banks, the Bank of Norway, authorized securities brokers in Norway and Norwegian branches of credit institutions established within the EEA are allowed to act as account agents.

The entry of a transaction in the VPS is prima facie evidence in determining the legal rights of parties as against the issuing company or a third party claiming an interest in the given security.

The VPS is strictly liable for any loss resulting from an error in connection with registering, altering or canceling a right, except in the event of contributory negligence, in which event compensation owed by the VPS may be reduced or withdrawn.

A transferee or assignee of shares may not exercise the rights of a shareholder with respect to such shares unless such transferee or assignee has registered such shareholding or has reported and shown evidence of such share acquisition, and the acquisition of shares is not prevented by law, the Articles of Association or otherwise.

18.5 Share Register

Under Norwegian law, shares are registered in the name of the owner of the shares. As a general rule, there are no arrangements for nominee registration. Shares may nevertheless be registered in the VPS by a fund manager (bank or other nominee), approved by the Norwegian Ministry of Finance, as the nominee of foreign shareholders. An approved and registered nominee has a duty to provide information on demand about beneficial shareholders to the company and to the Norwegian authorities. In the case of registration by nominees, registration with the VPS must show that the registered owner is a nominee. A registered nominee has the right to receive dividends and other distributions but cannot vote at general meetings on behalf of the beneficial owners. Beneficial owners must register with the VPS or provide other sufficient proof of their ownership to the shares in order to vote at general meetings.

18.6 Foreign Investment in Norwegian Shares

Foreign investors may trade shares listed on Oslo Børs through any broker that is a member of Oslo Børs, whether Norwegian or foreign.

18.7 Disclosure Obligations

Pursuant to Section 4-2 of the Norwegian Securities Trading Act, a person, entity or group acting in concert that acquires shares, options for shares or other rights to shares resulting in its beneficial ownership, directly or indirectly, in the aggregate meeting or exceeding the respective thresholds of 5%, 10%, 15%, 20%, 25%, 1/3, 50%, 2/3 or 90% of the share capital or the corresponding voting rights in the Company has an obligation under Norwegian law to notify Oslo Børs immediately. The same applies to disposal of shares (but not options or other rights to shares) resulting in a beneficial ownership, directly or indirectly, in the aggregate meeting or falling below said thresholds.

18.8 Insider Trading

According to Norwegian law, subscription for, purchase, sale or exchange of shares which are quoted, or incitement to such dispositions, must not be undertaken by anyone who has inside information (cf. section 22.3) The same applies to entry into, purchase, sale or exchange of option or futures/forward contracts or equivalent rights connected with such shares or incitement to such disposition.

18.9 Mandatory Bid Requirement

Pursuant to Chapter 6 of the Norwegian Securities Trading Act, any person, entity or a consolidated group that becomes the owner of shares representing more than 1/3 of the voting rights of a Norwegian company whose shares are quoted on a Norwegian regulated market, is obliged to within four weeks make an unconditional general offer to acquire the whole of the outstanding share capital of that company. The mandatory bid obligation ceases to apply, however, if the person, entity or a consolidated group sells the portion of the shares that exceeds the relevant threshold within four weeks of the date on which the mandatory bid obligation was triggered. When a mandatory offer obligation is triggered, the person subject to such obligation shall immediately notify Oslo Børs and the company accordingly. The notification shall state whether a bid will be made to acquire the remaining shares in the company or whether a sale will take place. The offer and the offer document required are subject to approval by Oslo Børs before submission of the offer to the shareholders is made or published.

The offer price per share must be at least as high as the highest price paid or agreed by the offeror in the six-month period prior to the date the threshold was exceeded. If it is clear that the market price was higher when the mandatory offer obligation was triggered, however, the bid price shall be at least as high as the market price. If the acquirer acquires or agrees to acquire additional shares at a higher price prior to the expiration of the mandatory offer period, the acquirer is obliged to restate his bid at such higher price. A mandatory offer must be in cash or contain a cash alternative at least equivalent to any other consideration offered.

In case of failure to make a mandatory offer or sell the portion of the shares that exceeds the relevant threshold within four weeks. Oslo Børs may force the acquirer to sell the shares exceeding the threshold by public auction. Moreover, an acquirer who fails to make an offer may not, as long as the mandatory bid obligation remains in force, exercise rights in the company, such as voting on the general meeting of shareholders, without the consent of a majority of the remaining shareholders. The shareholder may, however, exercise the right to dividend and pre-emption rights in the event of a share capital increase. If the shareholder neglects his duties to make a mandatory offer, Oslo Børs may impose a cumulative daily fine which runs until the circumstance has been rectified.

A shareholder or consolidated group that owns shares representing more than 1/3 of the votes in a listed company, and which has not previously made an offer for the purchase of the remaining shares in the company in accordance with the provisions concerning mandatory offers, is, as a main rule, obliged to make a mandatory offer in the case of a subsequent acquisition of shares. There are, however, exceptions from this rule, including for a shareholder or a

consolidated group, which, upon admission of the company to listing on a stock exchange, owed more than 1/3 of the shares in the company.

Pursuant to Section 6-6 of the Norwegian Securities Trading Act, a shareholder who represents more than 1/3 of the votes of a listed company is obliged to make an offer to purchase the remaining shares of the company (repeated bid obligation) where the shareholder through acquisition exceeds an ownership of 40% of the votes in the company. The same applies correspondingly where the shareholder through acquisition exceeds an ownership of 50% or more of the votes in the company. The mandatory bid obligation ceases to apply if the person, entity or a consolidated group sells the portion of the shares which exceeds the relevant threshold within four weeks of the date on which the mandatory bid obligation was triggered.

Pursuant to the provisions of the Norwegian Securities Trading Act and the Norwegian Securities Regulation, the above mentioned rules also apply in part or in whole to purchases of shares of certain companies other than Norwegian companies whose shares are quoted on a Norwegian regulated market.

18.10 Compulsory Acquisition

Pursuant to Section 4-25 of the Norwegian Public Limited Companies Act, a shareholder who, directly or indirectly via subsidiaries, acquires shares representing 90% or more of the total number of issued shares in the company, as well as 90% or more of the total voting rights of a company, has the right (and each remaining minority shareholder of that company would have the right to require the majority shareholder) to effect a compulsory acquisition for cash of any shares not already owned by the majority shareholder. Such compulsory acquisition would imply that the majority shareholder becomes the owner of all shares held by minority shareholders with immediate effect.

Upon effecting the compulsory acquisition, the majority shareholder shall offer the minority shareholders a specific price per share, the determination of which would be at the discretion of the majority shareholder.

Should any minority shareholder not accept the offered price, such minority shareholder may, within a specified deadline not to be of less than two months' duration, object to the pricing being offered. Absent such request or other objection to the price being offered, the minority shareholders would be deemed to have accepted the offered price after the expiry of the two months deadline. If an objection is made, and absent amicable settlement, each of the majority shareholders and the objecting minority shareholders may request that the price be determined by the Norwegian courts. The cost of such court procedure would, as a general rule, be for the account of the majority shareholder, and the courts would have full discretion in respect of the valuation of the shares as per the effectuation of the compulsory acquisition.

Pursuant to Section 6-22 of the Norwegian Securities Trading Act, where the offeror, after making a mandatory or voluntary bid, has acquired 90% or more of the voting shares of the offeree company and a corresponding proportion of the votes that can be cast at the general meeting, and the offeror pursuant to Section 4-25 of the Norwegian Public Limited Companies Act completes a forced transfer of the remaining shares within three months after the expiry of the period of the bid, the redemption price shall be fixed on the basis of the bid price, absent specific reasons indicating another price. Furthermore, if a shareholder through a voluntary offer in accordance with the Norwegian Securities Trading Act acquires shares representing 90% or more of the total number of issued shares, as well as 90% or more of the total voting rights, a compulsory acquisition can, subject to the following conditions, be carried out without such shareholder being obliged to make a mandatory offer: (i) the compulsory acquisition is commenced no later than four weeks after the acquisition of shares through the voluntary offer, (ii) the price offered per share is equal to or higher than what the offer price would have been in a mandatory offer, and (iii) the settlement is guaranteed by a financial institution authorized to provide such guarantees in Norway.

18.11 Restriction on Ownership of Shares

The Articles of Association of the Company contain no provisions restricting foreign ownership of Shares.

There are no limitations under Norwegian law on the rights of non-residents or foreign owners to hold or vote the Shares.

18.12 Dividends

Under Norwegian law, no interim dividends may be paid in respect of a financial period as to which audited financial statements have not been approved by the annual general meeting of shareholders, and any proposal to pay a dividend must be recommended or accepted by the directors and approved by the shareholders at a general meeting. The shareholders at an annual general meeting may vote to reduce (but not to increase) the dividends proposed by the directors.

Dividends in cash or in kind are payable only out of (i) the annual profit according to the adopted income statement for the last financial year, (ii) retained profit from previous years, and (iii) distributable reserves, after deduction of (a) any uncovered losses, (b) the book value of research and development, (c) goodwill, (d) net deferred tax assets recorded in the balance sheet for the last financial year, (e) the aggregate value of any treasury shares that the Company has purchased or been granted security over during the preceding financial years, (f) any credit or security given pursuant to

Sections 8-7 to 8-9 of the Norwegian Public Limited Companies Act and provided always that such distribution is compatible with good and prudent business practice with due regard to any losses which may have occurred after the last balance sheet date or which may be expected to occur. The Company cannot distribute any dividends if the equity, according to the balance sheet, amounts to less than 10% of the total balance sheet without a two months' creditor notice period.

Under Norwegian foreign exchange controls currently in effect, transfers of capital to and from Norway are not subject to prior government approval. However, all payments to and from Norway shall be registered with the Norwegian Currency Registry. Such registration is made by the entity performing the transaction. Further, each physical transfer of payments in currency shall be notified to the Norwegian customs. Consequently, a non-Norwegian resident may receive dividend payments without Norwegian exchange control consent if such payment is made through a licensed bank.

19. RESTRICTIONS ON SALE AND TRANSFER

19.1 General

The grant of Subscription Rights and issue of Offer Shares upon exercise of Subscription Rights and the offer of unsubscribed Offer Shares to persons resident in, or who are citizens of countries other than Norway, may be affected by the laws of the relevant jurisdiction. Eligible Shareholders should consult their professional advisers as to whether they require any governmental or other consent or need to observe any other formalities to enable them to exercise Subscription Rights or purchase or subscribe for Offer Shares.

The Company does not intend to take any action to permit a public offering of the Offer Shares in any jurisdiction other than Norway. Receipt of this Prospectus will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this Prospectus is for information only and should not be copied or redistributed. Except as otherwise disclosed in this Prospectus, if an Eligible Shareholder receives a copy of this Prospectus in any territory other than Norway, the Eligible Shareholder may not treat this Prospectus as constituting an invitation or offer to it, nor should the Eligible Shareholder in any event deal in the Offer Shares, unless, in the relevant jurisdiction, such an invitation or offer could lawfully be made to that Eligible Shareholder, or the Subscription Rights and Offer Shares could lawfully be dealt in without contravention of any unfulfilled registration or other legal requirements. Accordingly, if an Eligible Shareholder receives a copy of this Prospectus, the Eligible Shareholder should not distribute or send the same, or transfer the Subscription Rights and/or Offer Shares to any person or in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If the Eligible Shareholder forwards this Prospectus into any such territories (whether under a contractual or legal obligation or otherwise), the Eligible Shareholder should direct the recipient's attention to the contents of this section 19.

Except as otherwise noted in this Prospectus and subject to certain exceptions: (i) the Subscription Rights and Offer Shares being granted or offered, respectively, in the Subsequent Offering may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into, Member States of the EEA that have not implemented the Prospectus Directive, Australia, Canada, Hong Kong, Japan, the United States or any other jurisdiction in which it would not be permissible to offer the Subscription Rights and/or the Offer Shares (the "**Ineligible Jurisdictions**"); (ii) this Prospectus may not be sent to any person in any Ineligible Jurisdiction; and (iii) the crediting of Subscription Rights to an account of an Ineligible Shareholder or other person in an Ineligible Jurisdiction or a citizen of an Ineligible Jurisdiction (referred to as "**Ineligible Persons**") does not constitute an offer to such persons of the Subscription Rights or the Offer Shares. Ineligible Persons may not exercise Subscription Rights.

If an Eligible Shareholder takes up, delivers or otherwise transfers Subscription Rights, exercises Subscription Rights to obtain Offer Shares or trades or otherwise deals in the Subscription Rights and Offer Shares, that Eligible Shareholder will be deemed to have made or, in some cases, be required to make, the following representations and warranties to the Company and any person acting on the Company's or its behalf:

- (i) the Eligible Shareholder is not located in an Ineligible Jurisdiction;
- (ii) the Eligible Shareholder is not an Ineligible Person;
- (iii) the Eligible Shareholder is not acting, and has not acted, for the account or benefit of an Ineligible Person;
- (iv) unless the Eligible Shareholder is a "qualified institutional buyer" as defined in Rule 144A under the U.S. Securities Act, the Eligible Shareholder is located outside the United States and any person for whose account or benefit it is acting on a non-discretionary basis is located outside the United States and, upon acquiring Offer Shares, the Eligible Shareholder and any such person will be located outside the United States;
- (v) the Eligible Shareholder understands that the Subscription Rights and Offer Shares have not been and will not be registered under the U.S. Securities Act and may not be offered, sold, pledged, resold, granted, delivered, allocated, taken up or otherwise transferred within the United States except pursuant to an exemption from, or in a transaction not subject to, registration under the U.S. Securities Act; and
- (vi) the Eligible Shareholder may lawfully be offered, take up, subscribe for and receive Subscription Rights and Offer Shares in the jurisdiction in which it resides or is currently located.

The Company and any persons acting on behalf of the Company, including the Managers, will rely upon the Eligible Shareholder's representations and warranties. Any provision of false information or subsequent breach of these representations and warranties may subject the Eligible Shareholder to liability.

If a person is acting on behalf of a holder of Subscription Rights (including, without limitation, as a nominee, custodian or trustee), that person will be required to provide the foregoing representations and warranties to the Company with respect to the exercise of Subscription Rights on behalf of the holder. If such person cannot or is unable to provide the foregoing representations and warranties, the Company will not be bound to authorize the allocation of any of the Subscription Rights and Offer Shares to that person or the person on whose behalf the other is acting. Subject to the

specific restrictions described below, if an Eligible Shareholder (including, without limitation, its nominees and trustees) is outside Norway and wishes to exercise or otherwise deal in or subscribe for Subscription Rights and/or Offer Shares, the Eligible Shareholder must satisfy itself as to full observance of the applicable laws of any relevant territory including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories.

The information set out in this section 19 is intended as a general guide only. If the Eligible Shareholder is in any doubt as to whether it is eligible to subscribe for the Offer Shares, that Eligible Shareholder should consult its professional adviser without delay.

Subscription Rights will initially be credited to financial intermediaries for the accounts of all shareholders who hold Shares registered through a financial intermediary on the Record Date. Subject to certain exceptions, financial intermediaries, which include brokers, custodians and nominees, may not exercise any Subscription Rights on behalf of any person in the Ineligible Jurisdictions or any Ineligible Persons and may be required in connection with any exercise of Subscription Rights to provide certifications to that effect.

Financial intermediaries may sell any and all Subscription Rights held for the benefit of Ineligible Persons to the extent permitted under their arrangements with such Ineligible Persons and applicable law and remit the net proceeds to the accounts of such Ineligible Persons.

Subject to certain exceptions, financial intermediaries are not permitted to send this Prospectus or any other information about the Subsequent Offering in or into any Ineligible Jurisdiction or to any Ineligible Persons. Subject to certain exceptions, exercise instructions or certifications sent from or postmarked in any Ineligible Jurisdiction will be deemed to be invalid and Offer Shares will not be delivered to an addressee in any Ineligible Jurisdiction. The Company reserves the right to reject any exercise (or revocation of such exercise) in the name of any person who provides an address in an Ineligible Jurisdiction for acceptance, revocation of exercise or delivery of such Subscription Rights and Offer Shares, who is unable to represent or warrant that such person is not in an Ineligible Jurisdiction and is not an Ineligible Person, who is acting on a non-discretionary basis for such persons, or who appears to the Company or its agents to have executed its exercise instructions or certifications in, or dispatched them from, an Ineligible Jurisdiction. Furthermore, the Company reserves the right, with sole and absolute discretion, to treat as invalid any exercise or purported exercise of Subscription Rights which appears to have been executed, effected or dispatched in a manner that may involve a breach or violation of the laws or regulations of any jurisdiction.

Notwithstanding any other provision of this Prospectus, the Company reserves the right to permit a holder to exercise its Subscription Rights if the Company, at its absolute discretion, is satisfied that the transaction in question is exempt from or not subject to the laws or regulations giving rise to the restrictions in question. Applicable exemptions in certain jurisdictions are described further below. In any such case, the Company does not accept any liability for any actions that a holder takes or for any consequences that it may suffer as a result of the Company accepting the holder's exercise of Subscription Rights.

No action has been or will be taken by the Managers to permit the possession of this Prospectus (or any other offering or publicity materials or application or subscription form(s) relating to the Subsequent Offering) in any jurisdiction where such distribution may lead to a breach of any law or regulatory requirement.

Neither the Company nor the Managers, nor any of their respective representatives, is making any representation to any offeree, subscriber or purchaser of Subscription Rights and/or Offer Shares regarding the legality of an investment in the Subscription Rights and/or the Offer Shares by such offeree, subscriber or purchaser under the laws applicable to such offeree, subscriber or purchaser. Each Eligible Shareholder should consult its own advisers before subscribing for Offer Shares or purchasing Subscription Rights and/or Offer Shares. Eligible Shareholders are required to make their independent assessment of the legal, tax, business, financial and other consequences of a subscription for Offer Shares or a purchase of Subscription Rights and/or Offer Shares.

A further description of certain restrictions in relation to the Subscription Rights and the Offer Shares in certain jurisdictions is set out below.

19.2 United States

The Subscription Rights and Offer Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold, taken up, exercised, resold, transferred or delivered, directly or indirectly, within the United States except pursuant to an applicable exemption from the registration requirements of the U.S. Securities Act and in compliance with the securities laws of any state or other jurisdiction of the United States. There will be no public offer of the Subscription Rights and Offer Shares in the United States. A notification of exercise of Subscription Rights and subscription of Offer Shares in contravention of the above may be deemed to be invalid.

The Subscription Rights and Offer Shares are being offered and sold outside the United States in reliance on Regulation S under the U.S. Securities Act. Any offering of the Subscription Rights and Offer Shares by the Company to be made in the United States will be made only to a limited number of "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act) pursuant to an exemption from registration under the U.S. Securities Act who have executed

and returned an Eligible Shareholder letter to the Company prior to exercising their Subscription Rights. Prospective purchasers are hereby notified that sellers of the Subscription Rights and Offer Shares may be relying on an exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A.

