UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

(Mark One)

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended November 30, 2010

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

OR

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of event requiring this shell company report

Commission File Number 00-21742

SUBSEA 7 S.A.

(Exact name of Registrant as specified in its charter)

LUXEMBOURG
(Jurisdiction of incorporation or organization)

c/o Subsea 7 M.S. Limited
200 Hammersmith Road, London W6 7DL England
(Address of principal executive offices)

Contact Details of Company Contact Person:
Name: Karen Menzel
E-mail: karen.menzel@subsea7.com
Telephone: +44(0) 20 8210 5568
Address: 200 Hammersmith Road, London W6 7DL, England

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common shares, $2.00 par value	**Nasdaq Global Select Market**

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

Common shares, $2.00 par value	**194,953,972 (including 11,014,762 treasury shares)**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Exchange Act. ☒ Yes ☐ No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Act of 1934. ☐ Yes ☒ No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ☐ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer" and "large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP	☐
International Financial Reporting Standards as issued by the International Accounting Standards Board	☒
Other	☐

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the Registrant has elected to follow: ☐ Item 17 ☐ Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) ☐ Yes ☒ No


subsea 7
Leveraging our
global capabilities
Subsea 7 S.A. (Formerly Acergy S.A.)
Annual Report and Financial Statements 2010

Leveraging our global capabilities

Subsea 7 S.A. is a global leader in seabed-to-surface engineering, construction and services.

The Combination of Acergy S.A. and Subsea 7 Inc. in January 2011 created a global leader in seabed-to-surface engineering, construction and services able to offer clients access to a high end, diversified fleet, comprising 42 vessels supported by extensive fabrication and onshore facilities able to deliver the full spectrum of subsea engineering, construction and services.

Subsea 7 S.A. is well positioned to take advantage of future growth opportunities in the global seabed-to-surface market.

We are leveraging our global capabilities through our greater depth of project management, engineering and technical expertise along with our high-end diversified fleet to secure and deliver complex offshore projects on behalf of our clients, in safe and sustainable ways.

For all the latest up-to-date information visit
www.subsea7.com

Subsea 7 S.A.
Registered office:
412F, route d'Esch
L-2086 Luxembourg

Registered number:
B 43 172

Creating a new force in seabed-to-surface

Acergy S.A.

Dec 2009
Acquires *Borealis*
Acergy acquired *Borealis*, a state-of-the-art deepwater construction and pipelay vessel. *Borealis* is ideally suited to meeting the exacting requirements of ultra-deep and deepwater projects in the world's harshest environments.

Dec 2009
Awarded three-year DSV contract
Awarded three-year contract for the provision of Dive Support Vessel services to the DSVi Collective of companies in the North Sea.

May 2010
Awarded $120 million contract, offshore Nigeria
Awarded Conventional project for the removal of existing risers, the installation of new pipelines and associated risers, together with associated diving and hook-up activities, offshore Nigeria.

Jun 2010
Acergy S.A. and Subsea 7 Inc. agree to combine

Subsea 7 Inc.

Jan 2010
Completion of the Girassol Pipeline Repair Project for Total in Angola
The project, which was an entirely diverless pipeline repair in 1,350 metres water depth, received the 2010 Pipeline Industries Guild Award for Subsea Pipeline Technology.

Mar 2010
Seven Atlantic joins the fleet
Seven Atlantic, a state-of-the-art pipelaying and construction ice-class vessel, suitable for unrestricted operation worldwide, joined the fleet.

May 2010
i-Tech awarded largest ever contract to date
Award of the largest single contract to the i-Tech business by Petrobras in Brazil. In excess of $250 million, this contract is for the provision of ROV and intervention tooling services onboard 20 to 30 offshore drilling units.

July 2010
Awarded $1.3bn contract, offshore Angola
At $1.3 billion, the CLOV Project is the Group's largest single project award. This SURF project covers the engineering, procurement, fabrication and installation of the CLOV deepwater development, offshore Angola in water depths of approximately 1,300 metres.

August 2010
Acquires *Antares* and *Polar Queen*
Antares is a new shallow water pipelay barge for Conventional activities for pipelay and hook-up projects in West Africa.

Polar Queen is a flexible pipelay and subsea construction vessel which joined the fleet in 2006 on long-term charter and which is currently operating in Brazil for Petrobras.

Sept 2010
Acquires *Pertinacia*
Pertinacia is a flexible pipelay vessel which joined the fleet in 2007 on long-term charter and which is currently operating in Brazil for Petrobras.

Nov 2010
Shareholders approve Combination

Jan 2011
Combination completes. Commences trading as: Subsea 7 S.A.

subsea 7

Jun 2010
Major Pipeline Bundle Contract for BP in the North Sea
The 28km pipeline bundle represents a step change in the Subsea 7 pipeline bundle tie-back range in that it will be the longest bundle Subsea 7 has produced and installed to date.

Sept 2010
Awarded $250m Pipelay contract for Total in the North Sea
On the Laggan Tormore deepwater gas field development, West of Shetland in the North Sea, including the installation of a 141km rigid reel pipeline.

Dec 2010
***Seven Pacific* joins the fleet**
With the capability to work in a wide range of worldwide locations, *Seven Pacific* is a flexible pipelay and construction ice-class vessel, designed for deepwater pipelay and offshore construction activities.

Contents

Subsea 7 S.A. (formerly Acergy S.A.)
These sections provide information and disclosure for Subsea 7 S.A. which was created on January 7, 2011 following completion of the Combination of Acergy S.A. and Subsea 7 Inc.

Acergy S.A.
The following sections contain information and disclosures relating to Acergy S.A., for the relevant fiscal years up to and including fiscal year 2010, which ended on November 30, 2010.

Providing a full spectrum of seabed-to-surface services

We concentrate on services and solutions that add value to our clients throughout the lifecycle of their offshore energy fields. We aim to deliver projects on time, within budget and to the highest quality standards, whilst making safety and security an absolute priority.

Offshore upstream cycle

The offshore upstream cycle covers: seismic, exploration and appraisal, development, production and decommissioning and abandonment and is typically a 10 to 50 year cycle. Subsea 7 is typically involved in the late-cycle activities, in particular in development and production related activities.

Exploration & appraisal

Development

SURF

Includes infrastructure related to subsea trees or floating production platforms, including pipelines, risers, umbilicals, moorings and other subsea structures, such as manifolds.

Conventional

Includes projects relating to the fabrication and installation of fixed platforms and their umbilicals, flowlines and associated pipelines (shallow water developments).

Flexibles/Heavy Lifting

Through our joint ventures NKT Flexibles and Seaway Heavy Lifting we provide clients with access to the full spectrum of products and services associated with Flexibles and Heavy Lifting.

Production

Life-of-Field

Includes integrity management of installed infrastructure, including planned inspection, routine maintenance, repair, incremental developing and finally abandonment.

Conventional refurbishment

Involves the maintenance and refurbishment of Conventional topside facilities.

Decommissioning

Through our joint ventures SapuraAcergy and Seaway Heavy Lifting we provide clients with access to decommissioning services.

i-Tech Veripos

i-Tech is a provider of ROVs and remote intervention tooling services to the global exploration and production industry. Veripos provides precise navigation and positioning services to the offshore industry.

Project management and engineering services

Successful engineering and project management are core to our business and sets Subsea 7 apart. It takes years of practical experience, know-how and dedication to safely deliver the toughest and most complex of offshore projects.

Leveraging our global capabilities

"We work in partnership with our clients to develop and maintain long-term relationships that add value to their projects. Our diverse, integrated and dedicated teams are experts in their fields and have a track record of safely and efficiently executing complex projects in harsh and challenging environments.

We have the flexibility to respond quickly and sensitively to local demands, leveraging the full strength of our global resources and know-how."

Jean Cahuzac, Chief Executive Officer Subsea 7

We achieve this through:

Global capabilities across all activities

Our specialist expertise is focused on construction and maintenance operations between the seabed and the surface of the sea. Our global resources are deployed in all major offshore hydrocarbon basins worldwide.

Delivering proven expertise across complex projects

We are experts in the design, fabrication, installation and commissioning of seabed-to-surface projects. We have a proven track record for delivering large and complex projects in harsh and challenging environments.

World-class specialised fleet

We operate one of the world's most versatile fleets comprising high-specification pipelay, construction, remote intervention and diving support vessels.

Focused on our people and safety

Safety remains at the heart of all our operations and we are committed to an incident-free workplace, everyday, everywhere.

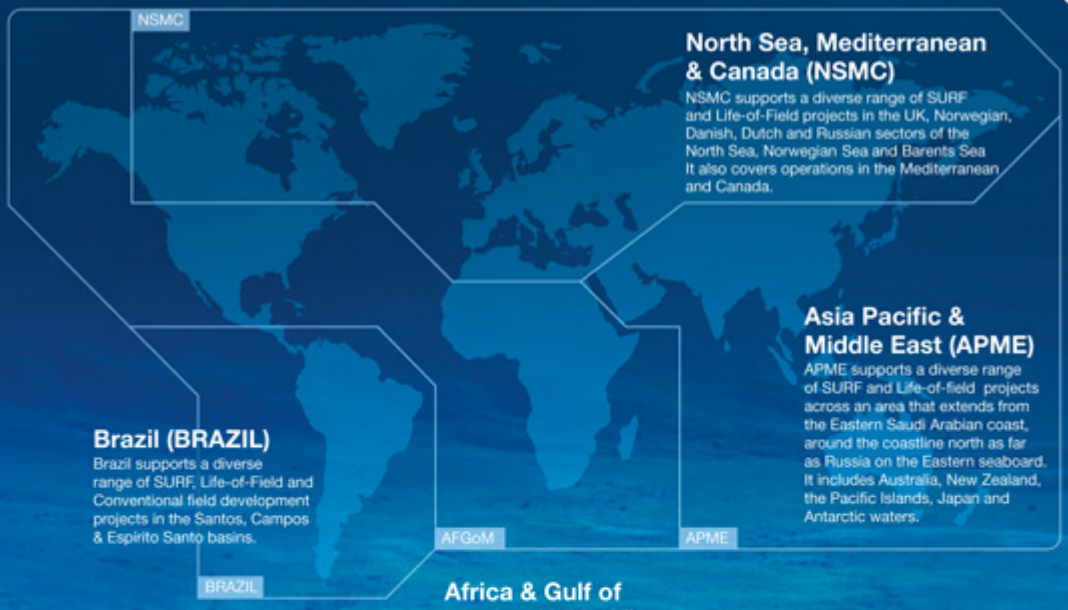
Committed to operating responsibly

We operate in a consistent manner on a worldwide basis – our people are locally sensitive and globally aware.

Global capabilities across all activities

Our specialist expertise is focused on construction and maintenance operations between the seabed and the surface of the sea. Our global resources are deployed in all major offshore hydrocarbon basins worldwide. To improve our commercial focus and to leverage our resources globally, we manage our business and operations through four territories.

Following completion, Subsea 7 is organised into four territories



North Sea, Mediterranean & Canada (NSMC)

NSMC supports a diverse range of SURF and Life-of-Field projects in the UK, Norwegian, Danish, Dutch and Russian sectors of the North Sea, Norwegian Sea and Barents Sea It also covers operations in the Mediterranean and Canada.

