



Increased exposure to the solar industry

Oslo, 5 February 2007

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Agenda

1. Key Messages
2. Rationale for Orkla
3. Effect on REC
4. Transaction overview and details
5. Accounting effects on Orkla
6. Q&A

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1. Key Messages

- Orkla has acquired 61 684 035 shares in Renewable Energy Corporation ASA (REC) from Good Energies Investment (GEI) at a price of NOK 105 per share
 - Orkla's total holding in REC after this transaction is 39.99 %
- Orkla would like REC to continue as a publicly quoted company and has no intention of increasing its holding beyond 39.99 %
- Orkla has granted Q-Cells AG financial downside protection (put options) in respect of 78 573 329 of their REC shares equivalent to 15.9 % for a period of 1 to 3 years
 - The put option price is NOK 70 and NOK 90 per share in different tranches
- Elkem Solar has signed a long term contract with Q-Cells to sell solar grade silicon
 - Secures the remaining off-take of the production capacity at Elkem Solar's new plant in Kristiansand

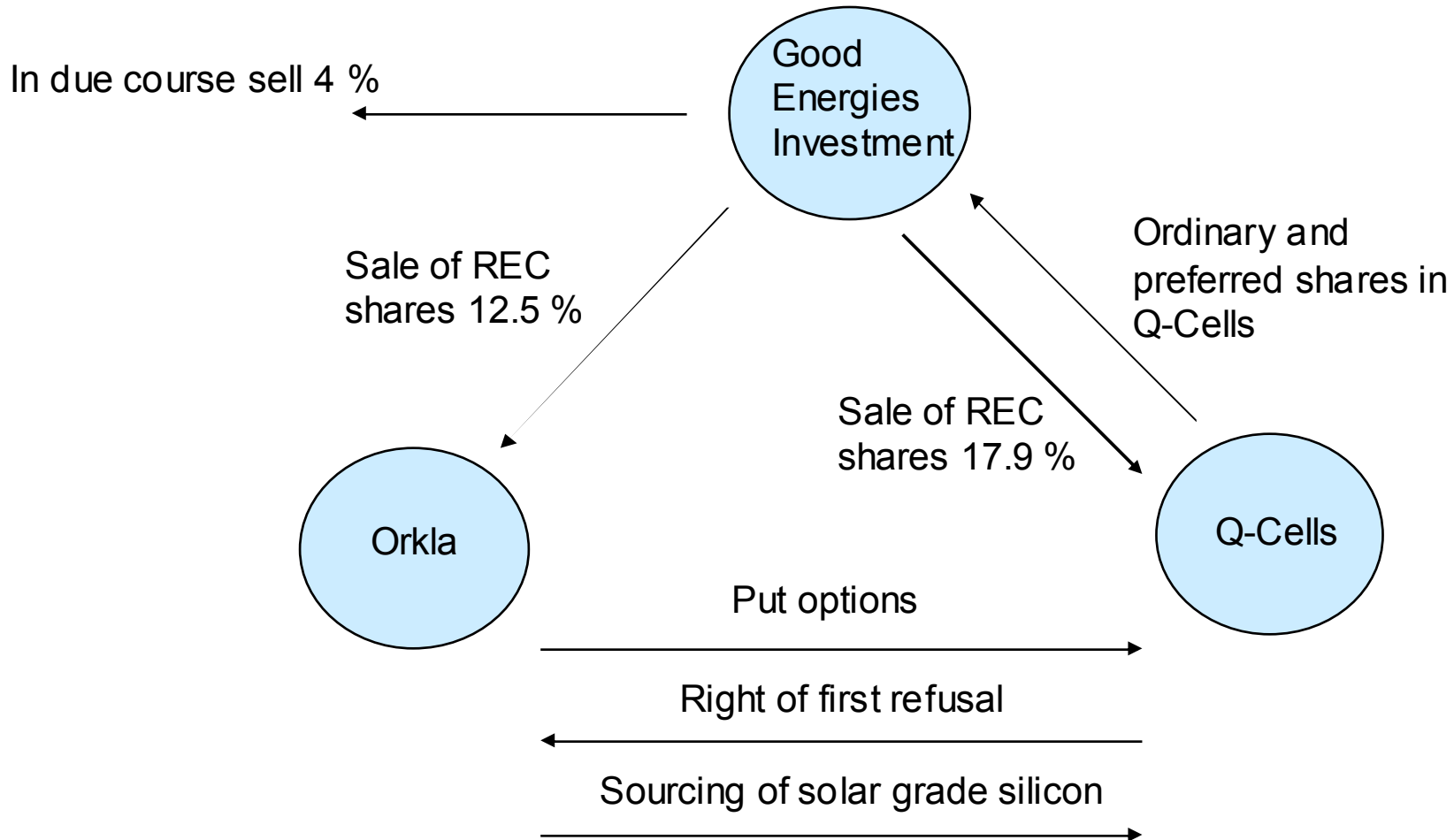
2. Rationale for Orkla

- Orkla believes the solar industry has an interesting growth potential
- Orkla has confidence in REC's ability to create value in this industry based on its strong market position, technological know-how and professional management
- The combined transaction terms and elements are considered favourable for Orkla
- The long term metal agreement with Q-Cells, a leading global solar company, secures the remainder of the production capacity at the new plant in Kristiansand
- Orkla is currently the largest shareholder in REC