Accordingly, subject to certain limited exceptions, this document will not be sent to any shareholder with a registered address in the United States. In addition, the Company and the Managers reserve the right to reject any instruction sent by or on behalf of any account holder with a registered address in the United States in respect of the Subscription Rights and/or the Offer Shares.

Any recipient of this document in the United States is hereby notified that this document has been furnished to it on a confidential basis and is not to be reproduced, retransmitted or otherwise redistributed, in whole or in part, under any circumstances. Furthermore, recipients are authorized to use it solely for the purpose of considering an investment in the Subscription Rights and/or Offer Shares in the Subsequent Offering and may not disclose any of the contents of this document or use any information herein for any other purpose. This document is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for Offer Shares or otherwise acquire Subscription Rights and/or Offer Shares. Any recipient of this document agrees to the foregoing by accepting delivery of this document.

Until 40 days after the commencement of the Subsequent Offering, any offer or sale of the Subscription Rights and Offer Shares within the United States by any dealer (whether or not participating in the Subsequent Offering) may violate the registration requirements of the U.S. Securities Act.

The Subscription Rights and the Offer Shares have not been approved or disapproved by the United States Securities and Exchange Commission, any state securities commission in the United States or any other United States regulatory authority nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Subscription Rights and Offer Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offense in the United States.

Each person to which Subscription Rights and/or Offer Shares are distributed, offered or sold in the United States, by accepting delivery of this Prospectus or by its subscription for Offer Shares or purchase of Subscription Rights, will be deemed to have represented and agreed, on its behalf and on behalf of any Eligible Shareholder accounts for which it is subscribing for Offer Shares or purchasing Subscription Rights, as the case may be, that:

- (i) it is a "qualified institutional buyer" as defined in Rule 144A under the U.S. Securities Act, and that it has executed and returned an Eligible Shareholder letter to the Company prior to exercising their Subscription Rights; and
- (ii) the Subscription Rights and Offer Shares have not been offered to it by the Company by means of any form of "general solicitation" or "general advertising" (within the meaning of Regulation D under the U.S. Securities Act).

Each person to which Subscription Rights and/or Offer Shares are distributed, offered or sold outside the United States will be deemed, by its subscription for Offer Shares or purchase of Subscription Rights and/or Offer Shares, to have represented and agreed, on its behalf and on behalf of any Eligible Shareholder accounts for which it is subscribing for Offer Shares or purchasing Subscription Rights and/or Offer Shares, as the case may be, that:

- (i) it is acquiring the Subscription Rights and/or the Offer Shares from the Company or the Managers in an "offshore transaction" as defined in Regulation S under the U.S. Securities Act; and
- (ii) the Subscription Rights and/or the Offer Shares have not been offered to it by the Company or the Underwriters by means of any "directed selling efforts" as defined in Regulation S under the U.S. Securities Act.

NOTICE TO NEW HAMPSHIRE RESIDENTS: NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES (THE "RSA") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

19.3 EEA Selling Restrictions

In relation to each Member State of the EEA other than Norway, which has implemented the Prospectus Directive (each a “**Relevant Member State**”) an offer of Offer Shares which are the subject of the Subsequent Offering contemplated by this Prospectus may not be made to the public in that Relevant Member State except that an offer to the public in that Relevant Member State of any Offer Shares may be made at any time under the following exemptions under the Prospectus Directive, provided such exceptions have been implemented in that Relevant Member State:

- (i) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- (ii) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than EUR 43,000,000 and (3) an annual net turnover of more than EUR 50,000,000, as shown in its last annual or consolidated accounts;
- (iii) to fewer than 150 natural or legal persons (other than qualified Eligible Shareholders as defined in the Prospectus Directive) subject to obtaining the prior consent of the Managers for any such offer; or
- (iv) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Offer Shares shall result in a requirement for the publication by the Company or any Underwriter of a Prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer to the public” in relation to any Offer Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Offer Shares to be offered so as to enable an Eligible Shareholder to decide to purchase or subscribe for any Offer Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Member State and the expression “Prospectus Directive” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

19.4 Notice to Australian Eligible Shareholders

This Prospectus is not a disclosure document under Chapter 6D of the Corporations Act 2001 (Cth) (the “**Australian Corporations Act**”), has not been lodged with the Australian Securities and Investments Commission and does not purport to include the information required of a disclosure document under Chapter 6D of the Australian Corporations Act.

Accordingly:

- (vii) the offer of the Subscription Rights and Offer Shares in Australia may only be made to persons who are “sophisticated Eligible Shareholders” (within the meaning of section 708(8) of the Australian Corporations Act) or to “professional Eligible Shareholders” (within the meaning of section 708(11) of the Australian Corporations Act) or otherwise pursuant to one or more exemptions contained in section 708(8) of the Australian Corporations Act, so that it is lawful to offer, or invite applications for, the Subscription Rights and Offer Shares without disclosure to persons under Chapter 6D of the Australian Corporations Act; and
- (viii) this Prospectus may only be made available in Australia to persons as set forth in clause (a) above.

If you acquire Subscription Rights or Offer Shares, then you (i) represent and warrant that you are a person to whom an offer of securities can be made without a disclosure document in accordance with subsections 708(8) or (11) of the Australian Corporations Act and (ii) agree not to sell or offer for sale any Subscription Rights and Offer Shares in Australia within 12 months after their issue to the offeree or invitee under this Prospectus, except in circumstances where disclosure to Eligible Shareholders under Chapter 6D would not be required under the Australian Corporations Act.

No person receiving a copy of this Prospectus and/or receiving a credit of Subscription Rights to an account in VPS with a bank or financial institution in Australia may treat the same as constituting an invitation or offer to such person nor should such person in any event deal in Subscription Rights in VPS unless such an invitation or offer could lawfully be made to such person without contravention of any registration or other legal requirements. In such circumstances, this document is to be treated as received for information only and should not be copied or redistributed.

19.5 Notice to Canadian Eligible Shareholders

Neither the Subscription Rights nor the Offer Shares have been or will be qualified by a prospectus for sale to the public in Canada under applicable Canadian securities laws, and accordingly, any offer or sale of the Subscription Rights or Offer Shares in Canada must be made pursuant to an exemption from the applicable prospectus and registration requirements, and otherwise in compliance with applicable Canadian laws.

19.6 Notice to Hong Kong Eligible Shareholders

The contents of this Prospectus have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Subsequent Offering. If you are in any doubt regarding any of the contents of this Prospectus, you should obtain independent professional advice. This Prospectus does not constitute an offer or sale in Hong Kong of any Subscription Rights or the Offer Shares and no person may offer or sell in Hong Kong, by means of this Prospectus other than to (a) professional Eligible Shareholders within the meaning of Part I of Schedule 1 to the Securities and Futures Ordinance of Hong Kong (Cap. 571) (“**SFO**”) and any rules made under the SFO (“professional Eligible Shareholders”) or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance of Hong Kong (Cap. 32) (“**CO**”) or which do not constitute an offer or invitation to the public for the purposes of the CO or the SFO. No person shall issue or possess for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to Subscription Rights or Offer Shares which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to those Subscription Rights or Offer Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to such professional Eligible Shareholders.

Existing shareholders agree not to offer or sell in Hong Kong any Subscription Rights or the Offer Shares other than (a) to professional Eligible Shareholders; or (b) in other circumstances which do not result in the document offering for sale the Subscription Rights or the Offer Shares being a “prospectus” as defined in the CO or which do not constitute an offer to the public within the meaning of the CO or the SFO. Existing shareholders also agree not to issue or have in their possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Subscription Rights or the Offer Shares, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Subscription Rights or the Offer Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to professional Eligible Shareholders.

19.7 Notice to Japanese Eligible Shareholders

The Subsequent Offering of Offer Shares offered hereby has not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the “**Financial Instruments and Exchange Law**”). Accordingly, each Underwriter has represented, warranted and agreed that the Offer Shares to which it each subscribes will be subscribed by it as principal and that, in connection with the offering made hereby, it will not, directly or indirectly, offer or sell any Subscription Rights or Offer Shares in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and other relevant laws and regulations of Japan.

19.8 Notice to Swiss Eligible Shareholders

This Prospectus is not being publicly distributed in Switzerland. Each copy of this document is addressed to a specifically named recipient and may not be passed on to third parties. The Subscription Rights or Offer Shares are not being offered to the public in or from Switzerland, and neither this document, nor any other offering material in relation to the Subscription Rights or Offer Shares may be distributed in connection with any such public offering.

20. NORWEGIAN TAXATION

20.1 General

The statements herein regarding taxation are unless otherwise stated based on the laws in force in Norway as of the date of this Prospectus, and are subject to any changes in law occurring after such date. Such changes could be made on a retrospective basis.

The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, own or dispose of the Shares. The summary is intended to serve as a general guideline and does not provide a complete description of all relevant issues (e.g., for investors for whom special laws, rules or regulations may be applicable). Furthermore, the summary only focuses on the shareholder categories explicitly mentioned below (personal shareholders and limited liability companies). It should be noted that the participation exemption applicable to Norwegian limited liability companies as described below will also apply to certain other legal entities such as savings banks, insurance companies and others.

Shareholders are advised to consult their own tax advisers concerning the overall and individual tax consequences of their ownership of Shares.

20.2 Shareholders resident in Norway for tax purposes

20.2.1 Taxation of dividends

- Personal shareholders

Dividends distributed to shareholders who are individuals resident in Norway for tax purposes ("Norwegian personal shareholders") are taxable as ordinary income for such shareholders at a rate of 28%. However, Norwegian personal shareholders are entitled to deduct a calculated allowance when calculating their taxable dividend income. The allowance is calculated on a share-by-share basis, and the allowance for each Share is equal to the cost price of the Share multiplied by a risk free interest rate. Any part of the calculated allowance one year exceeding the dividend distributed on the Share is added to the cost price of the Share and included in the basis for calculating the allowance the following year.

- Corporate shareholders (limited liability companies)

Norwegian corporate shareholders (i.e. limited liability companies and similar entities resident in Norway for tax purposes) are generally exempt from tax on dividends received on shares in Norwegian limited liability companies and similar entities. However, Norwegian corporate shareholders are subject to tax on 3% of dividends derived from shares comprised by the participation exemption method each fiscal year. Such income is taxed as ordinary income at a rate of 28%, i.e. dividends are taxed at an effective rate of 0.84%. However, 3% should not be entered as ordinary income if the dividend is received by a Norwegian Corporate Shareholder which is a group company and the parent company owns 90% or more of the affiliated company and has 90% or more of the votes that can be submitted on the general meeting.

20.2.2 Taxation on realization of Shares

- Personal shareholders

Sale or other disposal of Shares is considered a realization for Norwegian tax purposes. A capital gain or loss generated by a Norwegian personal shareholder through a disposal of Shares is taxable or tax deductible in Norway. Such capital gain or loss is included in or deducted from the basis for the computation of ordinary income in the year of disposal. The ordinary income is taxable at a rate of 28%. The gain is subject to tax and the loss is tax deductible irrespective of the duration of the ownership and the number of Shares disposed of.

The taxable gain or loss is equal to the sales price less the cost price of the Share (including costs related to the acquisition and disposal of the Share). From this capital gain, Norwegian personal shareholders are entitled to deduct a calculated allowance. The allowance for each Share is equal to the total of allowance amounts calculated for the Share for previous years (see Section 20.2.1 "Taxation of dividends" above) less dividends distributed on the share. The calculated allowance may only be deducted in order to reduce a taxable gain calculated upon the realization of the share, and may not be deducted in order to produce or increase a loss for tax purposes. Furthermore, unused allowance may not be set off against gains from realization of other shares.

If the shareholder owns Shares acquired at different points in time, the Shares that were acquired first will be regarded as the first to be disposed of, on a first-in first-out basis.

A Norwegian personal shareholder, who moves abroad and ceases to be tax resident in Norway, will be deemed taxable in Norway for any potential gain of NOK 500,000 or more, on shares, warrants and subscription rights held at the time

the tax residency ceased, as if the shares were realized at that time. Gains of NOK 500,000 or less are though not taxable. The tax payment may be postponed if adequate security is provided. If the personal shareholder moves to a jurisdiction within the EEA, a deferral of the payment of the taxes is granted without such guarantee, provided that Norway, pursuant to a treaty, can request information from the other jurisdiction regarding the person's income- and wealth, and assistance in relation to the collection of taxes. Losses on shares, warrants and subscription rights held at the time tax residency ceases will, be tax deductible to the same extent as a gain would be taxable, if the personal shareholder moves to a jurisdiction within the EEA. In such case the loss is determined in the year of the emigration, but the taxation (loss deduction) will occur at the time the shares are actually sold or otherwise disposed of. The tax liability calculated under these provisions may be reduced if the value of the shares at the time of the realization is less than the value at the time of the emigration, or if the gain is regarded taxable in another jurisdiction. If the shares are not realized within five years after the shareholder ceased to be resident in Norway for tax purposes, the tax liability described above will not apply. Any tax treaty in force between Norway and the state to which the shareholder has moved may influence the application of these rules.

- Corporate shareholders (Limited Liability Companies)

Norwegian corporate shareholders are generally exempt from tax on capital gains upon the realization of shares in Norwegian limited liability companies and similar entities.

20.2.3 Taxation of Subscription Rights

- Norwegian personal shareholders

A Norwegian personal shareholder's subscription for Shares pursuant to a subscription right is not subject to taxation in Norway. Costs related to the subscription for Shares will be added to the cost price of the Shares.

Sale and other transfer of subscription rights are considered a realization for Norwegian tax purposes. For Norwegian personal shareholders a capital gain or loss generated by a realization of subscription rights is taxable or tax deductible in Norway. Such capital gain or loss is included in or deducted from the basis for the computation of ordinary income in the year of disposal. The ordinary income is taxable at a rate of 28%.

- Norwegian corporate shareholders

A Norwegian corporate shareholder's subscription for Shares pursuant to a subscription right is not subject to taxation in Norway. Costs related to the subscription for the Shares will be added to the cost price of the Shares.

Sale and other transfer of subscription rights are considered a realization for Norwegian tax purposes. However, capital gains and losses derived from the realization of subscription rights to shares in limited liability companies resident in Norway for tax purposes (and certain other entities) are included in the participation exemption method, and generally exempt from tax.

20.2.4 Net wealth tax

The value of Shares is included in the basis for the computation of wealth tax imposed on Norwegian personal shareholders. Norwegian corporate shareholders are not subject to wealth tax. Currently, the marginal wealth tax rate is 1.1% of the value assessed. The value for assessment purposes for Shares listed on Oslo Børs is equal to the listed value as of January 1 in the assessment year.

20.3 Shareholders not resident in Norway for tax purposes

This section summarizes Norwegian tax rules relevant to shareholders who are not resident in Norway for tax purposes ("Non-resident shareholders"). Non-resident shareholders' tax liabilities in their home country or other countries will depend on applicable tax rules in the relevant country.

20.3.1 Taxation of dividends

Dividends distributed to shareholders who are individuals not resident in Norway for tax purposes ("Non-resident personal shareholders"), are as a general rule subject to withholding tax at a rate of 25%. The withholding tax rate of 25% is normally reduced through tax treaties between Norway and the country in which the shareholder is resident. The withholding obligation lies with the company distributing the dividends.

Non-resident personal shareholders resident within the EEA are subject to withholding tax on dividends received from Norwegian limited liability companies at the general rate or at a reduced rate according to an applicable tax treaty. However, such shareholders may apply individually to Norwegian tax authorities for a refund of an amount corresponding to the calculated tax-free allowance on each individual share, see "Personal shareholders" in section 20.2.2 above.

Dividends distributed to shareholders who are limited liability companies not resident in Norway for tax purposes ("Non-resident corporate shareholders"), are as a general rule subject to withholding tax at a rate of 25%. The withholding tax rate of 25% is normally reduced through tax treaties between Norway and the country in which the shareholder is resident. Dividends distributed to Non-resident corporate shareholders resident within the EEA for tax purposes are exempt from Norwegian withholding tax, provided that the Non-resident corporate shareholder is the beneficial owner of the shares and that the Non-resident corporate shareholder is genuinely established and performs genuine economic business activities in the relevant EEA Member State.

Nominee registered Shares will be subject to withholding tax at a rate of 25% unless the nominee has obtained approval from the Norwegian Tax Directorate for the dividend to be subject to a lower withholding tax rate. To obtain such approval the nominee is required to file a summary to the tax authority including all beneficial owners that are subject to lower withholding tax.

Non-resident shareholders that have suffered a higher withholding tax than set out by an applicable tax treaty may apply to the Norwegian tax authorities for a refund of the excess withholding tax deducted.

20.3.2 Taxation on realization of Shares

Gains from the sale or other disposal of Shares by a Non-resident personal shareholder will not be subject to Norwegian taxation unless the Non-resident personal shareholder holds the Shares in connection with the conduct of a trade or business in Norway.

Non-resident corporate shareholders are not subject to taxation in Norway on realization of Shares.

20.3.3 Taxation of Subscription Rights

A Non-resident personal shareholder's subscription for Shares pursuant to a subscription right is not subject to taxation in Norway.

Gains from the sale or other transfer of subscription rights by a Non-resident personal shareholder will not be subject to taxation in Norway unless the Non-resident personal shareholder holds the subscription rights in connection with business activities carried out or managed from Norway.

A Non-resident corporate shareholder's subscription for shares pursuant to a subscription right is not subject to taxation in Norway.

Capital gains derived by the sale or other transfer of subscription rights by Non-resident corporate shareholders are not subject to taxation in Norway.

20.3.4 Net wealth tax

Shareholders not resident in Norway for tax purposes are not subject to Norwegian net wealth tax, unless it is a Non-resident personal shareholder and the Shares are effectively connected to the conduct of a trade or business in Norway.

20.4 Duties on the transfer of Shares

No stamp or similar duties are currently imposed in Norway on the transfer of Shares whether on acquisition or disposal.

20.5 Inheritance tax

Upon transfer of Shares by way of inheritance or gift, the transfer may be subject to Norwegian inheritance or gift tax. The basis for the computation is the market value at the time the transfer takes place. However, such transfer is not subject to Norwegian tax if the donor/deceased was neither a national nor resident of Norway for tax purposes.

21. INDEPENDENT AUDITOR

The Company's audited consolidated financial statements as of December 31, 2011, 2010 and 2009 and annual reports for 2011, 2010 and 2009, as incorporated hereto by reference (see section 22.2) and available at www.recgroup.com/en/ir, have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the Norwegian Accounting Act.