Asia Pacific & Middle East (APME)

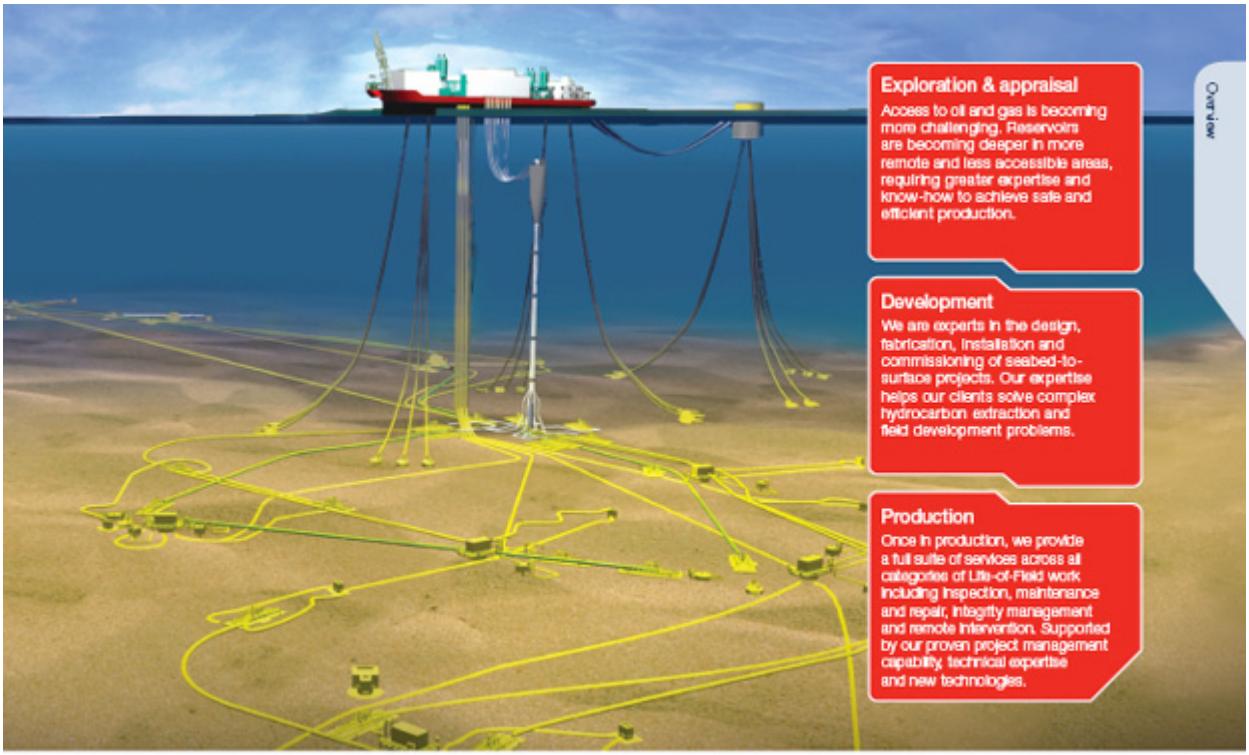
APME supports a diverse range of SURF and Life-of-field projects across an area that extends from the Eastern Saudi Arabian coast, around the coastline north as far as Russia on the Eastern seaboard. It includes Australia, New Zealand, the Pacific Islands, Japan and Antarctic waters.

Brazil (BRAZIL)

Brazil supports a diverse range of SURF, Life-of-Field and Conventional field development projects in the Santos, Campos & Espirito Santo basins.

Africa & Gulf of Mexico (AFGoM)

AFGoM supports a diverse range of SURF, Life-of-Field and Conventional field development projects in West Africa and the Gulf of Mexico.



Exploration & appraisal

Access to oil and gas is becoming more challenging. Reservoirs are becoming deeper in more remote and less accessible areas, requiring greater expertise and know-how to achieve safe and efficient production.

Development

We are experts in the design, fabrication, installation and commissioning of seabed-to-surface projects. Our expertise helps our clients solve complex hydrocarbon extraction and field development problems.

Production

Once in production, we provide a full suite of services across all categories of Life-of-Field work including inspection, maintenance and repair, integrity management and remote intervention. Supported by our proven project management capability, technical expertise and new technologies.

Our extensive project experience includes

$1.3bn contract awarded

Contract award in 2010 of the Company's largest ever SURF project at $1.3 billion, offshore West Africa.

450km of flexibles and umbilicals

Pertinacia successfully performed 179 campaigns in 22 different fields offshore Brazil (between 2007 and July 2010), installing over 450km of flexibles and umbilicals whilst maintaining an impeccable safety record.

World's largest Hyperflow® Riser Tower bundle

Successful installation of the world's largest Hyperflow® Riser Tower bundle at 1,200m long x 2.3m diameter, weighing 4,200t.

Deepest installation of flexible pipe

Installation of the deepest flexible pipe offshore Brazil in water depth of 2,172m on the Tupi Field.

Safe operations in harsh environments

Successful operation of *Subsea Viking* in the harsh North Sea environment for over 10 years without a Lost Time Incident.

First lazy-wave steel catenary

Installation of the world's first reeled lazy-wave steel catenary riser in water depths ranging from 1,700m to 2,060m.

Newly developed fibre rope

World's first installation of a wellhead Christmas tree in over 3,000m water depth, using a newly development fibre rope deployment system.

Largest towhead manifold

Fabrication and installation of 64 towed pipeline bundles, including a 500t towhead manifold, the largest towhead attached to a bundled pipeline in the North Sea.

Delivering proven expertise across complex projects

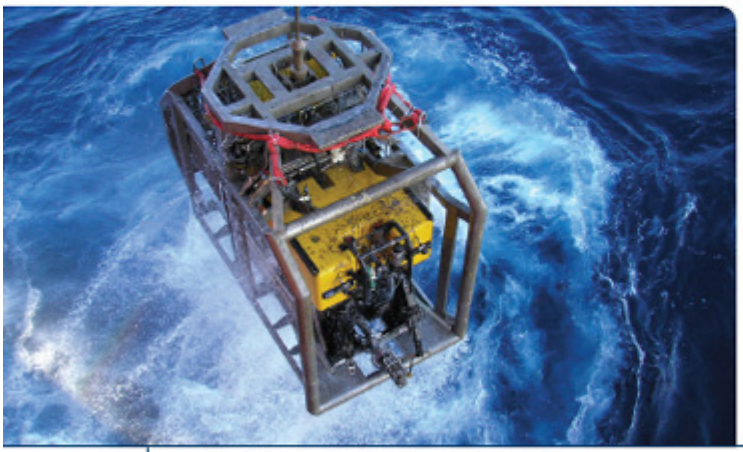
We are experts in the design, fabrication, installation and commissioning of seabed-to-surface projects. We have a proven track record in delivering large and complex projects in harsh and challenging environments.

Offshore exploration and development is increasingly entering harsher and more challenging environments, including deeper water depths. With harsher environments and greater depth comes increased complexity, resulting in seabed-to-surface projects that are becoming increasing large and more complex. Our clients rely on our specialist expertise to bring their offshore oil and gas developments into production. With over thirty years of practical experience, know-how and dedication to safety we have a proven track record of delivering the toughest and most complex of offshore projects. Our extensive experience in deepwater SURF, Conventional and Life-of-Field projects has made us a trusted partner for national and international energy companies.

Every project presents unique challenges. Our engineers and technical experts are constantly seeking to innovate, developing solutions and technology to solve the problems posed by operating at the limits of exploration and production capability.

They are supported by our Centres of Technical Excellence, a global network that identifies focal points for best practice and technical knowledge on a particular subject, in support of our projects.

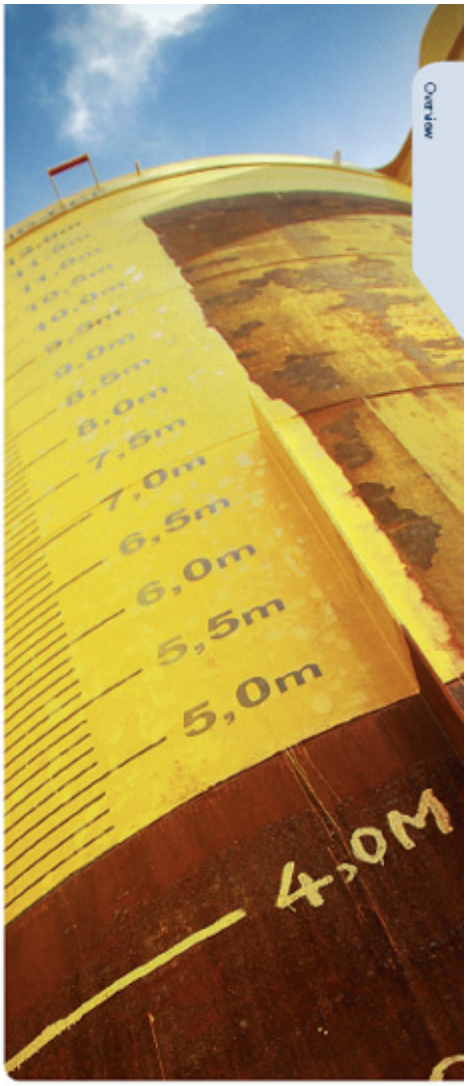
We are actively engaged in a number of projects, which are targeted to extend the life of the field and assist with new field development, in particular overcoming the challenges of deep and ultra-deepwater development.



Our world class engineers are experts in their field and are involved throughout the lifecycle of all our projects, from tendering, design and construction, through to offshore installation and completion.

Our engineering adds value through creative thinking, experience and good judgement to secure project success and ensure the rigorous management of risk.


JURA TOWHEAD-SOUTH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subsea 7

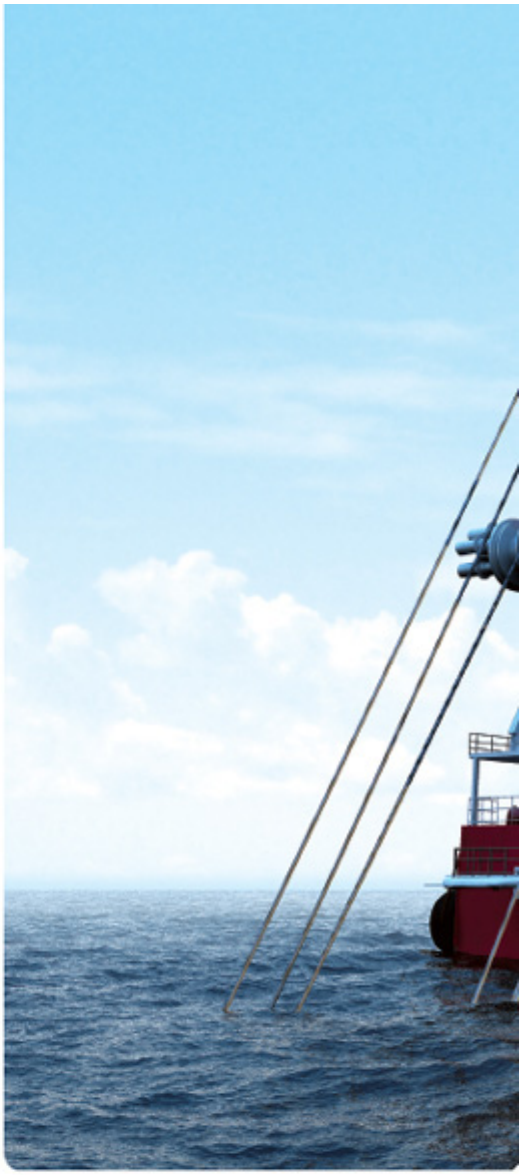
World-class specialised fleet

We operate one of the world's most versatile fleets comprising high-specification pipelay, construction, remote intervention and diving support vessels.