3. Effects on Renewable Energy Corporation

- As a long term industrial owner, Orkla wants to support REC's continued growth and internationalisation
- Orkla would like REC to continue as a publicly quoted company
 - For REC to realise its growth potential, we believe it is important for REC to have access to the capital market

4. The transaction - overview



4.1 The transaction – Good Energies Investment will divest its REC shares– shareholder structure before and after the transactions

| | <u>Before</u> | <u>After</u> |
|--------------------------|---------------|-------------------------|
| Orkla | 27.5 % | 39.9 % |
| Hafslund | 21.3 % | 21.3 % |
| Q-Cells | 0.0 % | 17.9 % |
| Good Energies Investment | 34.4 % | 4.0 % (0.0 %)* |
| <u>Other</u> | <u>16.8 %</u> | <u>16.9 % (20.9 %)*</u> |
| Total | 100.0 % | 100.0 % |

GEI's holding of 34.4 % distributed as follows:

- 12.48 % sold to Orkla for NOK 105 per share in cash
- 17.9 % sold to Q-Cells at NOK 105 per share with settlement in financial instruments in Q-Cells, 15.9 % of which has downside protection from Orkla (put options)

* GEI will in due course sell 4 %

4.2 The transaction – Orkla has acquired 12.48 % of REC from GEI

- Number of shares acquired: 61 684 035 shares
- Price per share: NOK 105
- Orkla's total shareholding: 39.99 %
- Total payment: Approx. NOK 6.5 billion
- 39.99 % in total holding consist of:
 - 12.48 % acquired at NOK 105 per share \implies In total NOK 6.5 billion
 - 27.51 % acquired earlier at average NOK 25 per share \implies In total NOK 3.3 billion
 - Total cost for Orkla \implies In total NOK 9.8 billion
 - Average cost per share for Orkla approx. NOK 50

4.3 The transaction – Q-Cells has been granted rights to sell REC shares to Orkla

| <u>% in REC</u> | <u>Dead period</u> | <u>Exercise period</u> | <u>Exercise price</u> | |
|-----------------|--------------------|------------------------|-----------------------|---------------|
| 4.00 % | 1 year | 1 year | 70 | NOK/per share |
| 5.95 % | 1 year | 2 year | 90 | NOK/per share |
| <u>5.95 %</u> | 2 year | 1 year | 90 | NOK/per share |
| 15.90 % | | | | |

- Orkla has the right to postpone Q-Cells' right to put by an agreed number of days
 - Spread in exercise periods and deferrals gives flexibility
 - Maximum duration, including dead periods and deferrals, is 4 years
- These put options will be reduced or cancelled by Orkla if Q-Cells sells REC shares or Orkla can present Q-Cells for a buyer on certain terms after the dead period

4.4 The transaction – Right of first refusal for Orkla if Q-cells sells REC shares

- For the duration of the put option arrangement, Orkla has a right of first refusal if Q-Cells sells REC shares
- The right for Orkla does not cover any new REC shares that Q-Cells might potentially buy
- Orkla has no intention of increasing its holding in REC beyond 39.99 %

4.5 The transaction – Agreement to sell solar grade silicon to Q-Cells

| <u>Year</u> | <u>Basis tonnes per year</u> | <u>Options tonnes per year</u> |
|-------------|------------------------------|--------------------------------|
| 2008 | 800 | |
| 2009 | 2 800 | |
| 2010 | 2 400 | 1 600 |
| 2011-18 | 2 400 | 5 000 |

- The agreement is at market terms
 - Fixed price in 2008 and 2009
 - 50 % fixed and 50 % floating price in 2010 and 2011
 - Floating price from 2012
- “Take or pay” commitment for Q-Cells
- No absolute volume requirements for Elkem Solar
 - Conditional of production is technical and commercial feasible
- Q-Cells has a right of first refusal for 30 % of volume from potential plant 3 onwards
- The metal agreement expires in 2018

5. Accounting effects on Orkla

- REC will continued to be reported as an associated company
 - Share of REC's results in Orkla's income statement will increase from 27.5 % to 39.99 %
 - Orkla's net interest bearing liabilities will increase by approx. NOK 6.5 billion
- Changes in the value of the put options will be recognised in Orkla's income statement
 - An increase in the REC share price will have a positive effect on profit in the income statement
 - A reduction in the REC share price will have a negative effect on profit in the income statement
 - Changes in the value of the put options are greatest when the share price is close to the put price or below