The above mentioned audited financial statements include Norwegian statutory audit reports that are addressed to the annual general meeting of the Company in accordance with standard practice in Norway covering the financial statements above.

The aforementioned consolidated financial statements have been audited by KPMG AS, Sørkedalsveien 6, P.O. Box 7000, Majorstuen, N-0306, Oslo, Norway, independent auditors, as stated in their independent auditors reports included herein. KPMG AS is a member of the Norwegian Institute of Public Auditors (*Norwegian*: "Den Norske Revisorforening").

The Company's consolidated condensed interim financial statement as of and for the six months ended June 30, 2012 and June 30, 2011 are unaudited.

22. DOCUMENTS ON DISPLAY AND INCORPORATION BY REFERENCE

22.1 Documents on display

For twelve months from the date of this Prospectus, the following documents (or copies thereof) may be physically inspected at the principal office of the Company, Kjørboveien 29, P.O. Box 594, N-1337 Sandvika, Norway (telephone number +47 67 57 44 50):

- The Company's Memorandum and Articles of Association;
- The Company's 2009, 2010 and 2011 consolidated annual reports, including the auditor's report;
- The Company's first and second quarter 2012 and 2011 interim reports; and
- The 2010 and 2011 annual reports for the Company's subsidiaries (to the extent such exist).

22.2 Incorporation by reference

The following documents have been incorporated hereto by reference:

Reference	Section in Prospectus	Incorporated by reference	Website
The Company's first and second quarter 2012 interim reports, with comparative statements for first and second quarter 2011.	9 and 11	The consolidated condensed financial information in the Company's first and second quarter report for 2012.	www.recgroup.com/en/ir
The Company's audited annual report for 2011, including an overview of the Company's accounting policy, explanatory notes, report on corporate governance, and auditor's report.	9, 11 and 13	The consolidated financial information in the Company's annual report for 2011.	www.recgroup.com/en/ir
The Company's audited annual report for 2010, including an overview of the Company's accounting policy, explanatory notes and auditor's report.	9 and 11	The consolidated financial information in the Company's annual report for 2010.	www.recgroup.com/en/ir
The Company's audited annual report for 2009, including an overview of the Company's accounting policy, explanatory notes and auditor's report.	9 and 11	The consolidated financial information in the Company's annual report for 2009.	www.recgroup.com/en/ir
Articles of Association	13, 15 and 18	Articles of Association.	www.recgroup.com/en/ir

The above documents are also available at the address stated under section 22.1 above.

23. DEFINITIONS AND GLOSSARY OF TERMS

23.1 Definitions

In the Prospectus, the following definitions have the meanings indicated below.

Anti-Money Laundering Legislation	Norwegian Money Laundering Act No. 11 of 6 March 2009 and the Norwegian Money Laundering Regulations No. 302 of 13 March 2009, collectively
Arctic Securities	Arctic Securities ASA
Articles of Association	The articles of association of the Company in force as at the date of this Prospectus
Board or Board of Directors	The Board of Directors of the Company
Bookbuilding Period	The bookbuilding period for the Private Placement, which lasted from July 3, 2012 at 17:30 hours (CET) to July 3, 2012 at 22:00 hours (CET)
CET	Central European Time
Company	Renewable Energy Corporation ASA, a public limited liability company duly incorporated under the laws of Norway, having its registered office at Kjørboveien 29, N-1337 Sandvika, Norway
Convertible EUR bond 2009/2014	Renewable Energy Corporation ASA EUR 320 million convertible bond issued in 2009 and with maturity in 2014
DNB Markets	DNB Markets, a part of DNB Bank ASA
Existing Bank Facility	A credit facility and loan agreement established with a bank syndicate on May 25 2010, originally for up to NOK 10 billion, but now reduced to NOK 4 billion following an amendment signed on March 20, 2012
EBIT	Earnings Before Interest and Tax
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
EEA	European Economic Area
Eligible Shareholders	The existing shareholders of the Company as of the July 3, 2012 (and being registered as such in the VPS on July 6, 2012 (the Record Date)) who were not invited to participate in the Private Placement and who are not resident in a jurisdiction where such Subsequent Offering would be unlawful, or would (in jurisdictions other than Norway) require any filing, registration or similar action
EU	European Union
EUR	Euro, the lawful currency currently shared by 16 of the European Union's member states
Financial Instruments and Exchange Law	The Financial Instruments and Exchange Law of Japan
FINRA	United States Financial Industry Regulatory Authority
Group	The Company and its consolidated subsidiaries
Ineligible Jurisdictions	Jurisdictions in which it would not be permissible to offer the Offer Shares
Ineligible Persons	Ineligible shareholders or other persons in an Ineligible Jurisdiction or citizens of an Ineligible Jurisdiction
Managers	Arctic Securities (Coordinator), DNB Markets and Nordea

	Markets
Mezzanine Facility Agreement	A NOK 200,000,000 bank facility with Nordea Bank Norge with maturity date 31 May 2017
New Bank Facility	A multicurrency revolving bank facility in a total amount of NOK 2 billion with DNB Bank ASA and Nordea Bank Norge ASA with maturity date in April 2014
New Shares	The 866,666,667 new shares of the Company to be issued in connection with the Private Placement and subsequently listed on Oslo Børs
Nordea Markets	Nordea Markets, a part of Nordea Bank Norge ASA
NOK	Norwegian kroner, the lawful currency of Norway
Norwegian Public Limited Companies Act	Norwegian Act no. 45 of June 13, 1997 on public limited liability companies
Norwegian Securities Trading Act	Norwegian Act no. 75 of June 29, 2007 on securities trading
Offer Shares	Up to 250,000,000 new shares in the Company to be issued in connection with the Subsequent Offering and subsequently listed on Oslo Børs
Oslo Børs	The Oslo Stock Exchange
Payment Date	September 7, 2012, the date on which payment for the Offer Shares falls due
Private Placement	The private placement of 866,666,667 New Shares in the Company to be completed on or about July 31, 2012, as further described in section 5.3 "The Private Placement"
Prospectus	This prospectus, dated July 27, 2012
Prospectus Directive	Directive 2003/71/EC
REC	The Company
Group	The Company and its consolidated subsidiaries
REC Silicon	The Company's silicon division, which manufactures solar-grade silicon, the raw material for silicon wafers for the PV industry, and silane gas, which is the key input material for the Company's production of polysilicon, at its production plants in Moses Lake, Washington, U.S. and Butte, Montana, U.S. REC Silicon also sells polysilicon to the electronics industry and silane gas to external customers
REC Solar	The operating division for the wafer production, which supplies internal demand for cell and module production in Singapore
REC Wafer	The operating division for the mono- and multicrystalline wafers and ingots production
Record Date	July 6, 2012
Refinancing	The refinancing of the existing bank facility as further described in section 5.2 "The New Bank Facility"
Regulation S	Regulation S under the U.S. Securities Act
Relevant Member State	A Member State of the EEA other than Norway, which has implemented the Prospectus Directive
RSA	The New Hampshire revised statutes
SEC	US Securities and Exchange Commission

Senior NOK bond 2009/2014	Renewable Energy Corporation ASA five-year fixed rate NOK 1,250 million senior bond loan issued in 2009 and with maturity in 2014
Senior NOK bond 2011/2016	Renewable Energy Corporation ASA NOK 500 million senior bond loan issued in 2011 and with maturity in 2016
Senior NOK bond 2011/2018	Renewable Energy Corporation ASA NOK 700 million senior bond loan issued in 2011 and with maturity in 2018
SFO	The Securities and Futures Ordinance of Hong Kong (Cap. 571)
SGD	Singapore dollar, the lawful currency of the Republic of Singapore
Shareholders	Persons or legal entities registered in the VPS as owner of an interest in a Share
Share(s)	Ordinary shares in the Company each having a nominal value of NOK 1, and "Share" means any one of them
Sovello	Sovello AG, a company owned 33.3% by the Company, up to April 2010
Subscription Form	The form for subscription for Offer Shares, attached hereto as Appendix A and Appendix B (Norwegian)
Subscription Offices	Offices of the Managers that Eligible Shareholder must submit correctly completed Subscription Forms to in order to subscribe for Offer Shares in the Subsequent Offering, cf. section 6.9 "Subscription Offices"
Subscription Period	The subscription period for the Subsequent Offering, which will last from August 20, 2012 to September 3, 2012 at 16:30 hours (CET)
Subscription Price	NOK 1.50 per New Share (the subscription price for New Shares in the Private Placement and Offer Shares in the Subsequent Offering)
Subscription Rights	Subscription Rights granted to the Eligible Shareholders providing rights to subscribe for, and be allocated, Offer Shares in the Subsequent Offering
Subsequent Offering	The Subsequent Offering of up to 250,000,000 Offer Shares in the Company at a Subscription Price of NOK 1.50 per Offer Share with Subscription Rights to Eligible Shareholders, as further described in section 6 "The Subsequent Offering"
USD or U.S. Dollar	United States Dollar, the lawful currency of the United States of America
U.S. Securities Act	The United States Securities Act of 1933, as amended
VPS	VPS Holding ASA (the Norwegian Central Securities Depository)
VPS account	An account held with the VPS to register ownership of securities
VPS Registrar	DNB Bank ASA, Verdipapirservice, Stranden 21, N-0021 Oslo, Norway

23.2 Glossary of Terms

In the Prospectus, the following terms have the meanings indicated below.

CO2	Carbon dioxide
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Crucible	A quartz vessel used for melting and crystallization of polysilicon when producing multi- and monocrystalline silicon ingots. A single crystal is solid particle with a regular, periodic arrangement of atoms or molecules throughout.
Crystallization	The key process in the production of multicrystalline ingots. The crystallization starts from the bottom of the crucible and proceeds towards the top as it is gradually cooled (directional solidification). The multicrystalline qualities of the silicon result from this process.
FIT: Feed-in tariff	Subsidy scheme where the owners of solar power systems receive a guaranteed, fixed price from the utilities for the electricity fed into the grid.
Fluidized bed reactor technology (FBR)	A process for solidification of silicon from silane gas using a chemical reactor where solid particles (silicon) are suspended in an upward gas flow (silane) inside a tailor-made chamber.
Grid-connected systems	Solar power system connected to the electric grid. Used in areas where other electricity systems are available.
International Financial Reporting Standards (IFRS)/ International Accounting Standards (IAS)	On one hand a general designation for all accounting standards published by the International Accounting Standards Committee, and on the other hand, the accounting standards recently published by the International Accounting Standards Board (IASB) in effect since 2003. The standards in effect since 2002 continue to be published as International Accounting Standards (IAS). Only fundamental changes in the regulations of existing standards are renamed from IAS to IFRS.
ITC	Investment Tax Credit
Kilowatt (kW)	1,000 Watt. Unit of power used to measure the capacity of PV systems.
Kilowatt hour (kWh)	Unit of energy. Electricity consumption is stated in kilowatt hours. 1 kWh = 1,000 watts over a period of one hour.
KW	Abbreviation of “kilowatt”
kWh	Abbreviation of “kilowatt hour”
Large Hydro	Electricity from water flowing downhill, typically from behind a dam. No international consensus exists on the threshold that separates large from small hydropower, but the upper limit varies from 2.5–50 MW, with 10 MW becoming more standard.
Megawatt (MW)	Unit of energy: 1 MW = 1,000 kW or 1,000,000 Watt
Monocrystalline silicon	Processed silicon where the material consists of only one crystal
Multicrystalline silicon	Processed silicon where the material consists of several small (typically 1-20 mm) crystal grains.
MW	Abbreviation of “megawatt”
Polysilicon	Highly purified silicon used in the electronic and solar industry.
PV	Photovoltaic.
R&D	Research and Development
Renewable Energy	Renewable energy, or sometimes also called regenerative energy, refers to the supply of energy from sustainable sources that are either regenerated or – based on human

	standards – are inexhaustible. Renewable energy is primarily used in the form of solar energy, biomass, geothermal power, hydropower and wind energy.
Siemens reactor	Conventional reactor used for deposition of silane on long silicon rods. Used by most manufacturers of polysilicon.
Silane (SiH₄)	A compound gas consisting of hydrogen and silicon. An intermediate stage in the production of polysilicon.
Silicon wafer	A thin slice of silicon used as the key component in a solar cell module. The wafers produced by REC ScanWafer typically have a thickness of 200-280 µm.
Small Hydro	Small hydropower is commonly defined as below 10 MW.
Slurry	Cutting fluid used when sawing silicon blocks into wafers. Consists of silicon carbide and polyethylene glycol.
Solar cell	Cells are PV applications that convert light (usually sunlight) into direct current by using the PV effect. The photons being emitted generate an electric voltage, which, by connecting an electric loader to the solar, allow electricity to flow.
Solar energy	Throughout this document the term solar energy refers to the generation of electricity based on the PV effect. In other literature, solar energy may also include additional technologies for converting solar radiation into electricity or heat.
Solar-grade silicon	Silicon with 99.9999% to 99.999999% purity. (6N to 8N purity).
Solar module	Interconnected solar cells encapsulated and protected in transparent materials that protect against humidity, air and mechanical damage. Normally, solar modules are made with a glass front and aluminum frame.
W	Abbreviation of “watt”
Watt (W)	Unit of power used to measure the capacity of PV systems.

24. NORWEGIAN SUMMARY

This Norwegian summary has been prepared for the Norwegian securities market in connection with the Private Placement and the Subsequent Offering in the Company. The information provided in this section is a summary of information provided in the rest of the Prospectus, and does not contain any additional information. The information is thus only provided in the Norwegian language.

Dette norske sammendraget er utarbeidet for det norske verdipapirmarkedet i forbindelse med noteringen på Oslo Børs av nye aksjer (de "**Nye Aksjene**") utstedt i en rettet emisjon (den "**Rettede Emisjonen**") i Renewable Energy Corporation ASA ("**Selskapet**" eller "**REC**", og sammen med sine konsoliderte datterselskaper "**Konsernet**") og en etterfølgende reparasjonsemisjon ("**Reparasjonsemisjonen**") av nye aksjer i Selskapet ("**Tilbudsaksjene**") og noteringen av Tilbudsaksjene på Oslo Børs.

Sammendraget utgjør en del av det engelskspråklige "Prospectus" ("**Prospektet**"). Tegningsgrunnlaget for det norske verdipapirmarkedet består således ikke kun av dette norske sammendraget, men av dette Prospektet i sin helhet. Investorer oppfordres til å lese hele Prospektet nøye før en eventuell investeringsbeslutning treffes. Ved eventuell motstrid mellom dette norske sammendraget og de deler av Prospektet som er skrevet på engelsk, går den engelske delen av Prospektet foran.

Dette norske sammendraget er en oversettelse av Prospektets kapittel 1 "Summary".

Prospektet har blitt forelagt Finanstilsynet for kontroll og godkjenning i henhold til verdipapirloven § 7-7.

Enhver ny vesentlig omstendighet og enhver vesentlig unøyaktighet i Prospektet som kan få betydning for vurderingen av aksjene i Selskapet ("**Aksjene**"), og som oppstår eller oppdages mellom tidspunktet for godkjenning av Prospektet og tidspunktet for noteringen av de Nye Aksjene og Tilbudsaksjene på Oslo Børs, vil i samsvar med verdipapirhandelloven § 7-15 bli offentliggjort og fremlagt så snart som mulig i form av et tillegg til Prospektet.

24.1 Norsk sammendrag

Dette sammendraget må leses som en innledning til Prospektet og enhver beslutning om å investere i Selskapet (inkludert Tilbudsaksjene) bør baseres på en vurdering av Prospektet i sin helhet, inkludert dokumentene som er inntatt ved henvisning. Etter implementering av de relevante bestemmelser i Prospektdirektivet i hver medlemsstat i EØS, vil intet sivilrettslig erstatningsansvar påligge de ansvarlige personene i noe slikt medlemsland basert kun på dette sammendraget, herunder oversettelser av dette, med mindre sammendraget er misvisende, unøyaktig eller inkonsistent når det leses i sammenheng med Prospektets øvrige deler. Dersom et krav vedrørende innholdet i dette Prospektet fremmes for retten i en medlemsstat i EØS, vil saksøker i henhold til nasjonal lovgivning i medlemsstaten der kravet fremmes, kunne bli pålagt å bære kostnadene knyttet til å oversette Prospektet før den rettslige prosessen iverksettes.

Sammendraget fremhever enkelte opplysninger om Konsernet, den Rettede Emisjonen og Reparasjonsemisjonen. Det inneholder ikke all informasjon som kan være viktig for deg. Du bør lese hele Prospektet, herunder års- og kvartalsregnskapene som er inntatt ved referanse, før en beslutning om å investere i Selskapets verdipapirer treffes. Særlig bør du nøye vurdere informasjonen som fremgår i kapittel 2 "Risk Factors".

For definisjoner eller andre begreper med stor forbokstav og visse tekniske begreper og uttrykk anvendt fortløpende i Prospektet, se kapittel 23 "Definitions and Glossary of Terms".

24.2 Innledning

24.2.1 Generelt

Konsernet er involvert i alle ledd i den fotoelektriske ("**PV**") produksjonens verdikjede: produksjon av superrent polysilisium, produksjon av silisiumswafere, produksjon av solceller og solcellepaneler og utvikling av solenergiløsninger. Konsernet driver sin virksomhet gjennom tre rapporteringssegment; REC Silicon, REC Wafer og REC Solar. Virksomheten REC Wafer stenges nå permanent, og produksjonen ble avsluttet i andre kvartal 2012.

Selskapets juridiske navn er Renewable Energy Corporation ASA, som også er forretningsnavnet sammen med "REC". Selskapets hovedkontor har adresse Kjørboveien 29, Postboks 594, 1337 Sandvika, og Selskapets telefonnummer på denne adressen er +47 67 57 44 50. Selskapet er et allmennaksjeselskap registrert i henhold til norsk lovgivning med organisasjonsnr. 977 258 561 og er underlagt allmennaksjeloven. Selskapet ble stiftet 3. desember 1996.

24.2.2 Historie

Selskapet ble stiftet i 1996 under navnet Fornybar Energi AS, tok navnet Renewable Energy Corporation AS i 2000, og ble omdannet til et allmennaksjeselskap (ASA) i 2005. På det tidspunkt Selskapet ble stiftet eide Selskapet 12 % av aksjene i REC ScanWafer AS, som ble stiftet i 1994 med det formål å bli en spesialisert produsent av multikrystallinske wafere til solenergiindustrien. For å kunne forbedre wafer-kvaliteten ved å sikre en rask og sikker tilbakemelding fra

solcelleproduksjonen, besluttet enkelte av Selskapets stiftere i 1999 å integrere videre i verdikjeden ved også å produsere solceller og solcellepaneler. Disse aktivitetene ble senere fusjonert inn i Konsernet.