Enhanced capabilities

Subsea 7 manages and operates a world-class fleet of 42 specialised vessels in a safe, efficient and effective manner, whilst maintaining its value and integrity. Our fleet brings together best-in-class complementary capabilities. Wherever we operate offshore – from seabed-to-surface – we have the right vessels, equipment and people to deliver for our clients. Since 2005, the Group has invested more than $2 billion in the renewal and enhancement of its' fleet. Today, the Group is able to provide clients access to one of the world's most versatile specialised fleet, covering the full spectrum of subsea activities.

Subsea 7 will continue to seek opportunities to invest in vessels that are expected to drive superior returns for the future and which are capable of working in the deepest and harshest environments for years to come.



Our industry-leading versatile fleet is capable of operating in the world's most challenging environments.

42 vessels

We manage a comprehensive range of mobile assets including our fleet of over 150 Remotely Operated Vehicles (ROVs) and other construction, survey and diving equipment.

150 ROVs

Focused on our people and safety

Safety remains at the heart of all our operations and we are committed to an incident-free workplace, everyday, everywhere.

Operating in challenging environments

Our projects are undertaken in remote and hostile environments, which present their own set of challenges and risks. Our Project Managers proactively evaluate the risks involved at every stage of the project lifecycle and take steps to eliminate or mitigate them. Our track record in anticipating and managing all types of risk is one of the reasons for our strong project performance. Our clients can depend on us to maintain the health, safety and security of our operations whilst protecting the environment. We aim to challenge the boundaries of seabed-to-surface development and construction, but always in safe and sustainable ways.

We remain focused on getting the HSEQ basics right, on investing in our people to enable them to fulfil their potential, and in achieving this in keeping with our core values to be building the future. Working in accordance with our principles we will continue to foster a culture that holds at its heart the critical values of HSEQ and security and delivers improved business performance on a continuous basis.

Safety is one of our core values that reinforces our culture of safe behaviour. Effective safety, health and environmental leadership is essential in everything that we do.

The offshore environment, where complex projects are delivered in harsh and challenging environments, is where the skills of our people are truly tested.

We invest significant time and resources to deliver high quality technical and functional training to our offshore workforce that not only meets legislative requirements but also enables our people to work safely and effectively in the offshore environment.

In 2010, we continued with the extensive application of our critical safety behaviour programme, resulting in over 210,000 safety contacts ranging from safety briefings to observations to training. Our frequency of 'lost-time injuries' in 2010 was 0.11%, compared to 0.10% in 2009.

We will strive harder to be one of the best in relation to safe work in our industry and to achieve our safety vision of 'no harm'.

Engineering is at the heart of our projects. The ongoing development of our engineering skill base is a high priority to ensure we maintain a global first-class engineering team.

Our global engineering team comprises over 1,500 professionals. We have dedicated teams in all of our centres worldwide. We hire experienced professionals into a wide range of engineering disciplines and every year we recruit graduate engineers into our industry-leading Graduate Engineering Development Scheme. For engineers at all levels, we offer truly global opportunities and excellent training and personal career development support.

We have a performance culture in which standards are set high and improvement is constantly sought. Through our values we drive the principles of behaviour that deliver that performance: Safety, Integrity, Innovation, Performance and Collaboration. We have a reputation for innovation and delivering complex projects; this is due to the diversity, expertise and professionalism of our people. Wherever we work in the world they maintain a level of focus and have a strong global Subsea 7 network to support the continual development of our know-how.

Attracting, developing and retaining a truly multicultural world-class workforce is key to achieving our ambitions. It is the calibre of our people that makes us a leader in our industry.

We have well-established integrated teams around the world working throughout the Subsea 7 network leveraging our know-how and experience.

Committed to operating responsibly

We operate in a consistent manner on a worldwide basis – our people are locally sensitive and globally aware.

Corporate responsibility in action

Client relationships are key and the ability to forge and sustain effective strategic partnerships with our global client base remains the backbone of our business. Our strong partnership approach means that we maintain and develop long-term relationships, adding value to our clients' projects and operating with strong financial stability.

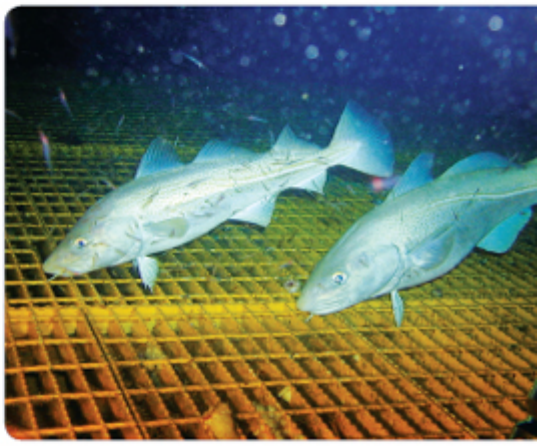
Subsea 7 operates a number of successful joint ventures with strategic partners around the world. These partners are carefully chosen to provide resources and expertise to support our operational capabilities. The Supply Chain is integral to Subsea 7's business and supports our projects from tender stage to project completion, and across our operations on a daily basis. We support local and global requirements with our suppliers and seek to foster long-term relationships with key suppliers.

We are committed to developing the local capabilities of the countries we work in. We develop community and social activities that are sensitive to local needs, including investments in the development and well being of its people.

Globally we seek to manage our business to the highest standards as well as taking an interest in social matters to establish good relations which benefit the communities in which we operate. We support this through the transfer of expertise and technology and the training and development of local skills.

We are certified with ISO 14001 (international certification), which covers our vessels, offices and operational bases and we have a number of initiatives and processes in place to safeguard the environment and minimise the potential environmental impacts resulting from our activities.

We integrate environmental improvement into our business plans and practices. Subsea 7 is one of the world's largest ROV operators. Our expertise in remote intervention and ROV design makes us an ideal partner for the "Scientific and Environmental ROV Partnership using Existing INdustrial Technology" ("SERPENT") Project. Collaborating closely with key players in the oil and gas industry, the SERPENT Project aims to make cutting-edge industrial ROV technology and data more accessible to the world's scientific community, share knowledge and progress deep-sea research. Subsea 7 were involved in the first ever SERPENT mission on the MSV Regalia. To date, ten Subsea 7 ROV drilling installations and ten support vessels have contributed to SERPENT from a range of locations including West Africa, West of Shetland and the Gulf of Mexico to name but a few. We are committed to SERPENT at a global level and see the project as a part of our business as we push the boundaries of commercial ROV operational capabilities in experimental deep-sea science.



A strong local presence is essential and is a competitive advantage in many parts of the world. As well as satisfying our client's requirements, it creates significant opportunities to develop talent and expertise within the country.

Onshore, our global operations include an extensive infrastructure of pipeline spool bases, fabrications and operations support yards. These strategically-positioned assets, in conjunction with a network of local partners, are central to our objective of developing strong and sustainable local businesses.

We are focused on recruiting talent that reflects our geographical development and ambitions, and in establishing a real integrated presence in critical growth countries, such as Angola, Australia, Brazil, Malaysia and Nigeria. We expect to further enhance our local presence and to strengthen our expertise in key geographies in the years to come.

Taking advantage of future growth opportunities

2010 was a year of great progress for the development of our Company with strong operational achievements and the Combination between Acergy S.A. and Subsea 7 Inc. which was completed in January 2011.

We entered 2010 against the backdrop of challenging economic and financial markets. Clients were cautious about the economic outlook and continued to defer decisions on the award of major projects, as they sought greater market visibility and remained focused in the short-term, on optimising cash.

Both companies were focused on the need to respond to these conditions, aligning their size and cost bases to the anticipated market demand. It was also a period where we were able to capitalise on opportunities when they presented themselves, such as the acquisition of *Borealis*.

As confidence returned, supported by an improving global economic climate and strengthening oil price, the industry began to see some of the major projects that had been delayed come to award.

Combined strength

The awards of increasingly large and complex projects was also helpful in supporting the long-recognised industrial rationale for combinations in our industry.

The Combination presents an exciting opportunity for our shareholders, our clients and our people. We are pleased to note the positive reaction to the Combination we have received from many of our clients, particularly the larger operators. The benefits of the Combination are as valid today as they were in June of last year when we announced the decision to combine. We believe this Combination will benefit all stakeholders, not least our clients to whom we bring larger resources, access to a greater depth of expertise, a more diversified fleet and enable us to meet their needs of safe and efficient operations in increasingly harsh and challenging environments.

We have a stronger combined balance sheet and better access to new capital if required. We are focused on cost and ensuring that we maintain a competitive cost level and are efficient in all areas of our business. Our enhanced operational capability will provide further personal development and growth opportunities for our people. The excellent strategic fit of the two companies should enable us to deliver enhanced long-term value for all stakeholders.

Growth opportunities

With the Combination complete, the new Subsea 7 is well positioned to move forward. We are the main contractor in our field; with a truly global organisation of 12,000 employees and able to offer our clients a step-change in service offering. We can better meet the growing size and technical complexity of subsea projects, driven by the demand to access ever more remote reserves in increasingly harsh environments.

"The Combination is an excellent strategic fit, strongly supported by industry fundamentals. The combined Group is today more in harmony with the size of the projects we perform for our clients. We are well positioned to capture future growth opportunities in the global subsea market."

We are confident in the future and are excited about the opportunities in our industry. We will not become complacent and are committed to ensuring that the integration activities that are proceeding well do not distract us from our focus on delivering excellence in our operations, whilst we minimise risk and concentrate on safety.

The new Subsea 7 is built on strong values: Safety, Integrity, Innovation, Performance and Collaboration. These values recognise the key principles of honesty, predictability and longevity, principles which we believe are required for any organisation to be successful. Our objective is to be the contractor of choice based on quality and a predictable operation.

Safety remains the core value of the Group. 2010 has sadly reminded us of this fact only too clearly. The tragic events in the Gulf of Mexico last spring reminded us of the need to drive for the highest safety standards. Our track record for 2010 was good and we continue to strive for improvements.

Preparing for the future

Both companies bring with them a strong heritage. The new Subsea 7 is the product of experience gained over many years. The challenge is now to ensure that our inherited strengths are nurtured to capitalise on the opportunities that lie ahead while maintaining a disciplined approach to risk.

We have recently announced our intention to delist from NASDAQ and to deregister and terminate our reporting obligations under the US Securities and Exchange Act, as soon as we are eligible to do so. Following the completion of the Combination, an increasing proportion of our worldwide trading volume is conducted through the Company's common shares listed on the Oslo Børs. We believe that the costs and expenses associated with maintaining a dual listing, including Exchange Act reporting obligations, outweigh the benefits of continuing the US listing and registration. We believe the delisting and deregistration will free up management time, reduce costs and complexity without detracting from our standards of governance and controls.

Strong governance supported by expertise

- The Board is committed to high standards of governance as the foundation of our approach to business.
- Sustainable development is an integral part of the way in which Subsea 7 conducts its business, with leadership coming from the Board and the Chief Executive Officer.
- The Board and Executive Management Team bring a wealth of knowledge and relevant experience in the offshore oil and gas industry which the Group seeks to harness for the benefit of all stakeholders.

More info on page 37

2011 will present challenges: the reduced number of projects awarded during 2009 and 2010 and the challenging pricing environment and market conditions during this time are expected to impact margins in 2011, despite higher activity levels. The medium to long-term outlook, however, remains positive and we are optimistic about the outlook.

I speak on behalf of the whole Board when I say that we are fortunate to have a highly experienced Executive Management team in place. Led by Chief Executive Officer, Jean Cahuzac, he and his colleagues can count on the support and guidance of the Board. On behalf of the Board, I would like to record my thanks for the significant contributions made by the outgoing Board members of both Acergy S.A. and Subsea 7 Inc. during their tenures.

During this period of change, I would also like to thank our people and acknowledge their considerable efforts. The strong performance in 2010 could not have been delivered without the continued efforts of our global workforces, both onshore and offshore. We thank you for your daily contribution to our safe and efficient operation.

Having the best people in our business will help us achieve our vision of taking leadership as the seabed-to-surface engineering, construction and services contractor based on delivery of quality and predictability. Never before have we been stronger. Together we shall build on this position and lead the industry forward.

Kristian Siem
Chairman

Delivering the next generation of subsea projects

2010 was an excellent year for the Group. Our safety results continued to improve, we delivered strong operational and financial results, secured key contracts around the world and increased our backlog. We remain on track with our fleet enhancement and renewal plans and announced the combination between Acergy SA. and Subsea 7 Inc.

Reflecting on our operational and financial performance

Our focused and disciplined approach has allowed us to deliver excellent execution for our clients in a safe and consistent manner. During 2010, Subsea 7 S.A. (formerly Acergy S.A.) successfully completed a number of important projects, including the Block 15 SURF Project in Angola, the EPC4A Conventional Project in Nigeria, the Pluto and Pyrenees Projects in Australia, the second Roncador Manifolds Project in Brazil, to name but a few and over a dozen projects in the North and Norwegian Seas. This performance is reflected in our strong financial results.

A long-term growing market

Commodity prices stabilised somewhat during 2010 but ongoing uncertainty over the prevailing economic backdrop meant clients continued to behave cautiously for a sizeable part of the year delaying the award of major projects. As confidence returned, supported by an improving global economic climate and more visibility on the oil price trend, the industry began to see some of the major projects, that had been delayed, come to market award in the latter part of the year.

We are looking forward to 2011 with confidence. A robust oil price and rising tendering activity around the world underpins order book momentum. Execution and activity levels are expected to rise, although contracts awarded in more challenging market conditions during 2009 and 2010 will impact the Group's Adjusted EBITDA margin in 2011.

A number of the major SURF contracts, in Australia, Brazil, West Africa and other countries are expected to come to market award in the coming months. The offshore installation phase of most of these new projects will commence beyond 2011 and in some cases beyond 2012. Conventional activity in West Africa is expected to remain strong in the short and medium-term.

We remain optimistic about the outlook for our business as the medium and long-term fundamentals remain robust. Our clients are committed to strategic projects in deepwater and harsh environments. As they seek to grow production, they face multiple challenges including low reserve replacement ratios, high underlying decline rates on producing fields and oil becoming more difficult to produce as reservoirs are deeper and in more remote and less accessible areas. We believe the trend will be for subsea projects to continue to increase in size and complexity. This will contribute to strong industry growth for those companies that have the capabilities to execute such projects in a consistent, reliable and cost effective manner.

Positioning the Group for the future

Building backlog with a disciplined long-term approach

In 2010, we have maintained a disciplined approach to managing our risk profile for all projects, with the right contract terms, ensuring that we achieve an appropriate return on large multi-year contracts. We were very pleased to announce in July the award of the CLOV Project, offshore Angola. At $1.3 billion it is our largest project award to date. We continue to see good growth potential in SURF activities and anticipate a number of major contracts coming to market award in 2011.

Driving long term efficiencies

We have continued to optimise our costs and improve our processes without impeding our ability to grow when the market returns to growth. Training and developing our people has remained a priority as we maintained our recruitment efforts in Engineering and Project Management.

Enhancing our fleet

Our strong balance sheet and actions have enabled us to capitalise on investment opportunities and our fleet enhancement programme is on track.

For Subsea 7 S.A. (formerly Acergy S.A.) this is most evident in our acquisition of *Borealis, Antares, Polar Queen and Pertinacia.*

> "The Combination of the two businesses positions us fully to capture future growth opportunities in the global seabed-to-surface market."

Borealis is a versatile high-specification vessel for operations in deepwater and harsh environments worldwide. Building costs are expected to be approximately $500 million, funded entirely from the Group's existing cash resources. Work is progressing well and she is on track and on budget to join our fleet in the first half of 2012.

Antares, a new build shallow-water barge pipelay and hook-up projects in West Africa, commenced operations in Nigeria during the fourth quarter. *Polar Queen* and *Pertinacia* are two pipelay and subsea construction vessels, which originally joined the fleet in 2006 and 2007 on long-term charter and which are currently on long-term agreement with Petrobras in Brazil. Total costs for these three vessels were approximately $190 million, funded from the Group's existing cash resources.

In addition, during the second half, we also completed major dry-docks on *Acergy Condor* and *Acergy Harrier,* prior to their commencement of new contracts in Brazil.

In 2010 Subsea 7 Inc. also achieved significant progress, completing their five year $1 billion fleet enhancement programme with the delivery of two new builds, *Seven Atlantic* and *Seven Pacific.* Both vessels are state-of-the-art pipelay and construction ice-class vessels suitable for unrestricted operation worldwide. They commenced operations in the first and fourth quarter of the year, respectively.

In the first half of 2011 we expect to take delivery of two new vessels with our Joint Venture partners. *Seven Havila,* a newbuild diving support vessel, and *Oleg Strashnov* a second heavy lifting vessel for SHL.

Developing local content

A strong local presence is essential and is a competitive advantage in many parts of the world. Onshore, the global operations of the new Group already include an extensive infrastructure of pipeline spool bases, fabrication and operations support yards. These strategically-positioned assets, in conjunction with a network of local partners, are central to our objective of developing strong and sustainable local businesses. We are also focused on recruiting talent that reflects our geographical development and ambitions, and in establishing a real integrated presence in key growth countries such as Angola, Australia, Brazil, Malaysia and Nigeria.

The announced Combination between Acergy S.A. and Subsea 7 Inc.

The Combination is an excellent strategic fit which is supported by industry fundamentals. The combined Group will benefit from the value created by the combination of our people and expertise. With a combined backlog of $6.4 billion and an industry leading fleet of 42 vessels supported by extensive fabrication and onshore facilities, we will be very well positioned to deliver enhanced long-term value for our clients, our people and all stakeholders.

Integration is on track following completion of the transaction on January 7, 2011. Our integration teams, comprising employees from both legacy businesses, are working together collaboratively. Since the Combination, I have spent a lot of time visiting the different parts of our combined business and I have been very impressed by the positive attitude of the people that I have met and by their determination to make the Combination work.

At the time of the announcement of the Combination, we indicated that we expected to deliver a run rate of at least $100 million of synergies by 2013. I am confident that we will achieve this objective.

Conclusion

We see signs of improvement in our markets and rising levels of confidence among our clients.

We have world-class engineering and project management and the right fleet of assets to support our clients' needs in all region and all water depths. Reflecting on our successes of the past year including the significant milestone of the Combination we are proud of what we have achieved and we will continue to leverage our global capabilities to capture more business opportunities.

We believe the next generation of projects will be more remote and technically ever more demanding. Oil companies will require offshore services contractors on a global scale, able to field an outstanding team of talented and experienced engineers, supported by extensive project management expertise and the right fleet of world-class assets. The new Subsea 7, drawing fully on the heritage of both legacy businesses, will meet that need.

We are very well positioned and have an exciting future ahead.

In conclusion, I would like to thank our clients for their confidence and support as well as our employees for the dedication and commitment that they have shown in a demanding year.

Jean Cahuzac
Chief Executive Officer

Outlook

The Group is looking forward to 2011 with confidence. A robust oil price and rising tendering activity around the world underpins order book momentum. Execution and activity levels are expected to rise, although contracts awarded in more challenging market conditions during 2009 and 2010 will impact the Group's Adjusted EBITDA margin in 2011.

Conventional activity in West Africa is expected to remain strong in the short and medium-term. A number of the major SURF contracts, in Australia, Brazil and West Africa, are expected to come to market award in 2011. The offshore installation phase of any such new SURF projects will commence beyond 2011. In the North Sea we are seeing renewed activity, albeit in a pricing environment that, for shorter-term work, remains competitive.

The Group believes that the trend will be for subsea projects to continue to increase in size and complexity which will contribute to strong industry growth in the medium-term for those companies that have the capabilities to meet these challenges.

Focused on delivering value to shareholders

Subsea 7 S.A. is well positioned to deliver enhanced long-term value for our clients, our people and all stakeholders.

What we do

We are a seabed-to-surface engineering, construction and services contractor to the offshore energy industry worldwide. We provide integrated services, and we plan, design and deliver complex projects in harsh and challenging environments.

Our Vision

To be acknowledged by our clients, our people, and our shareholders, as the leading strategic partner in seabed-to-surface engineering, construction and services.

Group Strategy

Our strategy remains focused on key markets with long-term, strong and sustainable growth characteristics; markets where we can differentiate ourselves.

Our Operating Principles

- Projects are core to our business – our people are motivated to ensure that our projects deliver exceptional performance
- Engineering is at the heart of our projects – we create technical solutions and sustainable value for our Stakeholders
- People are central to our success – we will build our business around a valued and motivated workforce
- We make long-term investments in our people, assets, and know-how and we build strong relationships with clients and suppliers based on mutual trust and respect
- We operate in a consistent manner on a worldwide basis – our people are globally aware and locally sensitive

Our Values

Safety | Integrity | Innovation | Performance | Collaboration

Risk

Effective management of risk and opportunity is essential to the Group's vision, achievement of sustainable value and protection of its reputation. The Group's system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives. It provides reasonable but not absolute assurance against material misstatement or loss.

More info on page 26

Operating safely

Our projects are undertaken in remote and hostile environments, which present their own set of challenges and risks. We aim to challenge the boundaries of seabed-to-surface development and construction, but always in safe and sustainable ways. Our clients can depend on us to maintain the health, safety and security of our operations.

More info on page 10

Operating responsibly

We are committed to conducting our business throughout the world in a manner that minimises our impact on the environment. We integrate environmental improvement into our strategy and business plans and address key environmental issues that are specific to the processes and activities of each project. We are committed to an incident-free workplace, everyday, everywhere.

More info on page 12

Strong fundamentals driving medium and long-term growth

The medium and long-term fundamentals for the oil and gas industry remain strong driven by increasing global demand, higher decline rates on producing fields and the need to access challenging new reserves to replenish current production.

The International Energy Agency (IEA) forecasts global energy demand to increase 36% between 2008 and 2035. Strong growth in demand is forecasted by non- OECD countries, which are expected to account for over 90% of this total increase, led by China. In fact, the IEA's preliminary data suggests that China overtook the US in 2009 to become the world's largest energy user despite its low per capita energy use. Oil demand continues to grow steadily, reaching about 99 million barrels per day (mb/d) by 2035, 15 mb/d higher than in 2009, driven by growing demand from non-OECD countries, especially China.