I 2002, som et svar på bekymringer rundt den langsiktige tilgjengeligheten av silisiumråvare som kunne bygge opp under videre vekst innen produksjonen av wafere, dannet Selskapet og Advanced Silicon Materials, Inc ("**ASiMI**"), den gang eiet av Komatsu America Corporation ("**Komatsu**"), et "joint venture" som på den tiden ble kalt Solar Grade Silicon LLC ("**SGS**"), nå REC Solar Grade Silicon LLC. Formålet var å konvertere Komatsus polysilisiumsannlegg i Moses Lake, Washington, USA til utelukkende å produsere superrent polysilisium.

Selskapet økte sin eierandel i ScanWafer AS til 71 % i 2003 og til 100 % i 2004.

I juli 2005 kjøpte Selskapet Komatsus aksjer i SGS og økte dermed Selskapets eierandel i SGS fra 70 % til 100 %, og kjøpte samtidig Komatsus majoritetsandel i ASiMI, som eide og drev et anlegg for produksjon av polysilisium i Butte, Montana, USA. Komatsu beholdt en ikke-stemmeberettiget minoritetspost i ASiMI, som ble kjøpt av Konsernet i 2009.

I mai 2006 ble Selskapets aksjer notert på Oslo Børs. Gjennom det initielle spredningstilbudet som ble gjennomført i forbindelse med noteringen registrerte Selskapet rundt 22 000 nye aksjonærer.

I 2006 initierte REC et investeringsprogram på EUR 3 milliarder, som varte til 2010. Ytterligere detaljer om investeringer over tid finnes i årsrapporter og kvartalsvise rapporter som er inntatt ved henvisning, se kapittel 22.2 "Incorporation by reference". I 2007 ble Singapore valgt som sted for et nytt produksjonsanlegg for wafere, solceller og solcellepaneler, og investeringsbeslutningen ble fattet i midten av 2008. Opptopping av produksjonen ble igangsatt mot slutten av 2009 og anlegget ble offisielt åpnet i 2010. I løpet av den samme tidsperioden ekspanderte Konsernet kraftig produksjonen av polysilisium i Moses Lake gjennom industrialiseringen av Selskapets rettighetsbeskyttede teknologi "fluidized bed reactor" ("**FBR**"). FBR-produksjonsanleggene i Moses Lake åpnet i henholdsvis 2009 og 2010. Investeringsprogrammet inkluderte også investeringer i norsk wafer-virksomhet. Konkurransepresset i solenergiindustrien har økt i løpet av de siste par årene. Mot slutten av 2010 la Konsernet ned produksjonen av solcellepaneler i Sverige. Solcelleproduksjonen i Narvik og rundt halvparten av wafer-produksjonen i Norge ble lagt ned i løpet av andre halvdel av 2011. Produksjonen av monokrystallinske wafere i Glomfjord ble bestemt å legges ned mot slutten av første kvartal 2012. I april 2012 besluttet Konsernet at den gjenværende wafer-virksomheten på Herøya skulle legges ned.

24.3 Styret

Styret består av Jens Ullveit-Moe (styreleder), Peter Arne Ruzicka, Mimi Kristine Berdal, Helene Margareta Vibbleus Bergquist, Odd Christopher Hansen, Hans Ødegård og Silje Johnsen.

24.4 Ledelsen

Selskapets ledelse består av følgende personer: Ole Enger (CEO), John Andersen Jr. (COO), Tore Torvund (Executive Vice President – REC Silicon), Alessandro Perrotta (Executive Vice President – Wafer, Cells & Modules), Bjørn Brenna (CFO), Florian Krumbacher (CLO) og Øyvind Hasaas (Executive Vice President - OD & HR).

24.5 Ansatte

Konsernet hadde 3 069 ansatte per 30. juni 2012. Av disse 3 069 ansatte, var 607 ansatt ved REC Wafer. Som en følge av nedleggelsen av REC Wafers virksomhet, har de fleste ansatte ved REC Wafer forlatt Konsernet eller er under oppsigelse. Majoriteten av de gjenværende ansatte ved REC Wafer har forlatt Konsernet i løpet av juli 2012. Et begrenset antall ansatte er beholdt i en periode for å drifte nedleggelsen av virksomheten.

24.6 Revisor

KPMG AS er Selskapets uavhengige revisor. KPMG AS er medlem av Den Norske Revisorforening.

24.7 Rådgivere

Arctic Securities (Koordinator) (Haakon VII's gate 5, Postboks 1833 Vika, 0123 Oslo, Norge), DNB Markets (Stranden 21, 0021 Oslo, Norge) og Nordea Markets (Middelthunsgate 17, Postboks 1166 Sentrum, 0107 Oslo, Norge) har vært Tilretteleggere i forbindelse med den Rettede Emisjonen og Reparasjonsemisjonen.

Advokatfirmaet Schjødt AS er norsk juridisk rådgiver for Selskapet i forbindelse med den Rettede Emisjonen og Reparasjonsemisjonen. Advokatfirmaet Thommessen AS er norsk juridisk rådgiver for Tilretteleggerne i forbindelse med den Rettede Emisjonen og Reparasjonsemisjonen.

24.8 Aksjekapital

Selskapets registrerte aksjekapital før den Rettede Emisjonen er NOK 997 152 118, fordelt på 997 152 118 Aksjer med pålydende verdi NOK 1,00 per Aksje. Aksjene er gyldig utstedt, fullt innbetalt og er registrert i VPS med ISIN NO 001 0112675. Selskapets registrerte aksjekapital etter registrering av kapitalforhøyelsen i forbindelse med den Rettede Emisjonen i Foretaksregisteret vil være NOK 1 863 818 785 fordelt på 1 863 818 785 Aksjer med pålydende verdi NOK 1,00 per Aksje. Selskapets registrerte aksjekapital etter registrering av kapitalforhøyelsen i forbindelse med Reparasjonsemisjonen i Foretaksregisteret vil være mellom NOK 1 863 818 785 og NOK 2 113 818 785, fordelt på mellom 1 863 818 785 og 2 113 818 785 Aksjer med pålydende verdi NOK 1,00 per Aksje.

24.9 Største aksjonærer

Den følgende tabellen gir informasjon om Aksjonærer, registrert i VPS, som etter den Rettede Emisjonen eier mer enn 5 % av Selskapets utstedte Aksjer, hvilket dermed er meldepliktig i henhold til norsk verdipapirlovgivning.

Navn på REC-aksjonær	Antall REC-aksjer før den Rettede Emisjonen*	Prosent av REC-aksjene	Antall REC-aksjer etter den Rettede Emisjonen	Prosent av REC-aksjer etter den Rettede Emisjonen
Orkla ASA	396 236 635	39,7 %	529 569 968	28,4 %
Umoe AS	30 997 211	3,1 %	217 663 877	11,7 %
Fond forvaltet av DNB Asset Management AS.....	59 281 556	5,9 %	298 718 280	16,0 %

*Aksjefordeling per den 23. juli 2012, som dokumentert i aksjonærregisteret i VPS per den 26. juli 2012. Tallene inkluderer ikke eventuelle aksjelån.

For informasjon om tildeling gjort i den Rettede Emisjonen, se avsnitt 5.3.6 "Allocation and notification" og 5.3.7 "Participation of major shareholders and members of the Company's management, supervisory and administrative bodies in the Private Placement".

24.10 Transaksjoner med nærstående parter

Selskapet har nærstående relasjoner med sine datterselskaper, med tilknyttede selskaper og felleskontrollerte selskaper og med konsernledelse, styre og de største aksjonærene. Transaksjoner med datterselskapene blir eliminert ved konsolidering og rapporteres ikke som transaksjoner med nærstående parter i de konsoliderte regnskapene. For detaljer om Selskapets transaksjoner med nærstående parter, se kapittel 12 "Related Party Transactions" i Prospektet.

24.11 Vedtekter og tilgjengelige dokumenter

Selskapets vedtekter ("**Vedtektene**") er inntatt i Prospektet ved henvisning, se avsnitt 22.2 "Incorporation by reference".

I tolv måneder etter dato for Prospektet kan følgende dokumenter (eller kopier av disse) gjennomgås på Selskapets hovedkontor, Kjørboveien 29, Postboks 594, 1337 Sandvika, Norge (telefonnummer +47 67 57 44 50):

- Selskapets stiftelsesprotokoll og vedtekter;
- Selskapets årsrapporter og konsoliderte årsregnskaper for 2009, 2010 og 2011, inkludert revisjonsberetningen;
- Selskapets delårsrapporter for 2011 og andre kvartal 2012; og
- De to siste årsregnskaper for Selskapets datterselskaper (i den utstrekning slike finnes).

24.12 Den fullførte Rettede Emisjonen

Antall Nye Aksjer utstedt i den Rettede Emisjonen	866 666 667 Nye Aksjer.
Tegningskurs	NOK 1,50 per Nye Aksje.
Tilretteleggere	Arctic Securities (Koordinator), DNB Markets og Nordea Markets.
Bakgrunnen for den Rettede Emisjonen og bruk av emisjonsproveny	Den Rettede Emisjonen ble gjennomført for å sikre refinansiering av Selskapets bankgjeld og provenyet vil bli benyttet til investeringer relatert til å opprettholde en ledende stilling i bransjen, styrking av balansen og generelle selskapsmessige formål.
Antall utstedte Aksjer før den Rettede Emisjonen	997 152 118 Aksjer.
Antall utstedte Aksjer etter den Rettede Emisjonen	1 863 818 785 Aksjer.
Bookbuilding-periode	Bookbuilding-perioden for den Rettede Emisjonen varte fra den 3. juli 2012, kl. 17:30 (norsk tid) til den 3. juli 2012, kl. 22:00 (norsk tid) (" Bookbuilding-perioden ").
Betaling og levering	Betaling for de Nye Aksjene forventes å finne sted på eller rundt den 30. juli 2012 hvorefter de Nye Aksjene forventes levert til tegnerens VPS-konti på eller rundt den 31. juli 2012. Tilretteleggerne har, i henhold til vilkår og betingelser i en avtale om betalingsgaranti inngått med Selskapet, garantert betalingen av de siste 230 millionene av provenyet i den Rettede Emisjonen den 30. juli 2012.
Notering av og handel i de Nye Aksjene	Det forventes at handel i de Nye Aksjene på Oslo Børs vil begynne på eller rundt den 31. juli 2012.
ISIN	Aksjene og de Nye Aksjene vil begge ha ISIN NO 001 0112675.
Ticker på Oslo Børs	REC.
Utvanning	Den Rettede Emisjonen medførte en utvanning på 46,5 % for eksisterende aksjonærer som ikke deltok i den Rettede Emisjonen.
Proveny og kostnader	Totalt kostnader og utgifter knyttet til den Rettede Emisjonen er estimert å utgjøre ca. NOK 40 millioner, hvorav ca. NOK 25 millioner er utgifter til Tilretteleggerne i forbindelse med den Rettede Emisjonen. Totalt nettoproveny i den Rettede Emisjonen er ca. NOK 1 260 millioner.

24.13 Reparasjonsemisjonen

Reparasjonsemisjonen	Tilbud av inntil 250 000 000 Tilbudsaksjer gjennom en kapitalforhøyelse på inntil NOK 375 000 000 til en tegningskurs på NOK 1,50 per Nye Aksje (" Tegningskursen ") til de Kvalifiserte Aksjonærene (som definert under). Se kapittel 6 "The Subsequent Offering" for ytterligere detaljer.
Kvalifiserte Aksjonærer	Selskapets eksisterende aksjonærer per den 3. juli 2012 (og som er registrert i VPS den 6. juli 2012 (Registreringsdatoen)), som ikke ble invitert til å delta i den Rettede Emisjonen og som ikke er bosatt i en jurisdiksjon hvor en slik Reparasjonsemisjon ville vært ulovlig, eller ville (i andre jurisdiksjoner enn Norge) kreve søknad om prospekt, registrering eller lignende tiltak (de " Kvalifiserte Aksjonærene ").
Tegningskurs	Tegningskursen er NOK 1,50 per Tilbudsaksje, som er lik Tegningskursen i den Rettede Emisjonen.

Registreringsdato	6. juli 2012.
Tegningsretter	Kvalifiserte Aksjonærer tildeles ikke-omsettelige tegningsretter (" Tegningsrettene ") som, underlagt gjeldende lov, gir rett til å tegne og bli tildelt Tilbudsaksjer i Reparasjonsemisjonen.
Tilretteleggere	Arctic Securities (Koordinator), DNB Markets og Nordea Markets.
Bakgrunnen for Reparasjonsemisjonen og bruk av emisjonsproveny	Reparasjonsemisjonen gjennomføres for å gi de Kvalifiserte Aksjonærene mulighet til å tegne seg for Aksjer til samme Tegningskurs som i den Rettede Emisjonen. Provenyet vil bli benyttet til investeringer relatert til å opprettholde en ledende stilling i bransjen, styrking av balansen og generelle selskapsmessige formål.
Antall utstedte Aksjer før Reparasjonsemisjonen	1 863 818 785 Aksjer.
Antall utstedte Aksjer etter Reparasjonsemisjonen	Mellom 1 863 818 785 og 2 113 818 785 Aksjer.
Tegningsperiode	Tegningsperioden begynner den 20. august 2012 og avsluttes den 3. september 2012 kl. 16:30 (norsk tid).
	Tegningsretter som ikke er utøvd før 3. september 2012 kl. 16:30 (norsk tid) vil være uten verdi og vil bortfalle uten noen form for kompensasjon til eieren.
Allokering og overtegning	<p>Hver Kvalifiserte Aksjonær vil bli tildelt 0,6295 Tegningsretter per Aksje som er registrert på vedkommende Kvalifiserte Aksjonær per Registreringsdato, rundet ned til nærmeste hele Tegningsrett. Hver Tegningsrett vil, betinget av gjeldende verdipapirlovgivning, gi rett til å tegne og bli tildelt én Tilbudsaksje i Reparasjonsemisjonen. Overtegning er tillatt, men Reparasjonsemisjonen begrenses til en øvre grense på 250 000 000 Tilbudsaksjer.</p> <p>Dersom ikke alle Tegningsrettene benyttes, har de Kvalifiserte Aksjonærene som har overtegnet, rett til å få tildelt de gjenværende Tilbudsaksjene forholdsmessig til det antall Tegningsretter de har utøvd. Det garanteres ikke tildeling av Tilbudsaksjer basert på overtegning. Tegning uten tegningsretter er ikke tillatt.</p>
Betaling og levering	Oppgjør for Tilbudsaksjene forfaller til betaling på eller rundt den 7. september 2012 (" Betalingsdatoen "), hvorefter Tilbudsaksjene forventes levert til tegnerens VPS-konti på eller rundt den 10. september 2012. Tilretteleggerne har, i henhold til vilkår og betingelser i en avtale om betalingsgaranti inngått med Selskapet, garantert betalingen av de siste 50 millionene av provenyet i Reparasjonsemisjonen på Betalingsdatoen.
Notering av og handel i de Nye Aksjene	Det forventes at handel i Tilbudsaksjene på Oslo Børs vil begynne på eller rundt den 10. september 2012.
ISIN	Aksjene og Tilbudsaksjene vil etter notering begge ha ISIN NO 001 0112675.
Ticker på Oslo Børs	REC.
Utvanning	Forventet utvanning etter Reparasjonsemisjonen forventes å utgjøre ca. 11,8 % for eksisterende aksjonærer som ikke deltar i Reparasjonsemisjonen, sammenlignet med slike aksjonærers aksjeinnehav etter den Rettede Emisjonen.
Proveny og kostnader	Totale kostnader og utgifter knyttet til Reparasjonsemisjonen er estimert å utgjøre ca. NOK 17 millioner, hvorav NOK 8 millioner er utgifter til Tilretteleggerne i forbindelse med Reparasjonsemisjonen. Totalt nettoproveny i Reparasjonsemisjonen er ca. NOK 358 millioner. Dersom de Kvalifiserte Aksjonærene tegner seg for mindre enn 250 000 000 Tilbudsaksjer, vil proveny og kostnader justeres deretter.

24.14 Sammendrag av den historiske konsoliderte finansielle informasjonen

Den følgende tabellen viser et sammendrag av den historiske finansielle informasjonen hentet fra Selskapets konsoliderte årsregnskaper (inkludert noter) per og for periodene som endte 31. desember 2009, 2010 og 2011, samt konsoliderte delårstall per og for de seks månedene som endte 30. juni 2011 og 2012.

Selskapets konsoliderte årsregnskaper er utarbeidet i henhold til "International Financial Reporting Standards" (IFRS) som vedtatt av EU og i henhold til den norske regnskapsloven. Selskapets konsoliderte delårsregnskaper per og for de seks månedene som endte 30. juni 2012 og 2011, kombinert med relevant informasjon i notene og den finansielle gjennomgangen, er blitt utarbeidet i henhold til IAS 34.

De konsoliderte årsregnskapene er revidert av KPMG AS, Selskapets uavhengige revisor, slik det fremkommer i revisjonsberetningene. De konsoliderte regnskapene for første halvår 2012 og 2011 er ureviderte.

På grunn av avviklingen av virksomheten i REC Wafer i andre kvartal 2012, har Selskapet presentert REC Wafers eksterne resultatposter som avvirket virksomhet i de konsoliderte delårstall for første halvår 2012. Det konsoliderte resultatregnskapet har blitt presentert på nytt som avvirket virksomhet for de eksterne resultatpostene for første halvår 2011. Konsoliderte årsregnskaper for periodene som endte 31. desember 2009, 2010 og 2011 har ikke blitt presentert på nytt i dette Prospektet som avvirket virksomhet for REC Wafer.

Beløpene i regnskapene presenteres i NOK, rundet av til nærmeste million, med mindre annet fremgår. Som et resultat av avrunding, vil summen av tallene i en eller flere av radene eller kolonnene ikke nødvendigvis tilsvare den angitte totalen i raden eller kolonnen.

24.14.1 Informasjon hentet fra de konsoliderte resultatregnskapene

	For de tre månedene avsluttet 30. juni		For de seks månedene avsluttet 30. juni		For årene avsluttet 31. desember		
	(urevidert)	(urevidert)	(urevidert)	(urevidert)	(revidert)	(revidert)	(revidert)
(MILLIONER NOK)	2012	2011	2012	2011	2011	2010	2009
Driftsinntekter	1 987	2 375	3 947	4 857	13 366	13 776	8 831
EBITDA	267	820	578	1 756	2 867	3 532	1 803
Totale avskrivninger, amortiseringer og nedskrivninger	-3 989	-2 631	-4 375	-3 116	-12 375	-2 514	-2 632
EBIT	-3 722	-1 811	-3 797	-1 361	-9 508	1 018	-829
Netto finansposter	-146	12	-411	-591	205	801	-472
Gevinst/tap før skatt fra videreført virksomhet	-3 868	-1 799	-4 208	-1 951	-9 303	1 818	-1 301
Skattekostnad/nytte fra videreført virksomhet	157	5	207	-60	-726	-930	100
Gevinst/tap fra videreført virksomhet	-3 712	-1 794	-4 001	-2 012	-10 030	889	-1 200
Gevinst/tap fra nedlagt virksomhet, netto etter skatt*	-344	-4 886	-264	-4 776	0	101	-1 146
Gevinst/tap fra den totale virksomheten	-4 056	-6 681	-4 265	-6 788	-10 030	989	-2 347
Henførbart til:							
Aksjonærer i REC ASA	-4 056	-6 681	-4 265	-6 788	-10 030	989	-2 347
Informasjon per aksje fra videreført virksomhet							
Resultat per aksje (NOK) - ordinært	-3.72	-1.80	-4.01	-2.02	10.06	0.96	-1.63
Resultat per aksje (NOK) - utvannet	-3.72	-1.81	-4.01	-2.02	10.06	0.51	-1.63
Informasjon per aksje fra den totale virksomheten							
Resultat per aksje (NOK) - ordinært	-4.07	-6.70	-4.28	-6.81	-10.06	1.07	-3.19
Resultat per aksje (NOK) - utvannet	-4.07	-6.43	-4.28	-6.81	-10.06	0.61	-3.19

*Avviklet virksomhet for årene som endte 31. desember 2011, 2010 og 2009 relaterer seg til Sovello. Avviklet virksomhet for de tre og seks månedene som endte 30. juni 2012 og 2011 relaterer seg til REC Wafer. Konsoliderte årsregnskaper for årene som endte 31. desember 2009, 2010 og 2011 har ikke blitt presentert på nytt i dette Prospektet som avviklet virksomhet for REC Wafer. Avviklet virksomhet forblir konsolidert i det konsoliderte resultatregnskapet, der de interne transaksjonene mellom videreført og avviklet virksomhet fjernes i konsolideringen. Som et resultat er det bare inntekter og kostnader fra eksterne transaksjoner som presenteres på nytt som avviklet virksomhet. Dette betyr at enkeltposter og resultater for videreført og avviklet virksomhet ikke representerer virksomhetens aktiviteter som om de var frittstående enheter, for tidligere perioder eller trolig opptjening i fremtidige perioder.

24.14.2 Informasjon hentet fra konsolidert oppstilling av finansiell stilling

(MILLIONER NOK)	Per 30. juni		Per 31. desember		
	(urevidert)	(urevidert)	(revidert)	(revidert)	(revidert)
	2012	2011	2011	2010	2009
Sum anleggsmidler	13 272	20 622	17 534	29 634	27 286
Sum omløpsmidler	5 752	7 386	6 936	7 231	6 848
Sum eiendeler	19 023	28 008	24 470	36 865	34 134
Sum egenkapital	7 743	14 685	12 192	22 151	16 909
Sum langsiktig gjeld	7 838	10 221	9 511	11 443	13 072
Sum kortsiktig gjeld	3 442	3 103	2 767	3 271	4 153
Sum gjeld	11 280	13 324	12 278	14 714	17 225
Sum egenkapital og gjeld	19 023	28 008	24 470	36 865	34 134

24.15 Operasjonell og finansiell gjennomgang

DRIFTSINNTEKTER (MILLIONER NOK)	For de seks månedene avsluttet 30. juni		For årene avsluttet 31. desember		
	(urevidert)	(urevidert)	(revidert)	(revidert)	(revidert)
	2012	2011	2011	2010	2009
REC Silicon	1 807	3 089	5 585	5 245	3 943
REC Wafer	429	3 036	4 413	6 804	5 879
REC Solar	2 285	3 103	5 856	5 624	1 881
Andre	35	54	92	99	76
Sovello	na	na	na	114	325
Justering for avvirket virksomhet - Sovello	na	na	na	-114	-325
Justering for avvirket virksomhet - REC Wafer*	-318	-2 643	na	na	na
Elimineringer	-290	-1 781	-2 580	-3 995	-2 947
Sum videreført virksomhet	3 947	4 857	13 366	13 776	8 831

PRODUKSJONSVOLUM	For de seks månedene avsluttet 30. juni		For årene avsluttet 31. desember		
	(urevidert)	(urevidert)	(revidert)	(revidert)	(revidert)
	2012	2011	2011	2010	2009
REC Silicon					
Polysiliumsproduksjon i MT (Siemens og granulært)	11 177	9 252	19 050	13 673	7 828
- hvorav sol- og elektronikkvalitet i MT	9 899	8 313	16 672	11 459	7 023
Polysiliumssalg i MT (Siemens og granulært)	11 008	8 765	18 706	13 608	7 753
Silangass (salg i MT)	769	794	1 651	1 891	2 187
REC Wafer Norway					
Multi-waferproduksjon i MW	105	623	921	1 121	758
Mono-waferproduksjon i MW	37	72	153	89	59
REC Solar					
Solcellepanelproduksjon i MW	335	309	644	491	115
Kontraktsproduksjon i MW	0	48	55	11	6

*Avviklet virksomhet representerer element fra eksterne resultatregnskap for REC Wafer og presenteres som en separat sum i Konsernets resultatregnskap. Denne nye fremstillingen viser ikke inntjening av videreført og avvirket virksomhet, som om de var frittstående enheter, for tidligere perioder eller trolig opptjening i fremtidige perioder.

Se kapittel 9 "Operating and Financial Review" i Prospektet for ytterligere detaljer om den operasjonelle og finansielle gjennomgangen.

24.16 Vesentlige hendelser etter 30. juni 2012

Mellom 30. juni 2012 og frem til dato for Prospektet, har Selskapet vært gjenstand for følgende vesentlige hendelser:

Obligasjonseiermøtet i RECs konvertible obligasjonslån avholdt 3. juli 2012, godkjente ikke de foreslåtte endringene i obligasjonslåneavtalen for det konvertible obligasjonslånet i forbindelse med den foreslåtte refinansieringen av Konsernet. Forslag til konvertibelt obligasjonslån ble deretter trukket tilbake, og REC reviderte refinansieringsforslaget. 4. juli 2012 kunngjorde REC et revidert refinansieringsforslag som inkluderte utstedelse av nye aksjer med et bruttoproveny på NOK 1 300 millioner gjennom en ny vellykket rettet emisjon, en reparasjonsemisjon på inntil NOK 375 millioner og en foreslått refinansiering av RECs bankfasilitet til en ny fasilitet på NOK 2 000 millioner med forfall i april 2014. Se note 6 i andre kvartal 2012 inkorporert her ved henvisning for mer informasjon om nye og reviderte betingelser i den nye bankfasiliteten. I et obligasjonseiermøte i REC ASAs konvertible obligasjonslån den 16. juli 2012, ble en endring i låneavtalen godkjent som ekskluderer REC Wafer Norway AS fra obligasjonslånenes definisjon av Konsernet.

Styret i REC besluttet også å trekke tilbake innkallingen til den planlagte ekstraordinære generalforsamlingen 20. juli 2012 og for å lage et revidert forslag til den ekstraordinære generalforsamlingen 27. juli 2012.

Forslaget til utstedelse av nye aksjer gjennom den Rettete Emisjonen, Reparasjonsemisjonen, og dermed også Refinansieringen av bankfasiliteten, ble godkjent av den ekstraordinære generalforsamlingen 27. juli 2012.

Bortsett for de vesentlige hendelsene som er beskrevet over, har det ikke vært noen vesentlige endringer i Selskapets finansielle stilling eller markedsstilling etter den 30. juni 2012.

24.17 Kapitalisering og gjeldsforpliktelser

Den følgende tabellen beskriver Selskapets kapitalisering og gjeldsforpliktelser utarbeidet i henhold til IFRS per 30. juni 2012. Den midterste kolonnen bekrefter at det ikke har vært noen vesentlige endringer etter 30. juni 2012. Den siste kolonnen viser virkningen av Refinansiering, den Rettede Emisjonen og Reparasjonsemisjonen. Du bør lese denne tabellen i sammenheng med konsoliderte kondenserte delårsrapporter og regnskaper for andre kvartal 2012, kombinert med relevant informasjon i den finansielle gjennomgangen og notene i andre kvartalsrapport, og det konsoliderte regnskapet for 2011, inkludert notene og styrets rapport. Bortsett fra Refinansieringen og den Rettede Emisjonen, har det ikke vært vesentlige endringer i Selskapets kapitalisering og gjeldsforpliktelser etter 30. juni 2012.

Konsolidert oversikt over kapitalisering og gjeldsforpliktelser

(MILLIONER NOK)	Urevidert per 30.jun.12	Effekt etter Refinansieringen og den Rettede Emisjonen
Kortsiktig gjeld		
- Garantert	0	0
- Pantelikret 1)	185	0
- Usikret	3 258	-1 288
Sum kortsiktig gjeld	3 442	-1 288
Langsiktig gjeld		
- Garantert	0	0
- Pantelikret 1)	780	0
- Usikret	7 058	1 288
Sum langsiktig gjeld	7 838	1 288
Egenkapital		
Aksjekapital	997	867
Overkursfond	16 073	333
Annen egenkapital	-9 327	0
Sum egenkapital	7 743	1 200
Sum kapitalisering	19 023	1 200

- 1) Gjeld omfatter finansielle leieforpliktelser på totalt NOK 965 millioner per 30. juni 2012 (NOK 185 millioner kortsiktig og NOK 780 millioner langsiktig). Finansielle leieavtaler er effektivt sikret ettersom rettighetene til de leide eiendelene går tilbake til utleier i tilfelle mislighold. Se årsregnskapet for 2011 for en beskrivelse av eiendelene under disse finansielle leieavtaler. Balanseført verdi av disse leide eiendelene ble svekket i 2011, og per 30. juni 2012 val samlet bokført verdi NOK 65 millioner.

I forbindelse med salget av datterselskapet REC ScanModule AB i begynnelsen av 2011, garanterte REC Solar AS for alle eventuelle krav som følge av REC ScanModule ABs virksomhet eller relatert til aksjekjøpsavtalen. Ingen gjeld er kjent i forbindelse med denne garantien.

Kortsiktig og langsiktig gjeld omfatter avsetning av NOK 1 305 per 30. juni 2012, som er forpliktelser med usikkert tidspunkt eller beløp. Dette inkluderer avsetninger til restrukturering og tapsbringende kontrakter etc. Tapskontrakter på NOK 723 millioner inkluderer estimerte tapsbringende kontrakter for SIC Processing AS på ca. NOK 440 millioner. Estimert nåverdi av de maksimale fremtidige utbetalinger under disse kontraktene er ca. NOK 600 millioner. Se også kapittel 17 "Legal Matters" i dette Prospektet for juridiske forhold og betingede forpliktelser som ikke er innregnet gjeld per 30. juni 2012. Kontraktsmessige kjøpsforpliktelser og minimum operasjonelle leieforpliktelser på NOK 2,5 milliarder per 30. juni 2012 er ikke inkludert som gjeld i balansen.

Netto gjeldsforpliktelser

(MILLIONER NOK)	Urevidert per 30. juni 2012	Effects of the Refinancing and the Private Placement
A. Kontanter	1 920	1 200
B. Likvide midler	0	0
C. Likvide verdipapirer	0	0
D. Likviditet	1 912	1 200
E. Kortsiktige finansielle fordringer*	26	0
F. Kortsiktige banklån	0	0
G. Kortsiktig andel av langsiktige banklån	1 288	-1 288
H. Annen kortsiktig finansiell gjeld	185	0
I. Kortsiktig finansiell gjeld	1 472	-1 288
J. Netto kortsiktig finansiell gjeld	-440	-2 488
K. Langsiktige banklån**	-11	1 288
L. Utstedte obligasjoner***	3 724	0
M. Annen langsiktig gjeld	780	0
N. Langsiktig finansiell gjeld		1 288
	4 493	
O. Netto finansiell gjeld	4 054	-1 200

* Begrenset bank (NOK 5 millioner) og gjeldende del av lånene til SIC Processing (NOK 20 millioner).

** Negativt beløp er tidligere forhåndsbetalte avgifter som er avskrevet til inntekt.

*** Utstedte obligasjoner består av konvertible obligasjoner til handelsverdi og NOK obligasjoner justeres for handelsverdi av markedsrenter. Disse justeringene i handelsverdi har redusert den balanseførte verdien på obligasjonene per 30. juni 2012 med NOK 536 millioner.

24.18 Teknologi, Forskning, Utvikling samt Immaterielle Rettigheter

Selskapets konkurranseevne er hovedsaklig basert på proprietære silanprosesser med høyt volum, lave produksjonskostnader for silangass samt FBR-teknologi for konvertering av silan til polysilisium med 80-90 % mindre energiforbruk enn den mer konvensjonelle Siemens-prosessen. Hoved- og originalpatentene bak denne silanprosessen har utløpt, men det kreves en betydelig mengde knowhow og utvikling for konkurrenter som ønsker å kopiere hovedprosessen. En eventuell kopiering hemmes ytterligere av Konsernets gyldige patenter på teknologidetaljer og det faktum at silangass er både brannfarlig og eksplosivt, og arbeid knyttet til utvikling av silangass krever maksimal forsiktighet.

FBR-teknologien som benyttes for å konvertere silan til polysilisium har blitt utviklet både av Konsernet og av MEMC. De to selskapene er eiere av flere patenter som beskytter de utviklede løsningene. Sammen med en lignende samling patenter eid av selskapet Solarworld, utgjør dette en betydelig barriere for konkurrerende utviklinger.

Flertallet av Konsernets konkurrenter bruker triklorsilan som mategass for produksjon av polysilisium. Det er gjort betydelige forsøk på å utvikle FBR-teknologi for triklorsilan som mategass, men dette har i praksis vært en større utfordring. Konsernets silangassprosess kombinert med FBR-prosessen har derfor vist seg å være en høyst konkurransedyktig og attraktiv teknologi for produksjon av polysilisium.

FBR-granulært polysilisium er særlig attraktivt for blanding med konvensjonelt Siemens-materiale for å oppnå en produksjonsøkning for ingotprodusenter, som nå produserer monokrystallinske ingoter for solenergiindustrien. Dette øker konkurranseevnen til FBR-teknologien. Konsernets FBR-renhet anses imidlertid fremdeles ikke som optimal for elektroniske komponenter og de mest avanserte og kostbare solcelledesignene. Konsernet har derfor kommet langt i å videreutvikle FBR-teknologien med et mål om forbedret elektronisk kvalitet og enda større stordriftsfordeler.

Konsernets silangass-teknologi gir veldig ren silangass, som er et utmerket utgangspunkt for å produsere superrent polysilisium for Float Zone-markedet. Konsernet har derfor i lang tid vært en ledende leverandør av polysilisium til disse mest krevende komponentene, som typisk brukes i høyspenningsutstyr som el-biler og tog.

På polysilisiumsområdet i Konsernet fokuseres forskningen nå på tre akser: høyere produktivitet for silan, forbedret renhet og produktivitet for FBR-prosesser samt forbedrede polysilisiumsprosesser og nye produkter for Float Zone-markedet.

Nedstrøms er Konsernet godt etablert som en massevolumprodusent av solenergiprodukter med et integrert og automatisert produksjonsanlegg for wafere, solceller og solcellepaneler i Singapore. Det finnes flere rettighets- og patentbeskyttede produksjonsløsninger i produksjonsanlegget til REC Solar, hvilket gjør anlegget til et av de minst arbeidsintensive i verden.

Produksjonsanlegget i Singapore har også blitt forhåndsdesignet for implementering av forbedret bakkdelpassiveringsteknologi for solceller. Denne nye teknologien krever utstyrsmodifikasjoner og tillegg flere steder i

produksjonen, noe som er veldig vanskelig dersom det ikke er hensyntatt på forhånd. REC Solar er for øyeblikket i slutfasen av modulmodifikasjon for bakdelpassiveringsteknologien. Dette er siste fase før full implementering av denne teknologien kan gjøres. Takket være investeringer som ble gjort allerede ved bygging av anlegget, kan dette gjøres med lave investeringskostnader. Den forbedrede bakdelpassiveringen vil øke energien fra solcellepaneler. Denne gevinsten vil sannsynligvis øke med tiden, siden passivering vil forsterke den positive innvirkningen av fremtidige forbedringer av wafer-kvalitet på celleeffektiviteten. Til sist vil bakdelpassivering kunne gi en overgang til tynnere wafere uten betydelig effektivitetstap. Passivering vil dessuten forbedre energiutbyttet i solcellepanelene (kWh produsert per år delt på nominell energi for solcellepanelene) på bruksstedet.

I kombinasjon med andre forbedringer som for øyeblikket er under utvikling, vil bakdelpassivering gjøre Konsernet til en av industriens ledende aktører innen teknologi for multikrystallinske solceller og solcellepaneler.

Når det gjelder fremtidig ekspansjon har Konsernet to store utviklingsprosjekter som retter seg mot solceller med effektivitet godt over 20 %, basert på helt ny teknologi og patentsøkt solcelledesign.

Solcellepaneler fra REC Solar har blitt "best i test" i Photons felttest for solcellepaneler i 2011 (etter å ha kommet på andreplass i 2010). Forsøket måler hvor mye energi som produseres per kilowatt installert energi for hver måned og integrert i løpet av året (også kalt energiutbytte). Det er flere designelementer i produksjonsprosessen til REC Solar for solceller og solcellepaneler som danner grunnlaget for dette gode resultatet.

24.19 Sammenheng av risikofaktorer

Dette avsnittet inneholder kun et sammendrag av risikofaktorene som er forbundet med en investering i Selskapet. Det inneholder ikke den nødvendige informasjon for å vurdere og forstå disse risikoene. I tillegg til å lese hele Prospektet, inkludert den finansielle informasjonen som er inkorporert ved referanse, bør du derfor nøye vurdere informasjonen som fremgår i kapittel 2 "Risk Factors" før en beslutning om investering tas.