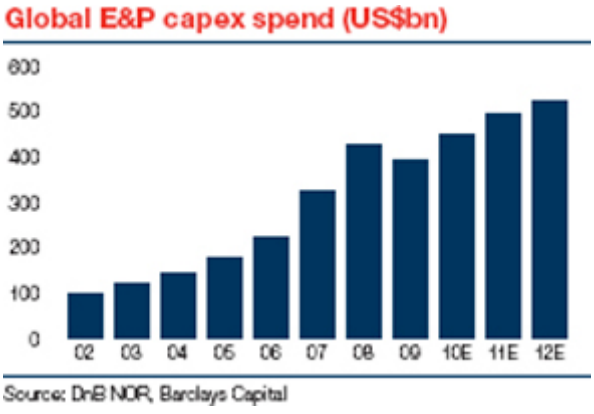
During the period to 2035, other sources of energy are also expected to increase, including unconventional gas and coal, especially in the US, nuclear and renewable energy. The rapidly emerging market for renewable energy is expected to play a central role in reducing carbondioxide emissions and diversifying energy supplies. The share of modern renewable energy sources, including sustainable hydro, wind, solar, geothermal and marine energy, in global primary energy use is expected to triple between 2008 and 2035 and their combined share in total primary energy demand is expected to increase to 14%, according to the IEA. However, even allowing for the most optimistic assumptions about the development of renewable technology, greater consumption of renewable energy and the abatement arising from actions taken to reduce CO_2 emissions, oil and gas are expected to remain the world's main source of energy for many years to come.

Since 2008, the worldwide economic recession has slowed the rate of growth of energy consumption. While concerns over the economic outlook and the desire for greater market visibility led most major oil companies to delay capital expenditure until confidence returned. This resulted in many new major offshore project awards being delayed for a period of nearly two years. As a consequence the major oil companies lowered their medium-term growth outlook. However, this lower near-term capital expenditure, has resulted in most struggling to achieve production growth beyond 1% in the medium-term.

Consequently, oil companies continue to face the combined challenges of:

- low reserve replacement ratios. The current three-year moving average is slightly above 100%, representing a slight improvement from the low level experienced from 2004 to 2006. However, these figures have also been supported by the absence of production growth in the same period.
- high underlying decline rates on producing fields. More and more of the world's oil fields have entered into peak production and are in rapid decline. Russia and Mexico are now declining areas, in addition to the North Sea and the US, which have seen dwindling production for a while. According to the IEA analysis of the world's 500 largest fields, the underlying average production-weighted observed rate of decline, worldwide, was 7% for those fields past the peak of production.
- oil production becoming more challenging, as reservoirs become deeper, in more remote and less accessible areas, coupled with fewer large discoveries.

To address these challenges, oil companies need to access increasingly challenging new reserves to replenish production. One such new frontier is expected to be deepwater, where there have been important discoveries lately, including Brazil, the US Gulf of Mexico and West Africa. These discoveries present greater technical challenges and higher exploration and production costs. According to Barclays Capital, this is expected to result in an 11% increase in global exploration and production capital expenditure, which is expected to increase to $490 billion in 2011. Of this amount, offshore and in particular deepwater, production capital expenditure, is expected to grow significantly faster than that of onshore or shallower water.



Source: DnB NOR, Barclays Capital

These factors suggest a continued strong demand for the types of services and specialist activities provided by Subsea 7 in the medium and long-term. The demand for services in the offshore engineering, construction, and maintenance (OECM) market is global in nature, and is driven by the global nature of the oil and gas markets. Consequently most market participants operate on a worldwide basis. The industry has remained competitive, with competition arising from established offshore contractors, as well as from smaller regional competitors and less integrated providers of offshore services. In recent years a number of contractors, as well as pure ship owners, have placed orders for additional ships capable of working in the offshore OECM market which might cause an excess of supply adversely affecting the demand for services in the near-term.

Despite recent macroeconomic events, delays in contract awards, delays arising from the Macondo incident in the US Gulf of Mexico and increased capacity, Subsea 7 expects to see a continued expansion of demand for its services in the medium to long-term. While increased exploration and technological improvements have resulted in higher annual levels of oil discoveries, including some recent significant finds such as the deepwater pre-salt fields offshore Brazil, the demand for oil, and production capacity of the oil business, suggests a tight market with a low reserve replacement ratio, exacerbated by accelerating decline rates for mature fields.

Subsea 7's largest activity relates to the installation of infrastructure related to subsea trees or floating production platforms, including pipelines, risers, umbilicals, moorings and other subsea structures such as manifolds. Subsea 7 expects the demand for these activities in the medium and long-term to remain strong. Leading indicators of demand for subsea projects support this view. A significant number of multi-year deepwater drilling contracts were awarded during 2007 and 2008, typically lasting 3 to 5 years. These drilling contracts represent a significant investment on behalf of the major oil companies and it is expected that most of these contracts will, in time, lead to subsea projects. However, there have been significant delays in the award of the associated subsea contracts in the offshore market over the past two years, representing future growth potential for the offshore engineering, construction and maintenance market as a whole.

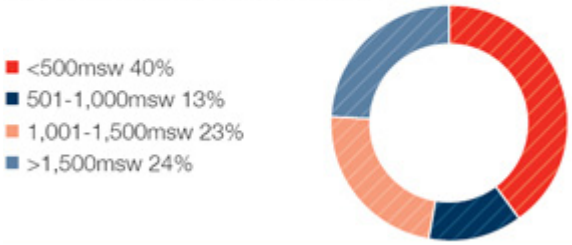
The number of subsea trees scheduled for installation is a further lead indicator of growth in demand for subsea projects in any given year. 2009 and 2010 saw a significant decrease in the number of trees installed due to the delay in contract awards resulting from the challenging macro environment. The combination of manufacturer investment and medium-term growth in the demand by major operators in the offshore oil and gas market suggests positive growth. Infield Systems Ltd forecasts that the total volume of EPIC project activity is expected to increase by 60% over the next five years compared to the previous five years, with developments in water depths greater than 500 metres expected to grow at the fastest rate. Quest Offshore, a market research firm, is forecasting awards of close to 600 trees in 2012 on a global basis. This level is around 40-50% above 2006-2008 average levels. The installation of more subsea trees, as well as the shift to deeper water depths, is expected to continue to drive growth in the market for the subsea contractors.

The demand for Life-of-Field projects has traditionally focused on mature subsea infrastructure in the North Sea and the US Gulf of Mexico, of which the latter has often been driven by hurricane repair work. The continued increase in the installation of subsea equipment, suggests that the level of operating expenditure required to undertake inspections by specialist survey assets and to maintain and repair previously installed and new infrastructure will also increase. This has important implications for Life-of-Field projects, where growth is expected in the medium and long-term. Furthermore, this sector is expected to become more global in nature, following the trend of increasing globalisation of the OECM market.

Activity in subsea projects has been cyclical. The increasing size and complexity of projects, together with external factors including national oil company approval, financial arrangements for the field operators, and the timing of the various development and exploration phases for these fields, suggest that the fundamentals going forward are strong but the exact timing of awards will remain difficult to predict.

SURF activity becoming deeper

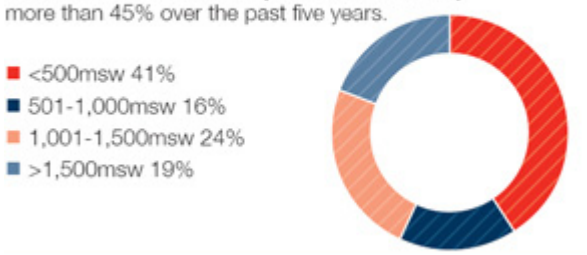
Over 60% of global EPIC SURF activity over the next five years is expected to be in water depths >500msw.



Source: Infield Systems Ltd.

Global subsea tree installation

It is expected that the number of subsea trees to be installed in the next five years will increase by more than 45% over the past five years.



Source: Infield Systems Ltd.

Africa & Gulf of Mexico (AFGoM[1])

2010 Highlights[2]

- Successful completion of $670 million Block 15 Project, offshore Angola for ExxonMobil.
- $500 million EGP3B Conventional Project commenced offshore operations in Nigeria for Chevron.
- $700 million PazFlor SURF Project commenced offshore operations, in Angola for Total.
- $450 million Block 31 and $140 million Block 18 Gas Export Line for BP commenced operations, offshore Angola.
- Strong operational performance from Sonamet, our fabrication facility in Angola.
- *Antares*, a new shallow water barge for Conventional activity, acquired and commenced work on EGP3B.
- Awarded $1.3 billion CLOV SURF contract, offshore Angola by Total – the Group's largest project award.
- Awarded $120 million Oso Re Conventional contract, offshore Nigeria.
- Support provided to BP, following Macondo incident, in US Gulf of Mexico.

West Africa and the Gulf of Mexico form two of the three pillars of the 'Atlantic triangle'. In West Africa, Angola's offshore deepwater production is expected to double to over three million barrels of oil equivalents per day by 2015, subject to OPEC quotas. Contract awards for Nigeria's significant deepwater offshore reservoirs have continued to experience delays, however awards are expected to be announced during 2011 and beyond. In addition, the requirement to eliminate gas flaring will lead to a number of initiatives in this region, as demonstrated by the development of the Angola LNG plant in Soyo and the associated gas gathering system for blocks 0, 14, 15, 17 and 18.

2010 Performance

1 AFGoM primarily comprises the following previously disclosed business segments: Acergy AFMED, Acergy NAMEX, Subsea 7 Africa and Subsea 7 North America.
2 2010 Highlights present highlights for Acergy S.A. and Subsea 7 Inc. in fiscal year 2010, prior to the Combination in January 2011.
3 Revenue from continuing operations for fiscal year 2010 for Acergy AFMED, Acergy NAMEX, Subsea 7 Africa & Subsea 7 North America.
4 Backlog as at end fiscal year 2010 for Acergy AFMED, Acergy NAMEX, Subsea 7 Africa & Subsea 7 North America.

The demand for shallow water activity in West Africa has traditionally focused on mature infrastructure in Nigeria. To maintain and increase current production levels requires material expenditure which presents opportunities for refurbishment work on the extensive array of shallow water platforms and associated pipelines in West Africa. With over 100 shallow water platforms in Nigeria alone requiring refurbishment works in the coming years, it is expected that this sector will remain strong in the near and medium term, with Nigeria and Angola expected to remain key geographies for these activities.

The Gulf of Mexico is one of the most prolific hydrocarbon basins in the world. Events arising from the Macondo incident in 2010, led to delays in contract awards, and permitting issues. However, development of the region's ultra deepwater fields, in close to 10,000 feet (some 3,000 metres) of water is expected to lead to significant future opportunities. These lower tertiary developments present technological challenges and require substantive innovation to provide the engineering and construction solutions that our clients require.

Opportunities for the future

Subsea 7, has successfully executed a broad range of complex deepwater and ultra-deepwater projects in West Africa and the Gulf of Mexico. In West Africa, we have developed advanced technological solutions for our clients which have been supported by successful execution, including installation of the world's largest Hyperflow® Riser Tower bundle at 1,200m long x 2.3m diameter, weighing 4,200T. Our shallow water business, focused on West Africa, has also been awarded a number of conventional contracts including in Angola, EPC4A and in Nigeria, EGP3B and Oso Re.

Completion of the Perdido and Independence Hub Projects, including the installation of the deepest umbilicals in the world in 2,941m water depth in the Perdido Field and in almost 2,750m water depth at Independence Hub, demonstrates Subsea 7's ability to execute successfully in the ultra deepwater of the Gulf of Mexico.

We have considerable local capabilities in Angola and Nigeria and a strong track record. We have invested significantly in developing local expertise and innovative capability in our people and fabrication yards. During 2010, Subsea 7 was awarded the company's largest ever EPIC SURF project at $1.3 billion on the CLOV Development, offshore Angola. We see our long-term local presence as a priority and key strength which, together with our track record positions us well to capture future opportunities.

Asia Pacific & Middle East (APME[1])

2010 Highlights[2]

- Successful completion of the Santos' Henry Project, offshore Australia.
- Successful completion of the Pyrenees and Pluto LNG Projects, offshore Australia.
- Successful completion of the Kikeh Flexibles Project, offshore Malaysia.
- Successful completion of the Iwaki Decommissioning Project, offshore Japan by our SapuraAcergy joint venture.
- $825 million Gumusut SURF Project, awarded to our SapuraAcergy joint venture commenced operations, offshore Malaysia.

Asia Pacific represents a significant area for future growth of offshore field developments. Strong and rapidly growing demand for energy is driving offshore oil and gas exploration and development in the Asia Pacific region notably in Malaysia, Indonesia, India, China and Australia's Northwest Shelf. Development activity in the region is expected to grow sharply to exploit untapped deepwater resources, providing growth opportunity to highly specialised contractors able to operate in deepwater and challenging environments.

This region is also set to become a major area of liquefaction facility construction for the provision of LNG. The Northwest shelf offshore Australia currently comprises predominantly gas driven developments. Australia has the potential to become one of the largest global suppliers of LNG. With fourteen proposed new LNG developments, in addition to Gorgon and PNG LNG Australasia, more than $110 billion is expected to be spent over the next decade on liquefaction facilities.

2010 Performance

1 APME primarily comprises the following previously disclosed business segments: Acergy AME and Subsea 7 Asia Pacific.

2 2010 Highlights present highlights for Acergy S.A. and Subsea 7 Inc. in fiscal year 2010, prior to the Combination in January 2011.

3 Revenue from continuing operations for fiscal year 2010 for Acergy AME & Subsea 7 Asia Pacific, excluding revenue from associates and non-consolidated JVs.

4 Backlog as at end fiscal year 2010 for Acergy AME & Subsea 7 Asia Pacific, includes share of backlog from SapuraAcergy.

The shallow continental shelf has presented many opportunities to date. However, the size and scale of future developments is expected to require greater expertise and resources to address the challenges of increasingly larger and deeper projects, coupled with the complexities presented by the large-scale gas developments offshore, Australia.

Opportunities for the future

Subsea 7 has successfully completed a broad spectrum of projects throughout the Asia Pacific region, including Malaysia, Vietnam, Japan, Australia and New Zealand. The increased scale and resource base of the Group is expected to present opportunities to optimise resource allocation across the Group to this region and to provide clients with advanced solutions and versatile assets to support their future developments.

Our joint venture, SapuraAcergy has successfully commenced offshore operations on the Gumusut Project, the first of the major deepwater projects in Malaysia. With high local content, a growing track record following successful project completions in India, Japan and Australia, SapuraAcergy has demonstrated its ability to deliver excellence from design to delivery, with strong execution using one to the world's most advanced pipelay and construction vessels, *Sapura 3000*.

The Group is dedicated to leveraging its expertise and experience to create innovative solutions for our clients, the world's national, international and independent oil and gas companies. Our client base, experience and industry knowledge means we are well positioned to anticipate market developments and prepare for future tendering of major contracts as existing and new basins reach development milestones.

Over the coming years, we believe access to new oil and gas reserves are expected to become increasingly challenging and complex, presenting many new opportunities in the significant and diverse Asia Pacific region, where we have an established presence, high local content and increasingly strong track record.

Brazil (BRAZIL[1])

2010 Highlights[2]

- Acquisition of *Polar Queen* and *Pertinacia*, flexible pipelay and subsea construction vessels which joined the fleet in 2006 and 2007 on long-term charter, and which are currently on long-term service agreements with Petrobras.
- *Acergy Condor* awarded new four year contract to Petrobras for $220 million.
- Awarded $190 million contract from Petrobras for the Sul-Norte Capixaba Project.
- Successful completion of Statoil's Peregrino Project, supported by *Seven Oceans*.
- Successful completion of Sul Capixaba Project, for Petrobras.
- i-Tech awarded largest single contract for the supply of drill rig servicing ROVs by Petrobras for an estimated contract value between $250 million to $405 million.
- $200 million P55 Project commenced offshore operations for Petrobras.

The pre-salt discoveries in deepwater, offshore Brazil represent a substantial opportunity for the industry. Brazil's national oil company, Petrobras' total planned investment for the period 2010 – 2014, show significant increases over the previous five years with the largest increase focused on investment in offshore E&C activities. With some $50 billion earmarked for new upstream projects focused on new production systems at Campos Basin, the start of the Santos Basin pre-salt development and accelerating the development of the Espirito Santo pre-salt (Parque das Baleias). Pre-salt production is expected to account for nearly 50% of Petrobras' production by 2020, from nil in 2008.

2010 Performance

[1] BRAZIL primarily comprises the following previously disclosed business segments: Acergy SAM and Subsea 7 Brazil.
[2] 2010 Highlights present highlights for Acergy S.A. and Subsea 7 Inc. in fiscal year 2010, prior to the Combination in January 2011.
[3] Revenue from continuing operations for fiscal year 2010 for Acergy SAM & Subsea 7 Brazil.
[4] Backlog as at end fiscal year 2010, for Acergy SAM & Subsea 7 Brazil.

Opportunities for the future

Subsea 7 has a strong presence in the traditional offshore field developments in the Santos basis. Through the provision of highly specialised pipelay vessels, Subsea 7 has supported Petrobras for some 20 years in offshore construction. In May 2009, *Pertinacia* completed work on the deepwater flexible lines to enable Petrobras to achieve 'first oil' on the Tupi Field, representing a key milestone for the pre-salt fields. Following production on this extended well test, Petrobras has subsequently announced favourable results from other reservoir tests; including the Guara reservoir that responded extremely well to flow testing. It is expected that the Guara and Tupi NE SURF contracts will be awarded to the industry in 2011.

Subsea 7 has a proven track record of execution in Brazil. Highly specialised world-class pipelay and construction vessels are supported by extensive fabrication and onshore facilities. Subsea 7 is well positioned to deliver the full spectrum of subsea engineering, construction and services to its clients in Brazil.

Whether through the provision of the advanced technology of the rigid risers, fixed by a floating buoy, with flexible risers or the hybrid riser tower technology, proven in West Africa, Subsea 7 is expected to be well positioned to support it clients' needs in addressing the complex challenges presented by the sour and waxy hydrocarbon content, together with the challenges of water depth presented by the pre-salt field developments.

Traditionally, Petrobras has favoured the use of flexible flowlines, resulting in Brazil representing a significant part of the total market for flexible flowlines. Through its joint venture, NKT Flexibles, Subsea 7 is able to play an important part in meeting its clients needs in this area of the market. This strategic partnership, enabling a symbiotic relationship between manufacturing and installation expertise, further supports Subsea 7's strong local position.

North Sea, Mediterranean & Canada (NSMC[1])

2010 Highlights[2]

- Difficult market conditions in the North Sea and Norwegian Seas, resulted in lower activity levels.
- Awarded three-year contract for the provision of Dive Support Vessel services to the DSVi Collective of companies.
- Awarded $50 million Medway Development Project in the Dutch sector of the North Sea.
- $195 million Deep Panuke SURF Project commenced offshore operations, in Canada for Encana.
- Awarded $250 million Tormore Laggan deepwater gas development, offshore West of Shetland, by Total.
- Strong Life-of Field operations on Shell, ConocoPhillips, Total and BP Frame Agreements.
- Four bundle projects awarded and executed in 2010.
- Successful execution of two Valhall Re-development Projects and three Skarv Projects for BP in the Norwegian sector of the North Sea.
- *Seven Atlantic*, a state-of-the-art diving support vessel joined the fleet.

The North and Norwegian Seas have long been an important market for offshore construction contractors. After decades of exploration and production, the developed infrastructure allows fast-track development from discovery to production. Recent prominent discoveries, in one of the most explored areas, shows that with new technology, new concepts and advanced geology, new resources can be found.

2010 Performance

It is expected that with time, the harsh and extremely challenging environments of the Barents Sea, and eventually the Arctic will be within the technological capabilities of the industry and the realisable ambitions of our clients.

As older infrastructure comes to the end of its original design life, and new increasingly complex subsea infrastructure is installed, the Life-of-Field market is forecast to grow significantly.

The challenges facing the major oil companies today include increasing decline rates of existing fields and the growing proportion of smaller fields under development. These factors, prevalent in the North Sea and on the Norwegian Continental Shelf, are leading clients to increase levels of standardisation of field development and to seek to reduce the time lapse between final investment decision contract awards and production.

Opportunities for the future

Subsea 7 delivers a full suite of services across all categories of Life-of-Field work, including inspection, maintenance and repair, integrity management and remote intervention. Supported by proven project management capability, technical expertise and new technologies, these services can be provided using either Subsea 7 owned or client-supplied vessels.

Subsea 7 has a world-class track record in Life-of-Field activities worldwide. As demonstrated by many long-running contracts, including in the North Sea frame agreements for Shell, ConocoPhilips, Total, the BP Inspection contract, which has run for over 15 years, and the recently awarded multi-year diving support vessel services contract to the DSVi Collective of companies in the North Sea.

Subsea 7's services are enhanced by working with industry partners and our clients in developing and delivering cutting-edge products and technologies to support their ongoing needs. As the focus for development moves to the Barents Sea and more frontier territories, such as the Arctic, the challenges faced by the subsea contractors increase. Our versatile fleet is capable of operating in the world's most challenging environments.

Despite challenging market conditions and lower activity levels during 2009 and 2010 the North Sea and Norwegian Seas are expected to present prospects for future growth. With an increasing need to deliver technically challenging contracts efficiently, the market represents a growth opportunity for Subsea 7 in the medium and long-term.

1 NSMC primarily comprises the following previously disclosed business segments: Acergy NEC and Subsea 7 North Sea.

2 2010 Highlights present highlights for Acergy S.A. and Subsea 7 Inc. in fiscal year 2010, prior to the Combination in January 2011.

3 Revenue from continuing operations for fiscal year 2010 for Acergy NEC & Subsea 7 North Sea.

4 Backlog as at end fiscal year 2010 for Acergy NEC & Subsea 7 North Sea.

Managing risks and uncertainties

Effective management of risk and opportunity is essential to the delivery of the Group's vision, achievement of sustainable shareholder value and protection of its reputation. The Board acknowledges its responsibility for the oversight of the Group's system of internal control and for reviewing its effectiveness.

The Board has ultimate responsibility for the effectiveness of the Group's risk management activities and internal control processes. Any system of internal control can provide only reasonable, and not absolute assurance that material financial irregularities will be detected or that the risk of failure to achieve business objectives is eliminated. The Board's objective is to ensure Subsea 7 has appropriate systems in place for the identification and management of risks, while ensuring that within a given risk appetite, the business is able to optimise enterprise value.