Risikoer knyttet til solenergiindustrien og andre industrier av betydning for Konsernet

- Utviklingen av de globale energimarkedsprisene er av sentral betydning for solenergiindustrien og reduserte strømpriser kan potensielt føre til vesentlig reduksjon i etterspørselen etter Konsernets produkter.
- Fortsatte subsidier, insentiver og annen støtte fra myndighetene er av sentral betydning for solenergiindustrien, og den politiske utviklingen kan føre til vesentlig negativ innvirkning på vilkårene for, eller en avvikling av, insentivene for solenergiindustrien.
- Konsernet er aktivt i flere jurisdiksjoner, og endringer i lovgivning og regulatorisk rammeverk i noen av disse jurisdiksjonene vil kunne ha vesentlig negativ innvirkning på de industrier Konsernet opererer i, og spesielt på Konsernet.
- Handelshindringer, handelsrestriksjoner og urimelig handelspraksis vil kunne ha vesentlig negativ innvirkning på Konsernets evne til å selge sine produkter. Konsernet vil kunne bli påvirket dersom det settes begrensninger for salg til viktige markeder eller om konkurrenter oppnår urimelige konkurransefordeler.
- Begrenset kapitaltilgangen til finansiering kan ha vesentlig negativ innvirkning på etterspørselen etter Konsernets produkter.
- Økede rentenivåer kan ha vesentlig negativ innvirkning på lønnsomheten av solenergianleggene og føre til en nedgang i etterspørselen etter solenergisystemer.
- Aktørene i solenergiindustrien, inkludert Konsernet, vil ikke nødvendigvis være i stand til å gjennomføre tilstrekkelige kostnadsreduksjoner gjennom innovasjon og prosessforbedringer for å være i stand til å konkurrere med andre fornybare eller tradisjonelle energikilder.
- Solenergiindustrien har ennå ikke modnet i forhold til etterspørsel, markedsstruktur og teknologi. Omfattende utvikling innenfor teknologien og endringer i markedsstruktur, tilbud og etterspørsel kan endre konkurransesituasjonen for Konsernet betydelig.
- Det er for tiden betydelig overkapasitet, noe som resulterer i usikkerhet knyttet til markedsprisutviklingen for resten av 2012 og videre fremover. Det er vesentlig risiko for fortsatt eller tilbakevendende overkapasitet i deler av eller alle markeder som Konsernet operer i, noe som kan føre til en ytterligere reduksjon i gjennomsnittlige salgspriser og vanskeligheter med å oppnå en høy kapasitetsutnyttelse og resultere i en vesentlig reduksjon i lønnsomhet.
- Det er vesentlig risiko forbundet med hurtig teknologisk utvikling, og dersom konkurrenter oppnår et forsprang i den hurtige utviklingen av alternative teknologier, vil dette vesentlig kunne påvirke Konsernets

konkurransedyktighet, og kan utgjøre en vesentlig trussel for Konsernets lønnsomhet, og i ytterste konsekvens, dets eksistens.

- Konsernet er underleverandør til et bredt spekter av sluttbrukere; hovedsaklig til komponenter i forbindelse med elektronikk, flatskjermer og halvledere. Betydelige forandringer i konkurransedynamikken, krav fra sluttbruker eller teknologi i disse markedene vil kunne ha vesentlig negativ innvirkning på Konsernet.
- Den nylige finanskrisen hadde negativ innvirkning på markedet Konsernet opererer i, og eventuelle fremtidige finanskriser eller vesentlige tilbakeslag i økonomien vil kunne ha vesentlig negativ effekt på Konsernets finansielle resultater

Risikoen knyttet til Konsernet

- Enkelte store kunder utgjør det vesentligste av Konsernets salg av polysilisium og silangass, og mislighold, konkurs eller reforhandling av avtaler vil kunne ha vesentlig negativ innvirkning på Konsernets driftsresultat.
- Konsernet har begrenset med langsiktige avtaler med sine kunder og er således utsatt for kortsiktige svingninger i etterspørselen, noe som kan ha vesentlig negativ innvirkning på dets driftsresultater.
- En vesentlig del av salgene fra Konsernet gjøres internt (elimineres ved konsolidering). Dersom deler av Konsernets virksomhet skulle opphøre å eksistere, oppleve et vedvarende avbrudd i produksjonen eller oppleve betydelige økonomiske problemer, kan dette ha vesentlig negativ innvirkning på Konsernet.
- Det er vesentlig risiko forbundet med oppkjøp, selskapsdeltakelse, deleide selskaper og "joint ventures".
- Det er vesentlig risiko forbundet med Konsernets vekst. Det er en mulighet for at Konsernet ikke lykkes i å sikre den nødvendige finansiering for fremtidige investeringer, og fremtidige ekspansjonsprosjekter vil kunne bli vesentlig påvirket av kostnadsoverskridelser, forsinkelser i tidsrammer, teknologirisikoer og mangler.
- Konsernet drar i dag nytte av skatteavtaler og skattepreferanseoverenskomster i visse territorier. Slike avtaler og overenskomster er underlagt endringer og reforhandlinger, som typisk er utenfor Konsernets kontroll, som kan fjerne noen eller alle fordelene som Konsernet for tiden nyter.
- Konsernet er avhengig av fortsatt tilgjengelighet av finansieringsmuligheter som kan vesentlig påvirkes av generelle økonomiske forhold.
- Den globale økonomiske nedgangen og forstyrrelsene i finansmarkedet vil kunne utsette Konsernet for likviditetsrisiko på lengre sikt.
- Fortsatt eller tilbakevendende konkurransepress i solenergiindustrien vil kunne utsette Konsernet for likviditetsrisiko på lengre sikt.
- Konsernets kredittarrangementer inneholder visse betingelser som kan begrense Konsernets mulighet til å utføre sin virksomhet og ha negativ innvirkning dersom de ikke følges.
- Endringer i rentenivåene kan påvirke kontantstrømmene og de estimerte virkelige verdiene av eiendeler og gjeld.
- Konsernet er eksponert for risiko knyttet til valutakurssvingninger, og endringer i valutakursen kan vesentlig påvirke Konsernets relative kostnadsposisjon og de estimerte virkelige verdiene av eiendeler og gjeld.
- Den finansielle uroen og økt konkurransepress i solenergiindustrien de senere år har økt kredittrisikoen i forbindelse med kontraktsmessige motparter.
- Konsernet vil fra tid til annen være involvert i tvister og rettslige eller regulatoriske prosesser. Slike tvister og rettslige eller regulatoriske prosesser kan være kostbare og tidkrevende og vil kunne avlede ledelsen oppmerksomhet bort fra Konsernets virksomhet.
- Den fortsatte driften i og planlagte ekspansjonen av Konsernets virksomhet i nye utenlandske markeder, innebærer vesentlig risiko.
- Investeringer i alternative teknologier, eller i selskaper som utvikler slike alternative teknologier, innebærer vesentlig risiko og kan vise seg ikke å gi positiv avkastning på investeringen.

- Konsernet er avhengig av et begrenset antall eksterne leverandører for sentrale produksjonsråmaterialer, produksjonsmidler, komponenter og tjenester til Konsernets produkter og enhver forstyrrelse i leveransene vil i vesentlig grad kunne påvirke virksomheten negativt.
- Konsernet er avhengig av eksterne underleverandører og leverandører av tjenester og varer for å oppnå avtalt eller generelt aksepterte standarder.
- Konsernets driftsresultater kan bli vesentlig negativt påvirket av svingninger i energiprisene.
- Konsernet kjøper produksjonsutstyr til produksjonsprosessene fra et begrenset antall leverandører. Dersom utstyret er feilaktig, blir skadet eller på annen måte ikke er tilgjengelig, vil Konsernets evne til å levere prosjekter og produkter i tide kunne påvirkes negativt, hvilket igjen vil kunne medføre kanselleringer av ordre og vesentlig inntektstap.
- Konsernet vil ikke nødvendigvis lykkes i å utvikle og implementere nye tiltak for å øke konverteringseffektiviteten til solceller, og slike forbedringer vil kunne kreve større bruk av tid og ressurser enn opprinnelig antatt.
- Dersom Konsernet ikke oppnår tilfredsstillende resultater eller kvalitet i produksjonen av dets produkter, vil Konsernets salg kunne reduseres vesentlig, og Konsernets forhold til dets kunder og dets omdømme kunne skades vesentlig.
- Problemer med produktkvalitet eller produktytelse, herunder feil ved Konsernets produkter, vil kunne resultere i at Konsernet får vesentlig færre kunder, samt vesentlig dårligere resultater og vesentlig uventede utgifter og tap av markedsandeler.
- Konsernet kan bli gjenstand for betydelige uventede garantiutgifter.
- Konsernet er avhengig immaterielle rettigheter og lovverk som beskytter viktige immaterielle rettigheter og forretningshemmeligheter, og dersom disse rettighetene ikke er tilstrekkelig beskyttet, vil Konsernets evne til å konkurrere og generere inntekter kunne skades vesentlig.
- Konsernet vil ikke nødvendigvis oppnå tilstrekkelig patentbeskyttelse av teknologien i dets produkter og produksjonsmetoder, noe som vesentlig vil kunne skade Konsernets konkurransestilling og øke dets kostnader betydelig.
- Konsernets praksis vedrørende skadesløsholdelse i forbindelse med immaterielle rettigheter, vil kunne ha en vesentlig negativ effekt på Konsernets virksomhet.
- Konsernet kan bli involvert i tvister relatert til immaterielle rettigheter, som vil kunne være tidkrevende og kostbare, og som vil kunne resultere i tap av vesentlige rettigheter og/eller bøter.
- Konsernet vil kunne pådra seg vesentlige kostnader for å overholde, eller som et resultat av, helse-, sikkerhets-, miljø- og andre lover og regler.
- Ettersom markedene Konsernet er aktivt i er meget konkurranseutsatte, og mange potensielle konkurrenter kan ha større ressurser, risikerer Konsernet ikke å kunne konkurrere tilfredsstillende, og vil tape, eller ikke være i stand til å øke, sine markedsandeler.
- Konsernet er avhengig av enkelte personer i Konsernet ledelse og enkelte andre nøkkelpersoner innen forskning og utvikling, og annet kvalifisert personell i sentrale virksomhetsområder.
- Produktansvarskrav mot Konsernet vil kunne føre til negativ publisitet og potensielle skadeerstatninger.
- Konsernet har en relativt begrenset driftshistorikk, som ikke nødvendigvis tjener som et adekvat grunnlag for å vurdere dets fremtidige utsikter og resultater.
- Konsernet vil kunne bli vesentlig skadet som følge av katastrofer, naturkatastrofer, konsekvenser knyttet til klimaforandringer, driftsstans og forsettlig sabotasje.
- Konsernet vil kunne skades alvorlig av hendelser som resulterer i tap som ikke dekkes av forsikringer.
- Konsernets forsikringer behøver regelmessig fornyelse, og Konsernet kan ikke garantere at disse fornyelsene kan gjøres på de samme vilkår som eksisterende forsikringer eller at Konsernet vil være i stand til å få forsikring på vanlige og tilfredsstillende vilkår.

- Det er risiko forbundet med uventede tekniske problemer og bevisste angrep på Konsernets IKT-systemer.
- Det er risiko forbundet med estimatusikkerhet, siden forutsetningene brukt som grunnlag for ledelsens estimater er iboende usikre og uforutsigbare og, som et resultat, kan fremtidige beregninger og faktisk resultat avvike fra nåværende beregninger.
- Konsernets eiendeler kan være gjenstand for ytterligere svekkelse av formuesobjekter.
- Konsernet er i ferd med å legge ned alle sine produksjonsanlegg i Norge, og har nylig kunngjort nedleggelsen av de gjenværende wafer-anleggene i Norge. Det kan ikke gis noen forsikring om at beslutningene som er tatt og som vil bli tatt vil være tilstrekkelige til å dekke faktiske kostnader og det er en vesentlig risiko for tilleggskostnader og en iboende risiko for at tvister og rettslige prosesser oppstår i så henseende.
- Stengingen av produksjonsanlegg i Norge kan føre til at betydelige oppryddingstiltak blir pålagt av myndighetene eller tredjeparter, eller annet betydelig miljømessig ansvar, som kan føre til vesentlige kostnader og bøter utover beslutningene som er gjort.
- Det er en risiko for uventede tilfeller og hendelser.

Risikoen relatert til Aksjene og Reparasjonsemisjonen

- Etter den Rettete Emisjonen vil en vesentlig andel av aksjene forbli konsentrert hos Selskapets største aksjonær.
- Fremtidige aksjekapitaltiltak vil kunne medføre en vesentlig utvanning av Selskapets aksjonærer.
- Fortrinnsretter vil ikke nødvendigvis være tilgjengelige for aksjonærer i USA og visse andre utenlandske aksjonærer.
- Det vil kunne være vanskelig for investorer basert i USA å håndheve sivilrettslige krav basert på amerikansk verdipapirlovgivning mot Selskapet, Selskapets tilknyttede selskaper utenfor USA eller Selskapets styremedlemmer og ledelse.
- Aksjonærer som eier aksjer gjennom nominee-konti, risikerer å ikke kunne utøve sin stemmerett like enkelt som aksjonærer registrert i eget navn i VPS.
- Overdragelse av Aksjene er underlagt begrensninger i henhold til amerikansk og andre lands verdipapirlovgivning.
- Adgangen for Selskapets aksjonærer til å fremme krav mot Selskapet i egenskap av å være aksjonær er etter registrering av aksjekapitalforhøyelsen i Foretaksregisteret svært begrenset etter norsk lovgivning.
- Kvalifiserte Aksjonærer som ikke deltar i Reparasjonsemisjonen vil kunne oppleve betydelig utvanning av sitt aksjeinnehav.
- Aksjonærer utenfor Norge er utsatt for valutarisiko.

APPENDIX A – SUBSCRIPTION FORM (ENGLISH)

Renewable Energy Corporation ASA SUBSEQUENT OFFERING

SUBSCRIPTION FORM Securities no. ISIN NO 001 0112675

General information: The terms and conditions of the subsequent offering (the "Subsequent Offering") of up to 250,000,000 new shares (the "Offer Shares") in Renewable Energy Corporation ASA (the "Company") pursuant to a resolution to be passed by the Company's Board of Directors prior to the commencement of the Subscription Period (as defined below), based on an authorization to increase the Company's share capital granted to the Board of Directors by the Company's extraordinary general meeting held on July 27, 2012 are set out in the prospectus dated July 27, 2012 (the "Prospectus"). Terms defined in the Prospectus shall have the same meaning in this Subscription Form. The minutes from the meeting of the Board of Directors (with enclosures) will, prior to the commencement of the Subscription Period, be, and the notice of, and minutes from, the extraordinary general meeting (with enclosures), the Company's Articles of Association and the annual accounts for the last two years are, available at the Company's registered office at Kjørboveien 29, N-1337 Sandvika, Norway. All announcements referred to in this Subscription Form, including the resolution by the Board of Directors, will be made through Oslo Børs' information system under the Company's ticker code "REC".

Subscription procedure: The subscription period is from August 20, 2012 to September 3, 2012 at 16:30 hours (CET) (the "Subscription Period"). Correctly completed Subscription Forms must be received by one of the Managers no later than September 3, 2012 at 16:30 hours (CET) at one of the following Subscription Offices: Arctic Securities, Haakon Vilis gate 5, P.O. Box 1833 Vika, N-0123 Oslo, Norway, Fax: +47 21 01 31 36, DNB Markets, Registrars Department, Stranden 21, N-0021 Oslo, Norway, Fax: +47 22 48 29 80, or Nordea Bank Norge ASA, Securities Services – Issuer Services, Middelthunsgate 17, P.O. Box 1166 Sentrum, N-0107 Oslo, Norway, Fax: +47 22 48 63 49. The subscriber is responsible for the correctness of the information inserted on the Subscription Form. Subscription Forms received after the end of the Subscription Period and/or incomplete or incorrect Subscription Forms may be disregarded at the sole discretion of the Company or the Managers. **Subscribers who are Norwegian citizens may also subscribe for Offer Shares through the VPS online subscription system by following the link on any of the following websites www.arcticsec.no, www.dnb.no/emisjon or www.nordea.no/rec, all of which will redirect the subscriber to the VPS online subscription system.** Subscriptions made through the VPS online subscription system must be duly registered before the expiry of the Subscription Period. Neither the Company nor any of the Managers may be held responsible for postal delays, unavailable fax lines, unavailable internet lines or servers or other logistical or technical problems that may result in subscriptions not being received in time or at all by the Subscription Offices. Subscriptions are binding and irrevocable upon receipt, and cannot be withdrawn, cancelled or modified by the subscriber after being received by a Subscription Office, or in case of subscriptions through the VPS online subscription system, upon registration of such subscriptions. By signing and submitting this Subscription Form, the subscriber confirms and warrants to have read the Prospectus and to be

eligible to subscribe for Offer Shares under the terms set forth therein.

Subscription Price: The subscription price in the Subsequent Offering is NOK 1.50 per Offer Share (the "Subscription Price").

Subscription Rights: Existing shareholders of the Company as of July 3, 2012, as registered in the VPS on July 6, 2012, who were not invited to participate in the Private Placement, and who are not resident in a jurisdiction where such offering would be unlawful, or would (in jurisdictions other than Norway) require any prospectus filing, registration or similar action (the "Eligible Shareholders"), are being granted non-transferable subscription rights (the "Subscription Rights") that, subject to applicable law, provide the right to subscribe for and be allocated Offer Shares in the Subsequent Offering at the Subscription Price. Each Eligible Shareholder will be granted 0.6295 Subscription Rights for each Share registered as held by such Eligible Shareholder as of July 3, 2012, rounded down to the nearest whole Subscription Right. Each Subscription Right will, subject to applicable securities laws, give the right to subscribe for and be allocated one Offer Share in the Subsequent Offering. Over-subscription is permitted. Subscription without Subscription Rights will not be allowed. **Subscription Rights not used to subscribe for Offer Shares before the end of the Subscription Period will lapse without compensation to the holder, and consequently be of no value.**

Allocation of Offer Shares: The Offer Shares will be allocated to the subscribers based on the allocation criteria set out in the Prospectus. The Company reserves the right to round off, reject or reduce any subscription for Offer Shares not covered by Subscription Rights. The Company will not allocate fractional Offer Shares. Allocation of fewer Offer Shares than subscribed for does not impact on the subscribers' obligation to be allocated and pay for the number of Offer Shares allocated. Notification of allocated Offer Shares and the corresponding subscription amount to be paid by each subscriber are expected to be distributed in a letter from the VPS on or about September 4, 2012.

Payment: The payment for Offer Shares allocated to a subscriber falls due on September 7, 2012 (the "Payment Date"). By signing and completing this Subscription Form, or registering a subscription through the VPS online subscription system, subscribers having a Norwegian bank account irrevocably authorise the Managers to debit the subscriber's Norwegian bank account specified below for the subscription amount payable for the Offer Shares allocated to the subscriber for transfer to the Company's bank account for share issues. Accounts will be debited on or about the Payment Date, and there must be sufficient funds in the stated bank account from and including the date falling two banking days prior to the Payment Date. The Managers are only authorised to debit such account once, but reserve the right (but have no obligation) to make up to three debit attempts if there are insufficient funds on the account on the Payment Date. The authorisation will be valid for up to seven working days after the Payment Date. The subscriber furthermore authorises the Managers to obtain confirmation from the subscriber's bank that the subscriber has the right to dispose over the specified account and that there are sufficient funds in the account to cover the payment. Should any subscriber have insufficient funds in his or her account, should payment be delayed for any reason, if it is not possible to debit the account or if payments for any other reason are not made when due, overdue interest will accrue and other terms will apply as set out under the heading "Overdue and missing payments" below. Payment by direct debiting is only available for investors that are allocated Offer Shares for an amount below NOK 5 million and who have a Norwegian bank account. By signing this Subscription Form, subscribers who subscribe for an amount exceeding NOK 5 million give the Managers an authorisation to manually debit the specified Norwegian bank account on or after the Payment Date. Subscribers who do not have a Norwegian bank account must ensure that payment with cleared funds for the Offer Shares allocated to them is made on or before the Payment Date. Prior to any such payment being made, the subscriber must contact Arctic Securities, telephone number +47 21 01 30 40 for further details and instructions.