Management-Based Assurance

The Executive Management Team is responsible for monitoring and managing operating and enterprise risk, in accordance with the level of risk the Group chooses to take in pursuit of its business objectives, and where possible, mitigating the various risks facing the business. These activities fall into the following categories:

Market Risks

- Market intelligence gathering
- Dedicated Relationship Manager for each major client
- Comprehensive fleet rejuvenation programme
- Cost reduction initiatives

Strategic Risks

- Analysis of ownership vs. lease of new assets
- Organisational restructuring
- Use of joint ventures or consortium for higher-risk projects
- Long-term scenario planning

Operational Risks

- Regular reviews of insurance cover
- Critical asset management programme
- Regular supplier and sub-contractor audits
- ISO 9001 quality compliance audits

Financial Risks

- Annual financial reporting risk self-assessments
- Annual reviews of uncertain tax positions
- Financial training and development programmes
- Regular testing of key internal controls

Compliance Risks

- Whistleblower hotline for all employees
- Annual fraud risk self-assessments
- Published Code of Conduct
- Anti-corruption compliance committee

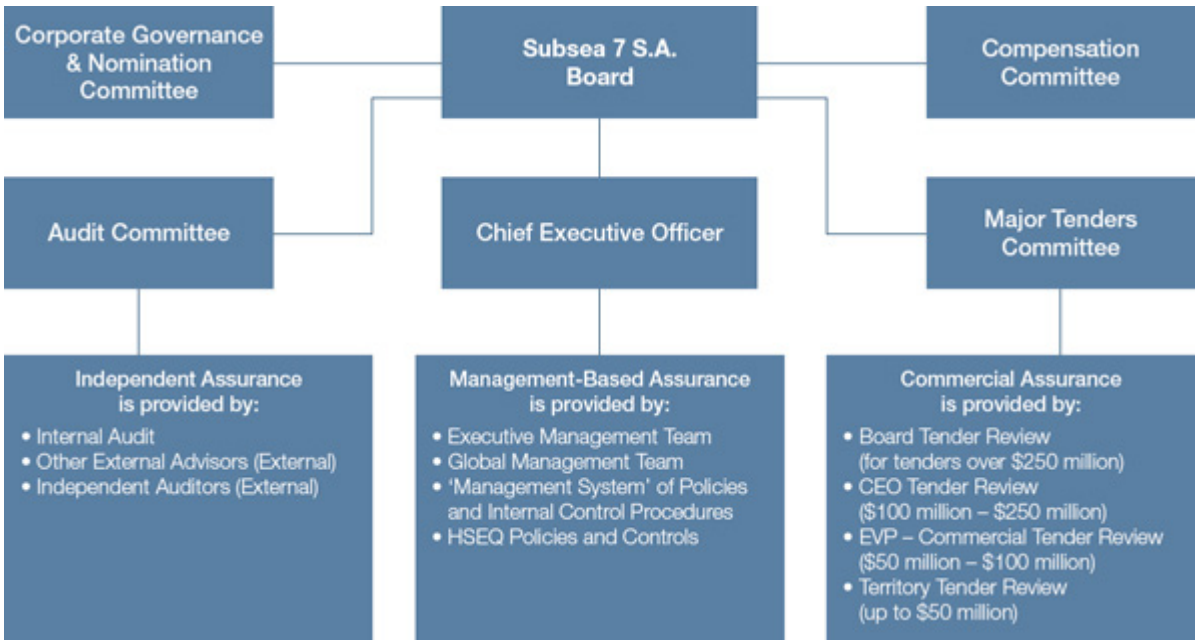
For a further discussion, refer to 'Risk Factors' on page 28.

Commercial Assurance

Marketing of our services is performed through our Territories and regional offices, and most of our work is obtained through a competitive tendering process. When a target project is identified by our marketing teams, the decision to prepare and submit a competitive bid is taken by management in accordance with delegated authority limits. Cost estimates are prepared on the basis of a detailed standard costing analysis, and the selling price and contract terms are based on our commercial standards and market conditions.

Formal review process: Before the tender package is submitted to the client, it is subject to a disciplined review process. Tenders are first reviewed at the Territory level where the technical, operational, legal and financial aspects of the proposal are considered in detail. Completion of the territory review process requires the formal approval of the Senior Vice-President of the Territory, followed by a detailed review by the appropriate Tender Review Board, depending on tender value.

Risk Framework



- Tenders with values below $50 million require approval from the Territory Senior Vice President.
- Tenders with values between $50 million and $100 million require approval from the Executive Vice President – Commercial.
- Tenders with values between $100 million and $250 million require the further approval of the Chief Executive Officer.
- Tenders in excess of $250 million require a further review and approval of the Board.

Risk management: A formal risk assessment is performed for each project for which we intend to submit a tender. The assessment consists of a legal risk assessment that compares the contractual terms and conditions of the proposed tender to our standard terms and conditions. The financial impact of any deviation from our standard terms and conditions is quantified and a risk mitigation plan is proposed. In addition, an operational risk assessment is conducted that analyses factors such as the impact of weather, supplier delays, industrial action and other factors to quantify the potential financial impact of such events. In addition, Internal Audit reviews tenders for compliance to standard terms.

Standardisation of approach: The implementation of standard tendering policies has resulted in the information contained in tender review packages being uniform across the organisation, allowing the relative risks and benefits of tendering for various projects to be assessed. As projects continue to increase in size and complexity, a larger proportion of tenders are reviewed centrally by Executive Management and great emphasis is placed on adherence to the standard contractual terms and conditions. With these policies in place, a significant amount of management time is devoted to the tendering process and, given the costs associated with the tendering process, management is selective of the initiation of new tenders, focusing on those tenders it believes it is well placed to win and which will deliver a positive financial return.

Variation orders: The Group's policy is not to undertake variations to work scope without prior agreement of scope, schedule and price. A tender board appointed to supervise each tender can decide whether or not to deviate from this policy. It is customary that, where a variation to the project scope or specifications is required, execution of the project usually continues through to completion. These often give rise to claims and variation orders, which will be negotiated with the client during the ordinary course of the project, although settlement may follow the completion of the offshore activities.

Internal Controls

The Board acknowledges its responsibility for the oversight of the Group's system of internal controls and for reviewing its effectiveness. The Group's system of internal controls is designed to manage rather than eliminate the risk of failure to achieve business objectives. It provides reasonable but not absolute assurance against material misstatement or loss.

Internal Audit is responsible for the independent review of risk management and the Group's control environment. Its objective is to provide reliable, valued and timely assurance to the Board, the Audit Committee, the Chief Executive Officer and the Executive Management Team over the effectiveness of controls, mitigating current and evolving high risks and in so doing enhancing the controls culture within the Group. In particular Internal Audit assists Executive Management by carrying out independent appraisals of the effectiveness of the internal control environment and makes recommendations for the improvement, and supports the Group's business management policies. The Audit Committee reviews and approves Internal Audit's programme and resources, reviews and discusses major findings of audit reviews together with management responses and evaluates the effectiveness of Internal Audit.

External advisors, from time to time, provide advice to the Board on issues related to corporate governance such as reviewing board effectiveness and insurance cover.

The Group's Executive Management, using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control – Integrated Framework, believes that as of November 30, 2010 the Group's internal control over financial reporting was effective.

Management's Report on Internal Control over Financial Reporting, as well as an attestation Report from our Independent Auditor's is part of our Annual Report on Form 20-F for fiscal year 2010, which will be filed with the SEC (see 'Cross reference table' on page 171). The Group intends to maintain its focus on improving the control environment within the business and considers it to be a key pillar contributing to an appropriate financial strategy.

As of November 30, 2010 no material weaknesses had been identified. For ongoing monitoring of the progress of Sarbanes-Oxley compliance project, regular Sarbanes- Oxley Steering Committee meetings are held. Members of the Steering Committee include the Chief Financial Officer, the Group Financial Controller and the Head of Internal Audit. In addition, representatives from our Independent Auditor's are invited to attend certain meetings.

There has been no change in our internal control over financial reporting that occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

The Board derives further assurance from the reports from the Audit Committee, which has been delegated responsibility to review the effectiveness of the internal financial control systems implemented by management and is assisted by Internal Audit.

The Group carried out an evaluation under the supervision, and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of disclosure controls and procedures as at November 30, 2010. Management are satisfied that disclosure controls and procedures were effective.

Risk Factors

The following factors and the other information contained in this Report should be carefully considered. The following is a description of the risks that may affect some or all of our activities and which may affect the value of an investment in our securities. If any of the events described below occurs, the business, financial condition or results of operations of the Group could be adversely affected in a material way. Additional risks and uncertainties that the Group is unaware of or that it currently deems immaterial may in the future have a material adverse effect on the Group's business, results of operations and financial condition.

Market Risks

The Group's business is affected by expenditure by participants in the oil and gas industry.

Demand for the Group's services depends on expenditure by participants in the oil and gas industry and particularly on capital expenditure budgets of the companies engaged in the exploration, development and production of offshore oil and gas. Should a major (and/or several small or medium) international or national oil and gas company(ies) significantly scale back their project expenditure programme, or delay, change the scope of, or cancel projects already included in the Backlog of the Group, this may have adverse effects on the Group's revenue and profits.

Offshore oil and gas field capital expenditures are also influenced by many other factors beyond the Group's control, including:

- prices of oil and gas and anticipated changes in world oil and gas demand;
- the discovery rate of new offshore oil and gas reserves;
- the economic feasibility of developing particular offshore oil and gas fields;
- the production from existing producing oil and gas fields;
- political and economic conditions in areas where offshore oil and gas exploration and development may occur;
- governmental regulations regarding environmental protection and the oil and gas industry generally, including policies regarding the exploration for, pricing and production and development of their oil and gas reserves; and
- the ability of oil and gas companies to access or generate capital and the cost of such capital.

The Group faces competition both for contracts and for resources.

Contracts for the Group's services are generally awarded on a competitive bid basis, and although clients may consider, among other things, the availability and capability of equipment and the reputation and experience of the contractor, price is a primary factor in determining which contractor is awarded a contract.

Competition could result in pricing pressures, lower sales and reduced margins that would have an adverse effect on the operating results, cash flows and financial condition of the Group. The Group may experience constraints in its supply chain due to future increases in expenditure by their clients in the industry which could lead to increased competition for resources, such as raw materials, equipment and skilled workers. Such supply chain bottlenecks or limited availability of resources could negatively affect the results of operations of the Group. For more information, please refer to 'Additional Information – Competition'.

The Group depends on certain significant clients and long-term contracts.

The loss of any one or more significant clients, or a failure to replace significant long-term projects on similar terms, or a substantial decrease in demand by the Group's significant clients, could result in a substantial loss of revenue which could have a material adverse effect on the business of the Group. For more information, please refer to 'Additional Information – Clients'.

The offshore oil and gas operations of the Group could be adversely impacted by certain consequences of the Macondo incident and resulting oil spill.