PLEASE SEE PAGE 2 OF THIS SUBSCRIPTION FORM FOR OTHER PROVISIONS THAT ALSO APPLY TO THE SUBSCRIPTION

DETAILS OF THE SUBSCRIPTION

Subscriber's VPS account	Number of Subscription Rights	Number of Offer Shares subscribed (incl. over-subscription)	(For broker: Consecutive no.)
SUBSCRIPTION RIGHTS' SECURITIES NUMBER: ISIN NO 001 0655285		Subscription price per Offer Share NOK 1.50	Subscription amount to be paid NOK

IRREVOCABLE AUTHORISATION TO DEBIT ACCOUNT (MUST BE COMPLETED BY SUBSCRIBERS WITH A NORWEGIAN BANK ACCOUNT)

Norwegian bank account to be debited for the payment of Offer Shares allocated (number of Offer Shares allocated x NOK 1.50).

(Norwegian bank account no. 11 digits)

In accordance with the terms and conditions set out in the Prospectus and this Subscription Form, I/we hereby irrevocably (i) subscribe for the number of Offer Shares specified above, (ii) authorize and instruct each of the Managers (or someone appointed by any of them) acting jointly or severally to take all actions required to transfer such Offer Shares allocated to me/us to the VPS Registrar and ensure delivery of the beneficial interests to such Offer Shares to me/us in the VPS, on my/our behalf, (iii) authorise the Managers to debit my/our bank account as set out in this Subscription Form for the amount payable for the Offer Shares allocated to me/us, and (iv) confirm and warrant to have read the Prospectus and that I/we are eligible to subscribe for Offer Shares under the terms set forth therein.

<p align="center">Place and date</p> <p align="center">Must be dated in the Subscription Period</p>	<p align="center">Binding signature. The subscriber must have legal capacity. When signed on behalf of a company or pursuant to an authorisation, documentation in the form of a company certificate or power of attorney should be attached.</p>																		
<p>INFORMATION ON THE SUBSCRIBER</p> <table border="1" style="width: 100%;"> <tr><td>VPS account number</td><td></td></tr> <tr><td>First name</td><td></td></tr> <tr><td>Surname/company</td><td></td></tr> <tr><td>Street address</td><td></td></tr> <tr><td>Post code/district/country</td><td></td></tr> <tr><td>Personal ID number / Organisation number</td><td></td></tr> <tr><td>Norwegian bank account for dividends</td><td></td></tr> <tr><td>Nationality</td><td></td></tr> <tr><td>Daytime telephone number</td><td></td></tr> </table>		VPS account number		First name		Surname/company		Street address		Post code/district/country		Personal ID number / Organisation number		Norwegian bank account for dividends		Nationality		Daytime telephone number	
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ADDITIONAL GUIDELINES FOR THE SUBSCRIBER

Regulatory Issues: In accordance with the Markets in Financial Instruments Directive ("MiFID") of the European Union, Norwegian law imposes requirements in relation to business investments. In this respect the Managers must categorize all new clients in one of three categories: eligible counterparties, professional and non-professional clients. All subscribers in the Subsequent Offering who are not existing clients of the Managers will be categorized as non-professional clients. Subscribers can, by written request to the Managers, ask to be categorized as a professional client if the subscriber fulfils the applicable requirements of the Norwegian Securities Trading Act. For further information about the categorization, the subscriber may contact Arctic Securities (telephone number +47 21 01 30 40), DNB Markets (DNB Markets, KSC - Customer Administration, P.O. Box 7100, N-5020 Bergen, Norway or www.dnb.no/en/mifid) or Nordea Markets (telephone number +47 22 48 63 31 or http://www.nordea.com/sitemod/upload/Root/www.nordea.com/%20-%20uk/AboutNordea/MiFID_Customer_Classification.pdf).

The subscriber represents that he/she/it is capable of evaluating the merits and risks of an investment decision to invest in the Company by subscribing for Offer Shares, and is able to bear the economic risk, and to withstand a complete loss, of an investment in the Offer Shares.

Selling and Transfer Restrictions: The attention of persons who wish to subscribe for Offer Shares is drawn to section 19 "Restrictions on Sale and Transfer" of the Prospectus. The making or acceptance of the Subsequent Offering to or by persons who have registered addresses outside Norway or who are resident in, or citizens of, countries outside Norway, may be affected by the laws of the relevant jurisdiction. Those persons should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to subscribe for Offer Shares. It is the responsibility of any person outside Norway wishing to subscribe for Offer Shares under the Subsequent Offering to satisfy himself/herself as to the full observance of the laws of any relevant jurisdiction in connection therewith, including obtaining any governmental or other consent which may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such territories. The Subscription Rights and Offer Shares have not been registered and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or under the securities law of any state or other jurisdiction of the United States and may not be offered, sold, taken up, exercised, resold, delivered or transferred, directly or indirectly, within the United States, except pursuant to an applicable exemption from the registration requirements of the U.S. Securities Act and in compliance with the securities laws of any state or other jurisdiction of the United States. There will be no public offer of the Subscription Rights and Offer Shares in the United States. The Subscription Rights and Offer Shares have not been and will not be registered under the applicable securities laws of Australia, Canada, Hong Kong, Japan or Switzerland and may not be offered, sold, resold or delivered, directly or indirectly, in or into Australia, Canada, Hong Kong, Japan or Switzerland except pursuant to an applicable exemption from applicable securities laws. This Subscription Form does not constitute an offer to sell or a solicitation of an offer to buy Offer Shares in any jurisdiction in which such offer or solicitation is unlawful. Subject to certain exceptions, the Prospectus will not be distributed in the United States, Australia, Canada, Hong Kong, Japan or Switzerland. Except as otherwise provided in the Prospectus, the Subscription Rights and the Offer Shares may not be transferred, sold or delivered in the United States, Australia, Canada, Hong Kong, Japan or Switzerland. Exercise of Subscription Rights and subscription of Offer Shares in contravention of the above restrictions may be deemed to be invalid.

Execution Only: The Managers will treat the Subscription Form as an execution-only instruction. The Managers are not required to determine whether an investment in the Offer Shares is appropriate or not for the subscriber. Hence, the subscriber will not benefit from the protection of the relevant conduct of business rules in accordance with the Norwegian Securities Trading Act.

Information Exchange: The subscriber acknowledges that, under the Norwegian Securities Trading Act and the Norwegian Commercial Banks Act and foreign legislation applicable to the Managers there is a duty of secrecy between the different units of the Managers as well as between the Managers and the other entities in the Managers' respective groups. This may entail that other employees of the Managers or the Managers' respective groups may have information that may be relevant to the subscriber and to the assessment of the Offer Shares, but which the Managers will not have access to in their capacity as Managers for the Subsequent Offering.

Information Barriers: The Managers are securities firms that offer a broad range of investment services. In order to ensure that assignments undertaken in the Managers' corporate finance departments are kept confidential, the Managers' other activities, including analysis and stock broking, are separated from the respective Managers' corporate finance departments by information walls. The subscriber acknowledges that the Managers' analysis and stock broking activity may act in conflict with the subscriber's interests with regard to transactions of the Shares, including the Offer Shares, as a consequence of such information walls.

Mandatory Anti-Money Laundering Procedures: The Subsequent Offering is subject to the Norwegian Money Laundering Act No. 11 of March 6, 2009 and the Norwegian Money Laundering Regulations No. 302 of March 13, 2009 (collectively the "Anti-Money Laundering Legislation"). Subscribers who are not registered as existing customers with the Managers must verify their identity in accordance with the requirements of the Anti-Money Laundering Legislation, unless an exemption is available. Subscribers who have designated an existing Norwegian bank account and an existing VPS account on the Subscription Form are exempted, unless verification of identity is requested by any of the Managers. The verification of identity must be completed prior to the end of the Subscription Period. Subscribers that have not completed the required verification of identity may not be allocated Offer Shares. Further, in participating in the Subsequent Offering, each subscriber must have a VPS account. The VPS account number must be stated on the Subscription Form. VPS accounts can be established with authorised VPS registrars, which can be Norwegian banks, authorised securities brokers in Norway and Norwegian branches of credit institutions established within the EEA. Establishment of a VPS account requires verification of identity before the VPS registrar in accordance with the Anti-Money Laundering Legislation. Non-Norwegian investors may, however, use nominee VPS accounts registered in the name of a nominee. The nominee must be authorized by the Financial Supervisory Authority of Norway.

Terms and Conditions for Payment by Direct Debiting - Securities Trading: Payment by direct debiting is a service the banks in Norway provide in cooperation. In the relationship between the payer and the payer's bank the following standard terms and conditions will apply:

- a) The service "Payment by direct debiting – securities trading" is supplemented by the account agreement between the payer and the payer's bank, in particular Section C of the account agreement, General terms and conditions for deposit and payment instructions.
- b) Costs related to the use of "Payment by direct debiting – securities trading" appear from the bank's prevailing price list, account information and/or information given by other appropriate manner. The bank will charge the indicated account for costs incurred.
- c) The authorization for direct debiting is signed by the payer and delivered to the beneficiary. The beneficiary will deliver the instructions to its bank who in turn will charge the payer's bank account.
- d) In case of withdrawal of the authorization for direct debiting the payer shall address this issue with the beneficiary. Pursuant to the Norwegian Financial Contracts Act, the payer's bank shall assist if the payer withdraws a payment instruction that has not been completed. Such withdrawal may be regarded as a breach of the agreement between the payer and the beneficiary.
- e) The payer cannot authorize payment of a higher amount than the funds available on the payer's account at the time of payment. The payer's bank will normally perform a verification of available funds prior to the account being charged. If the account has been charged with an amount higher than the funds available, the difference shall immediately be covered by the payer.
- f) The payer's account will be charged on the indicated date of payment. If the date of payment has not been indicated in the authorization for direct debiting, the account will be charged as soon as possible after the beneficiary has delivered the instructions to its bank. The charge will not, however, take place after the authorization has expired as indicated above. Payment will normally be credited the beneficiary's account between one and three working days after the indicated date of payment/delivery.
- g) If the payer's account is wrongfully charged after direct debiting, the payer's right to repayment of the charged amount will be governed by the account agreement and the Norwegian Financial Contracts Act.

Overdue and missing payments: Overdue and late payments will be charged with interest at the applicable rate from time to time under the Norwegian Act on Interest on Overdue Payment of 17 December 1976 No. 100, currently 8.50% per annum. If a subscriber fails to comply with the terms of payment or should payments not be made when due, the subscriber will remain liable for payment of the Offer Shares allocated to it and the Offer Shares allocated to such subscriber will not be delivered to the subscriber. In such case the Company and the Managers reserve the right to, at any time and at the risk and cost of the subscriber, re-allot, cancel or reduce the subscription and the allocation of the allocated Offer Shares, or, if payment has not been received by the third day after the Payment Date, without further notice, sell, assume ownership to or otherwise dispose of the allocated Shares in accordance with applicable law. If Offer Shares as sold on behalf of the subscriber, such sale will be for the subscriber's account and risk and the subscriber will be liable for any loss, costs, charges and expenses suffered or incurred by the Company and/or the Managers as a result of, or in connection with, such sales. The Company and/or the Managers may enforce payment for any amounts outstanding in accordance with applicable law. Pursuant to a payment guarantee agreement entered into by the Managers and the Company, the Managers have, subject to the terms and conditions of the payment guarantee, guaranteed the payment on the Payment Date of the last NOK 50 million of the proceeds of the Subsequent Offering. The non-paying subscribers will remain fully liable for payment of the Offer Shares allocated to them, irrespective of any payment by the Managers under the payment guarantee. See section 6.12.3 "Overdue payment and payment guarantee" of the Prospectus for further information regarding the payment guarantee.

APPENDIX B – SUBSCRIPTION FORM (NORWEGIAN)

Renewable Energy Corporation ASA Reparasjonsemissjon

TEGNINGSBLANKETT

Verdipapirnr.: ISIN NO 001 0112675

Generell informasjon: Vilårene og betingelsene for den etterfølgende emisjonen ("Reparasjonsemissjonen") på inntil 250 000 000 nye aksjer ("Tilbudsaksjene") i Renewable Energy Corporation ASA ("Selskapet") i henhold til et vedtak som vil bli fattet av Selskapets styre før Tegningsperioden (som definert nedenfor) starter, basert på en fullmakt til å forhøye Selskapets aksjekapital gitt til styret av Selskapets ekstraordinære generalforsamling avholdt den 27. juli 2012, fremgår av prospekt datert 27. juli 2012 ("Prospektet"). Uttrykk definert i Prospektet skal ha samme betydning i denne Tegningsblanketten. Referat fra styremøtet (med vedlegg) vil, før Tegningsperioden starter, bli, og innkalling til, og protokoll fra, den ekstraordinære generalforsamlingen (med vedlegg), Selskapets vedtekter og årsregnskaper for de siste to år, er tilgjengelige på Selskapets hovedkontor i Kjørboveien 29, N-1337 Sandvika, Norge. Alle kunngjøringer vist til i denne Tegningsblanketten, herunder referater fra styremøtet, vil skje gjennom Oslo Børs sitt informasjonssystem under Selskapets ticker kode "REC".

Tegningsprosedure: Tegningsperioden løper fra den 20. august 2012 til den 3. september 2012 kl. 16:30 (norsk tid). ("Tegningsperioden"). Korrekt utfylte Tegningsblanketter må være mottatt av en av Tilretteleggerne senest den 3. september 2012 kl. 16:30 (norsk tid) ved et av de følgende Tegningsstedene: Arctic Securities, Haakon Vils gate 5, Postboks 1833 Vika, N-0123 Oslo, Norge, Faks: +47 21 01 31 36, DNB Markets, Verdipapirservice, Stranden 21, N-0021 Oslo, Norge, Faks: +47 22 48 29 80 eller Nordea Norge ASA, Securities Services – Issuer Services, Middelthunsgate 17, Postboks 1166 Sentrum, N-0107 Oslo, Norge, Faks: +47 22 48 63 49. Den enkelte tegner er ansvarlig for riktigheten av den informasjonen som påføres Tegningsblanketten. Tegningsblanketter som mottas etter utløpet av Tegningsperioden og/eller ufullstendige eller ukorrekte Tegningsblanketter kan bli forkastet av Selskapet eller Tilretteleggerne uten varsel og etter deres eget skjønn. Tegnere som er norske statsborgere kan også tegne Tilbudsaksjer ved å benytte linkene på www.arcticsec.no, www.dnb.no/emisjon eller www.nordea.no/rec, som alle vil viderekoble tegneren til VPS' online tegningssystem. Tegninger gjort gjennom VPS' online tegningssystem må være behørig registrert før utløpet av Tegningsperioden. Verken Selskapet eller Tilretteleggerne kan holdes ansvarlige for forsinkelser i postgangen, utilgjengelige fakslinjer, utilgjengelige internettilgjenger eller servere eller andre logistiske eller tekniske problemer som kan medføre at tegninger ikke mottas av Tegningsstedene i tide eller overhodet. Tegninger er bindende og ujenkallelige og kan ikke trekkes tilbake, annulleres eller endres av tegneren etter at den er mottatt av et av Tegningsstedene, eller i tilfelle av tegning gjennom VPS' online tegningssystem, ved registrering av slike tegninger. Ved å signere og innlevere denne Tegningsblanketten bekrefter og garanterer den tegner å ha

lest Prospektet og å være berettiget til å tegne Tilbudsaksjer på de vilkår som der er fastsatt.

Tegningskurs: Tegningskursen i Reparasjonsemissjonen er NOK 1,50 per Tilbudsaksje ("Tegningskursen").

Tegningsretter: Eksisterende aksjonærer i Selskapet per utløpet av den 3. juli 2012, som registrert i Selskapets aksjeeierregister i VPS per utløpet av den 6. juli 2012, som ikke var invitert til å delta i den Rettede Emisjonen, og som ikke bor i en jurisdiksjon der et slikt tilbud vil være ulovlig, eller ville (i andre jurisdiksjoner enn Norge) kreve søknad om prospekt, registrering eller lignende tiltak ("Kvalifiserte Aksjonærer"), tildeles ikke-omsettelige tegningsretter ("Tegningsretter") som, underlagt gjeldende lov, gir rett til å tegne og bli tildelt Tilbudsaksjer i Reparasjonsemissjonen til Tegningskursen. Hver Kvalifisert Aksjonær vil bli tildelt 0,6295 Tegningsretter per Aksje som er registrert på vedkommende Kvalifiserte Aksjonær per utløpet av den 3. juli 2012, rundet ned til nærmeste hele Tegningsrett. Hver Tegningsrett vil, betinget av gjeldende verdipapirlovgivning, gi rett til å tegne og bli tildelt én Tilbudsaksje i Reparasjonsemissjonen. Overtegning er tillatt. Tegning uten Tegningsretter er ikke tillatt. Tegningsretter som ikke er benyttet til å tegne Tilbudsaksjer før utløpet av Tegningsperioden, vil bortfalle uten kompensasjon til innehaveren, og vil følgelig være uten verdi.

Tildeling av Tilbudsaksjer: Tilbudsaksjer vil tildeles tegnerne basert på tildelingskriterier inntatt i Prospektet. Selskapet forbeholder seg retten til å avrunde, forkaste eller redusere enhver tegning gjennom VPS' online tegningssystem, gir tegnerne med norsk bankkonto en ujenkallelig engangsfullmakt til Tilretteleggerne til å belaste tegnerens norske bankkonto spesifisert nedenfor for det tegningsbeløp som skal betales for Tilbudsaksjene tildelt tegneren, og overføre beløpet til Selskapets emisjonskonto. Konti debiteres på eller rundt Betalingsdatoen, og det må være tilstrekkelige midler på den spesifiserte bankkontoen fra og med og inkludert den dato som faller på to bankdager før Betalingsdatoen. Tilretteleggerne er bare berettiget til å belaste kontoen én gang, men forbeholder seg retten (men har ingen forpliktelse) til å gjøre inntil tre debiteringsforsøk dersom det er utilstrekkelig med midler på kontoen på Betalingsdatoen. Fullmakten vil gjelde for en periode på inntil syv virkedager etter Betalingsdatoen. Tegneren gir videre Tilretteleggerne fullmakt til å innhente bekreftelse fra tegnerens bank på at tegneren har disposisjonsrett over den spesifiserte kontoen, samt på at det er tilstrekkelige midler på kontoen til å dekke betalingen. Dersom det ikke er tilstrekkelige midler på en tegners bankkonto, dersom betalingen er forsinket av en eller annen grunn, dersom det ikke er mulig å debitere kontoen eller dersom av andre grunner betaling ikke skjer ved forfall, vil forsinkelsesrente påløpe og andre vilkår vil gjelde som fastsatt under overskriften "Forsinket og manglende betaling" under. Betaling gjennom engangsfullmakt er kun tilgjengelig for investorer som er tildelt Tilbudsaksjer for et beløp under NOK 5 millioner, og som har en norsk bankkonto. Tegnere som tegner seg for et beløp som overstiger NOK 5 millioner, gir ved signatur på denne Tegningsblanketten, Tilretteleggerne fullmakt til å belaste den spesifiserte norske bankkontoen manuelt på eller etter Betalingsdatoen. Tegnere som ikke har norsk bankkonto må sørge for at betaling for Tilbudsaksjer tildelt dem skjer med tilgjengelige midler på eller før Betalingsdatoen. For slik betaling foretas, må tegneren kontakte Arctic Securities på telefonnummer +47 21 01 30 40 for ytterligere detaljer og instruksjoner.

Betaling: Betaling for Tilbudsaksjer tildelt en tegner forfaller til betaling på den 7. september 2012 ("Betalingsdatoen"). Ved å signere og fylle ut denne Tegningsblanketten, eller registrere en tegning gjennom VPS' online tegningssystem, gir tegnerne med norsk bankkonto en ujenkallelig engangsfullmakt til Tilretteleggerne til å belaste tegnerens norske bankkonto spesifisert nedenfor for det tegningsbeløp som skal betales for Tilbudsaksjene tildelt tegneren, og overføre beløpet til Selskapets emisjonskonto. Konti debiteres på eller rundt Betalingsdatoen, og det må være tilstrekkelige midler på den spesifiserte bankkontoen fra og med og inkludert den dato som faller på to bankdager før Betalingsdatoen. Tilretteleggerne er bare berettiget til å belaste kontoen én gang, men forbeholder seg retten (men har ingen forpliktelse) til å gjøre inntil tre debiteringsforsøk dersom det er utilstrekkelig med midler på kontoen på Betalingsdatoen. Fullmakten vil gjelde for en periode på inntil syv virkedager etter Betalingsdatoen. Tegneren gir videre Tilretteleggerne fullmakt til å innhente bekreftelse fra tegnerens bank på at tegneren har disposisjonsrett over den spesifiserte kontoen, samt på at det er tilstrekkelige midler på kontoen til å dekke betalingen. Dersom det ikke er tilstrekkelige midler på en tegners bankkonto, dersom betalingen er forsinket av en eller annen grunn, dersom det ikke er mulig å debitere kontoen eller dersom av andre grunner betaling ikke skjer ved forfall, vil forsinkelsesrente påløpe og andre vilkår vil gjelde som fastsatt under overskriften "Forsinket og manglende betaling" under. Betaling gjennom engangsfullmakt er kun tilgjengelig for investorer som er tildelt Tilbudsaksjer for et beløp under NOK 5 millioner, og som har en norsk bankkonto. Tegnere som tegner seg for et beløp som overstiger NOK 5 millioner, gir ved signatur på denne Tegningsblanketten, Tilretteleggerne fullmakt til å belaste den spesifiserte norske bankkontoen manuelt på eller etter Betalingsdatoen. Tegnere som ikke har norsk bankkonto må sørge for at betaling for Tilbudsaksjer tildelt dem skjer med tilgjengelige midler på eller før Betalingsdatoen. For slik betaling foretas, må tegneren kontakte Arctic Securities på telefonnummer +47 21 01 30 40 for ytterligere detaljer og instruksjoner.

VENNLIGST SE SIDE 2 AV DENNE TEGNINGSBLANKETTEN FOR ØVRIGE BESTEMMELSER SOM OGSÅ GJELDER FOR TEKNINGEN

TEGNINGSDETALJER

Tegners VPS-konto	Antall Tegningsretter	Antall tegnede (inkludert overtegning)	Tilbudsaksjer	(For megler: Konsekutivt nr.)
VERDIPAPIRNUMMER FOR TEGNINGSRETTENE: ISIN NO 001 0655285		Tegningskurs per Tilbudsaksjer NOK 1,50		Tegningsbeløp å betale NOK

UGJENKALLELIG FULLMAKT TIL Å BELASTE KONTO (MÅ FYLLES UT AV TEGNERE MED NORSK BANKKONTO)

Norsk bankkonto for belastning av betaling for tildelte Tilbudsaksjer (antall tildelte Tilbudsaksjer x NOK 1,50).	(Norsk bankkontonummer, 11 siffer)
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I samsvar med vilårene og betingelsene angitt i Prospektet og denne Tegningsblanketten, vil jeg/vi med dette ujenkallelig (i) tegne meg/oss for det antall Tilbudsaksjer som er angitt over, (ii) gi fullmakt og instruere Tilretteleggerne (eller noen utpekt av noen av dem) i fellesskap eller hver for seg til å foreta det som er nødvendig for å overføre slike Tilbudsaksjer tildelt meg/oss til VPS og sørge for levering av de underliggende interesser til slike Tilbudsaksjer i VPS på mine/våre vegne, (iii) gi Tilretteleggerne fullmakt til å belaste min/vår her spesifiserte bankkonto for betaling for Tilbudsaksjene tildelt meg/oss og (iv) bekrefte og garantere at jeg/vi har lest Prospektet og at jeg/vi er berettiget/berettigede til å tegne Tilbudsaksjer under de her nevnte vilkår.

Sted og dato Må være datert i Tegningsperioden		Bindende signatur. Tegneren må ha rettslig handleevne. Dersom blanketten signeres på vegne av et selskap eller i henhold til fullmakt, må dokumentasjon i form av firmaattest eller fullmaktserklæring vedlegges.	
INFORMASJON OM TEGEREN			
VPS-kontonummer			
Fornavn			
Etternavn/selskap			
Gateadresse			
Postnummer/sted/land			
Fødsels- og personnummer / organisasjonsnummer			
Norsk bankkonto for utbytte			
Nasjonalitet			
Telefonnummer dagtid			

YTTERLIGERE RETNINGSLINJER FOR TEGNEREN

Regulatoriske forhold: I overensstemmelse med EU-direktivet "Markets in Financial Instruments" ("MIFID"), oppstiller norsk rett krav relatert til finansielle investeringer. I denne forbindelse må Tilretteleggerne klassifisere alle nye kunder i én av tre kategorier: kvalifiserte motparter, profesjonelle kunder og ikke-profesjonelle kunder. Alle tegnere i Reparasjonsemissjonen som ikke er eksisterende kunder av Tilretteleggerne, vil bli kategorisert som ikke-profesjonelle kunder. Tegnere kan ved skriftlig henvendelse til Tilretteleggerne be om å bli kategorisert som profesjonelle kunder dersom de oppfyller vilkårene i verdipapirhandelloven. For ytterligere informasjon om kundekategorisering kan tegneren kontakte Arctic Securities (telefonnummer +47 21 01 30 40), DNB Markets (DNB Markets, KSC - Kundeetablering, Postboks 7100, 5020 Bergen, Norge eller www.dnb.no/mifid) eller Nordea Markets (telefonnummer +47 22 48 63 31 eller http://www.nordea.no/sitemed/upload/root/content/nordea_no/no_privat/no_privat_sparing_rad/Sparing_Investering_Kundeklassifisering_mifid.pdf).

Tegneren bekrefter å kunne vurdere fordelene og risikoene knyttet til en beslutning om å investere i Selskapet ved å tegne seg for Tilbudsaksjer, og å være i stand til å bære den økonomiske risikoen ved, og tåle et fullstendig tap av, en investering i de Tilbudsaksjene.

Salgs- og overdragsrestriksjoner: Personer som ønsker å tegne Tilbudsaksjer bes merke seg kapittel 19 i Prospektet "Restrictions on Sale and Transfer". Tilbud eller aksept av Reparasjonsemissjonen til eller av personer med registrert adresse utenfor Norge eller som er bosatt i, eller statsborger av, land utenom Norge, kan bli berørt av lovgivningen i den relevante jurisdiksjon. Slike personer bør kontakte en faglig rådgiver for å fastslå om eventuelle offentlige eller andre godkjenninger er nødvendige eller om det er andre hensyn som må tas for å kunne tegne Tilbudsaksjer. Enhver person utenfor Norge som ønsker å tegne Tilbudsaksjer i Reparasjonsemissjonen har ansvar for å forsikre seg om at loven i enhver relevant jurisdiksjon følges til fulle i den forbindelse, inkludert å skaffe offentlige eller andre godkjenninger som kreves, overholde andre nødvendige formaliteter og betaling av eventuell utstedelse, overførsel eller andre avgifter som påkommer i slike territorier. Tegningsrettene og Tilbudsaksjene er ikke, og vil ikke bli, registrert i henhold til "the U.S. Securities Act" av 1933, med endringer ("US Securities Act"), eller annen statlig verdipapirlov eller annen jurisdiksjon i USA og kan ikke tilbys, selges, tas opp, utøves, videreselges, leveres eller overdras, direkte eller indirekte, i USA, bortsett fra i henhold til unntak fra registreringskravene i US Securities Act eller i henhold til annen relevant statlig verdipapirlov eller annen jurisdiksjon i USA. Det vil ikke foreligge noe offentlig tilbud av Tegnninger eller Tilbudsaksjer i USA. Tegningsrettene og Tilbudsaksjene er ikke, og vil ikke bli, registrert i henhold til gjeldende verdipapirlovgivning i Australia, Canada, Hong Kong, Japan eller Sveits og kan ikke tilbys, selges, videreselges eller leveres direkte eller indirekte, i eller til, Australia, Canada, Hong Kong, Japan eller Sveits bortsett fra i henhold til unntak fra gjeldende verdipapirlovgivning. Denne Tegningsblanketten utgjør ikke et tilbud om salg eller en oppfordring til tilbud om kjøp av Tilbudsaksjer i noen jurisdiksjoner hvor slike tilbud eller oppfordringer er ulovlige. Prospektet blir ikke distribuert i USA, Australia, Canada, Hong Kong, Japan eller Sveits, med mindre annet følger av Prospektet, kan ikke Tegningsrettene og Tilbudsaksjene overdras, selges eller leveres til USA, Australia, Canada, Hong Kong, Japan eller Sveits. Utøvelse av Tegningsretter og tegning av Tilbudsaksjer i strid med restriksjonene over vil kunne anses som ugyldig.

Kun gjennomføring: Tilretteleggerne vil behandle Tegningsblanketten kun som en instruksjon om gjennomføring. Tilretteleggerne har ikke plikt til å ta stilling til hvorvidt en investering i Tilbudsaksjene vil være hensiktsmessig eller ikke for tegneren. Følgelig vil ikke tegneren nyte godt av beskyttelsen som ligger i relevante bestemmelser om forretningsskikk i verdipapirhandelloven.

Informasjonsutveksling: Tegneren bekrefter å være inneforstått med at det i henhold til verdipapirhandelloven og forretningsbankloven samt utenlandsk lovgivning som gjelder for Tilretteleggerne, er påbud om hemmelighold mellom de ulike enhetene hos Tilretteleggerne, samt mellom Tilretteleggerne og de øvrige enheter i Tilretteleggernes respektive konserner. Dette kan bety at andre ansatte hos Tilretteleggerne eller i Tilretteleggernes respektive konserner kan være i besittelse av informasjon som kan være relevant for tegner og for vurderingen av Tilbudsaksjene, men som Tilretteleggerne ikke vil ha adgang til i egenskap av Tilrettelegger for Reparasjonsemissjonen.

Informasjonssperre: Tilretteleggerne er verdipapirforetak som tilbyr et bredt spekter av investeringstjenester. For å sikre at oppdrag i Tilretteleggernes corporate finance-avdelinger holdes konfidensielle, er Tilretteleggernes øvrige aktiviteter, inkludert analyse og aksjemegling, adskilt fra de respektive Tilretteleggernes corporate finance-avdelinger gjennom informasjonssperre. Tegneren bekrefter å være inneforstått med at Tilretteleggernes analyse- og megleraktiviteter kan komme i konflikt med tegnerens interesser i forhold til transaksjoner i Aksjene, inkludert Tilbudsaksjene, som følge av slike informasjonssperre.

Obligatoriske hvitvaskingsprosedyrer: Reparasjonsemissjonen omfattes av hvitvaskingsloven av 6. mars 2009 nr. 11 samt hvitvaskingsforskriften av 13. mars 2009 nr. 302 (samlet benevnt "Hvitvaskingslovgivningen"). Tegnere som ikke er registrert som eksisterende kunder av Tilretteleggerne må bekrefte sin identitet til Tilretteleggerne i samsvar med kravene i Hvitvaskingslovgivningen, med mindre et unntak kommer til anvendelse. Tegnere som i Tegningsblanketten har angitt en eksisterende norsk bankkonto og en eksisterende VPS-konto er unntatt fra kravet, med mindre noen av Tilretteleggerne krever at identiteten bekreftes. Bekreftelse på identitet må fullføres før utløpet av Tegningsperioden. Tegnere som ikke har fullført den påkrevde bekreftelse av identitet vil ikke bli tildelt Tilbudsaksjer. Videre må hver tegner ha en VPS-konto for å kunne delta i Reparasjonsemissjonen. VPS-kontonummeret må angis i Tegningsblanketten. VPS-konto kan opprettes hos autoriserte VPS-kontoførere som kan være norske banker, autoriserte verdipapirforetak i Norge og norsk avdeling av kredittinstitusjon etablert innenfor EØS. Opprettelse av VPS-konto fordrer i henhold til Hvitvaskingslovgivningen identitetsbekreftelse overfor VPS-kontofører. Utenlandske investorer kan imidlertid benytte VPS-konti registrert i en forvalters navn. Forvalteren må være autorisert av Finanstilsynet.

Vilkår og betingelser for betaling med engangsfullmakt – Verdipapirhandel: Betaling med engangsfullmakt er en tjeneste bankene i Norge tilbyr i fellesskap. I forholdet mellom betaler og betalers bank gjelder følgende standardvilkår:

- Tjenesten "Betaling med engangsfullmakt – Verdipapirhandel" suppleres av kontoavtalen mellom betaler og betalers bank, særlig kontoavtalens del C, Generelle vilkår for innskudd og betalingsoppdrag.
- Kostnader relatert til bruk av "Betaling med engangsfullmakt – Verdipapirhandel" fremgår av bankens gjeldende prisliste, kontoinformasjon og/eller opplyses på annen egnet måte. Banken vil belaste oppgitt konto for påløpte kostnader.
- Engangsfullmakten signeres av betaler og leveres til betalingsmottaker. Betalingsmottaker vil levere belastningsoppdraget til sin bank som igjen kan belaste betalers bank.
- Ved et eventuelt tilbakekall av engangsfullmakten skal betaler først ta opp forholdet med betalingsmottaker. Etter finansavtaleloven skal betalers bank medvirke dersom betaler tilbakekaller et betalingsoppdrag som ikke er gjennomført. Slikt tilbakekall kan imidlertid anses som brudd på avtalen mellom betaler og betalingsmottaker.
- Betalers bank kan ikke angi et høyere beløp på engangsfullmakten enn det som på belastningstidspunktet er disponibelt på konto. Betalers bank vil normalt gjennomføre dekningskontroll før belastning. Belastning ut over disponibelt beløp skal umiddelbart dekkes inn av betaler.
- Betalers konto vil bli belastet på angitt belastningsdag. Dersom belastningsdag ikke er angitt i engangsfullmakten vil kontobelastning skje snarest mulig etter at betalingsmottaker har levert oppdraget til sin bank. Belastningen vil likevel ikke skje etter utløpet av engangsfullmaktens gyldighetsperiode som angitt over. Betaling vil normalt være godskrevet betalingsmottaker mellom én og tre virkedager etter angitt belastningsdag/innleveringsdag.
- Dersom betalers konto blir urettmessig belastet på grunnlag av en engangsfullmakt, reguleres betalers rett til tilbakeføring av det debiterte beløp av kontoavtalen og finansavtaleloven.

Forsinket og manglende betaling: Forsinket betaling belastes med gjeldende forsinkelsesrente i henhold til forsinkelsesrenteloven av 17. desember 1976 nr. 100, for tiden 8,50 % p.a. Dersom en tegner ikke oppfyller betalingsvilkårene, eller dersom betaling ikke skjer ved forfall, vil tegneren fortsette å hefte for betalingen for Tilbudsaksjene tildelt vedkommende og Tilbudsaksjene vil ikke bli levert til tegneren. I så tilfelle forbeholder Selskapet og Tilretteleggerne seg retten til, når som helst og for tegnerens regning og risiko, å reallokere, kansellere eller redusere tegningen og tildelingen av de tildelte Tilbudsaksjene, eller, dersom betaling ikke er mottatt den tredje dagen etter Betalingsdatoen, uten videre underretning, å selge, selv overta eller på annen måte disponere over Tilbudsaksjene i henhold til gjeldende lov. Dersom Tilbudsaksjer selges på vegne av tegneren, vil slikt salg være for tegnerens regning og risiko, og tegneren vil være ansvarlig for ethvert tap, samt kostnader, gebyrer og utgifter, gjennomgått eller pådratt av Selskapet og/eller Tilretteleggerne som følge av eller i tilknytning til slikt salg. Selskapet og/eller Tilretteleggerne kan inn drive betaling for alle utestående beløp i henhold til gjeldende lovgivning. I henhold til en avtale om betalingsgaranti inngått mellom Tilretteleggerne og Selskapet, har Tilretteleggerne, i henhold til vilkårene og betingelsene i betalingsgarantien, garantert betalingen av de siste 50 millionene av provenyet i Reparasjonsemissjonen. De ikke-betalende tegnerne vil forbli fullt ut ansvarlig for betalingen av Tilbudsaksjene allokert til dem, uavhengig av hvorvidt slik betaling er foretatt av Tilretteleggerne i henhold til betalingsgarantien eller ikke. Se kapittel 6.12.3 "Overdue payment and payment guarantee" i Prospektet for nærmere informasjon om betalingsgarantien.

**Registered Office**

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Manager

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Registrar

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