To date, the Group has not experienced a material impact on its operations as a result of the Macondo incident. However, at this time, the Group cannot predict what future impact, if any, the incident may have on the regulation of offshore oil and gas exploration and development activity in the US Gulf of Mexico or elsewhere (including the imposition of a moratorium on exploration or development in certain regions), the cost or availability of insurance coverage to cover the risks of such operations, or what actions may be taken by clients of the Group or other industry participants in response to the incident or its potential consequences. Increased costs for the operations of the Group's clients in the US Gulf of Mexico or in other areas, along with possible delays to obtain necessary permits, could negatively affect the economics of currently planned activity in these areas and demand for the Group's services, and may result over the long-term in a shift in activity away from these areas. A prolonged suspension of drilling activity in the US Gulf of Mexico or in other areas and resulting new regulations in or similar regulatory action in the US or other regions could adversely affect the award of future deepwater projects, which may in turn negatively affect the Group's financial condition, results of operations or cash flows.

Strategic Risks

The Group's international operations are exposed to political, social and economic instability in the developing countries in which the Group operates, and other risks inherent in international business.

Many of the Group's operations are performed in emerging markets. Operations in these emerging markets present risks including:

- economic and political instability;
- increased risk of fraud and political corruption;
- boycotts and embargoes that may be imposed by the international community;
- requirements of local ownership of operations and requirements to use local suppliers or subcontractors;
- disruptions due to civil war, terrorist activities, piracy, labour unrest, election outcomes, shortage of commodities, power interruptions or inflation;
- the imposition of adverse tax policies; and
- exchange controls and other restrictions by foreign governments.

Such events could cause cost overruns on projects for which the Group is not reimbursed and sharing of revenues where local ownership is required. Additionally, these factors could delay the completion of projects resulting in contractual penalties and the unavailability of assets that are needed elsewhere. Political or social instability could also reduce growth opportunities for the Group's business. It may also lead to the loss of or damage to assets, including due to acts of piracy.

Further, operations in developing countries are subject to decrees, laws, regulations and court decisions that may change frequently or be retroactively applied and could cause the Group to incur unanticipated or unrecoverable costs or delays. The legal systems in developing countries may not always be fully developed and courts or other governmental agencies in these countries may interpret laws, regulations or court decisions in a manner which might be considered inconsistent or inequitable in the United States or Western Europe, and may be influenced by factors other than legal merits, which could have a material adverse effect on the Group's business and financial results.

The Group must continuously improve technology and equipment to compete for business and avoid asset write-downs.

The Group's clients seek to develop oil and gas fields in increasingly deeper waters and more challenging offshore environments. To meet clients' needs, the Group must continuously develop new and update existing technology for the installation, repair and maintenance of offshore structures. If it does not, the Group may not be able to meet its clients' requirements and compete effectively for projects. In addition, rapid and frequent technology and market demand changes can render existing technologies obsolete, requiring substantial new capital expenditures and

write-downs of the Group's assets. Any failure by the Group to anticipate or to respond adequately and timely to changing technology, market demands and client requirements could adversely affect the Group's business and financial results.

Operational Risks

The Group may experience equipment or mechanical failures.

The Group operates a scheduled maintenance programme in order to keep all assets in good working order, but despite this breakdowns can and do occur. Such problems could increase costs, impair revenue and result in penalties for failure to meet project completion requirements.

The Group's results may fluctuate due to adverse weather conditions.

A substantial portion of the Group's revenue from continuing operations is generated from work performed offshore West Africa, Brazil, the US Gulf of Mexico and the North Sea and may in the future be performed in other areas, where during certain periods of the year adverse weather conditions usually result in low levels of offshore activity. During such periods of curtailed activity, the Group continues to incur operating expenses, but revenue from operations may be delayed or reduced.

The Group is exposed to substantial hazards, risks and delays, the resulting liabilities of which may potentially exceed insurance coverage and contractual indemnity provisions.

The Group's operations could result in injury or death to personnel or third parties, reputational damage or damage to or loss of property. A successful liability claim for which the Group is underinsured or uninsured could have a material adverse effect on the Group. Additionally, such events could cause the suspension of the Group's operations on particular projects, delays and cost overruns.

The Group generally seeks to obtain indemnity agreements from its clients requiring them to hold the Group harmless in the event of damage to existing facilities, loss of production or liability for pollution. Such contractual indemnification, however, may not necessarily cover liability resulting from the gross negligence or wilful misconduct of, or violation of law by, the Group's employees or subcontractors. Additionally, if the client does not satisfy its obligations, the Group could suffer losses.

Unexpected costs or estimating errors may adversely affect the amount realised from lump-sum contracts.

A significant proportion of the Group's business is performed on a lump-sum basis where the contract price is based on the Group's estimates at the time the contract is entered into. Consequently, unexpected costs can reduce the profitability of, or cause a loss to, a lump-sum project if the Group is not contractually entitled to compensation for the cost overrun. Unexpected costs can arise from equipment failures, subcontractor problems, unanticipated offshore conditions or price increases on necessary materials. Estimating errors may arise due to failure to correctly assess during the tender process elements such as the quality of materials or level of labour required to complete a lump-sum project.

The Group employs the percentage-of-completion method of accounting, which relies on its ability to develop reliable estimates of progress toward completion. Unexpected costs could require the Group to take charges against income to reflect properly the level of completion of a project and to recognise loss-making projects immediately. This could result in a reduction or elimination of previously reported contract revenues.

Delays or cancellation of projects included in the Group's Backlog may adversely affect future revenue.

The US Dollar amount of the Group's backlog does not necessarily indicate actual future revenue or earnings related to the performance of that work. Backlog refers to expected future revenue under signed contracts, which are determined as likely to be performed. During the course of a project, the backlog is adjusted to take account of alterations to the scope of work under approved variation orders and contract extensions. Although the backlog represents only business that is considered to be firm, cancellations, delays or scope adjustments have occurred in the past and may occur in the future as a result of economic downturn or as a result of regulatory or other action, including actions connected to the Macondo incident. Due to factors outside the Group's control, such as changes in project scope and schedule, it is not possible to predict with certainty when or the extent to which projects included in the Backlog will be performed, if at all. Delays, changes in scope or cancellations of projects in the Backlog may adversely affect future revenue.

The Group may experience unexpected costs and/or delays in completing *Borealis*.

The completion of *Borealis* is covered by several contracts. There can be no certainty that the construction of this vessel will be completed on time and on budget. Delay in the delivery and completion of this vessel may result in it being unavailable to undertake contracted work, which may result in increased costs or penalties for late arrival or non availability.

The Group may be unable to attract and retain skilled workers in a competitive environment.

The ability to execute the growing number of large projects to the high-quality standard required is heavily dependent on the number of qualified engineers and project managers available. If the Group is not able to attract the number and quality of such personnel required, there is a risk that the future growth of the Group may not be achieved as planned.

Additionally, if the Group is not able to retain such key employees and other experienced and skilled workers with knowledge of the Group's operations and procedures, the Group's future operating results could be adversely affected.

Financial and Compliance Risks

The Group's reputation and its ability to do business may be impaired by corrupt behaviour by any of its employees or agents or those of its affiliates.

The Group and its affiliates, including joint ventures, operate in countries historically known to experience governmental and institutional corruption. While the Group is committed to conducting business in a legal and ethical manner, there is a risk that its employees or agents or those of its affiliates may take actions that violate the law and could result in monetary penalties against the Group or its respective affiliates and could damage the reputation and, therefore, the ability to do business of the Group.

The Group is exposed to financial risk involving third parties.

If one or more of the Group's major banks or depositing counterparties becomes insolvent the Group could lose access to agreed credit lines or lose its cash deposits. If the banks which provide the Group's guarantee facilities are unable to continue to provide the current level of guarantee facilities, this would negatively impact the Group's ability to bid for new contracts and could undermine the Group's ability to fulfil existing contracts since a large portion of available contracts require provision of bank guarantees.

The Group may be liable to third parties for the failure of the Group's joint venture partners to fulfil their obligations.

The Group's ability to service indebtedness and fund its operations depends on cash flows from its subsidiaries.

As a holding company, the Group's principal assets consist of its direct and indirect shareholdings in its respective subsidiaries. Accordingly, the Group's ability to make required payments of interest and principal on its indebtedness and the funding of its operations is affected by the ability of the respective operating subsidiaries, the principal source of cash flow, to transfer available cash within the Group. The intercompany transfer of funds and repatriation of profit or capital (by way of dividends, inter-company loans or otherwise) may be restricted or prohibited by legal requirements applicable to its subsidiaries and their directors, especially in the event that the liquidity or financial position of the relevant subsidiary is uncertain. In addition, such repatriation of profits, capital or funds could be subject to tax at various levels within the corporate structure of the Group and, depending on where tax is payable, the effective tax rate for either company may be adversely affected.

The Group's international operations expose it to the risk of fluctuations in currency exchange rates.

The revenue and costs of operations and financial position of many of the Group's non-US subsidiaries are measured initially in the local currencies of countries in which those subsidiaries reside. That financial information is then translated into US dollars (the reporting currency of the Group) at the applicable exchange rate. The exchange rate between these currencies and the US Dollar may fluctuate substantially, which could have a significant effect both from a translational and operational perspective on the reported consolidated results of operations and financial position of the Group. For more information, please refer to Note 34 'Financial instruments' to the Consolidated Financial Statements.

The Group manages its foreign currency exchange exposure by, among other things, using derivative instruments to hedge revenue or expenditure that is not in the functional currency of a given subsidiary. However, the Group may not be able to eliminate such exposure and, therefore, currency exchange rate movements and volatility can have a material adverse impact on its financial position.

The Group's tax liabilities could increase as a result of recently becoming subject to Luxembourg's ordinary tax regime.

The Luxembourg law of July 31, 1929 on the tax regime of financial participation companies (holding companies) provides exemption from Luxembourg corporate taxes on earnings (including dividends, interest, and royalties) in certain circumstances. The Group ceased to benefit from this special tax status on December 31, 2010 and on January 1, 2011 the Group became subject to Luxembourg's ordinary tax regime. The Group is in the process of restructuring its affairs to mitigate any potential adverse effects as a result of being subject to Luxembourg's ordinary tax regime. However, when finalised, the measures actually implemented by the Group may not be sufficient to eliminate all potential adverse effects of the new tax regime, in which case the Group's tax liabilities may increase by amounts that currently cannot be estimated.

The future tax liabilities of the Group could increase as a result of a change to the existing UK tax position of certain of the Group's UK subsidiaries.

Following completion of the Combination of Acergy S.A. and Subsea 7 Inc., the existing UK tax position of some of the Group's UK subsidiaries is expected to change as a result of the operation of UK tax law. Currently, some of the Group's UK subsidiaries have elected into the UK tonnage tax regime ('tonnage tax') such that they are taxed based on the tonnage of the vessels they operate whereas certain other of the Group's UK subsidiaries are taxed under the standard UK Corporation Tax regime.

If the Group's UK ship operating subsidiaries leave the tonnage tax regime as a consequence of the Combination, the Group's deferred tax liability would increase by approximately $48.6 million, with a corresponding change to the income statement and an equity reduction.

If agreement can be reached with the UK tax authorities as to the eligibility of the Group to be within the tonnage tax regime, it is management's current intention to elect for the qualifying operating subsidiaries to be taxed under this regime. For more information, please refer to Note 40 'Post balance sheet events' to the Consolidated Financial Statements.

The Group's tax liabilities could increase as a result of adverse tax audits, enquiries or settlements.

Due to its global operations, the Group routinely deals with complex transfer pricing, permanent establishment and other similar international tax issues, as well as competing tax systems where tax treaties may not exist. In the ordinary course of events, the operations of the Group are currently or will be subject to audit, enquiry and possible re-assessment by different tax authorities. The Group makes tax provisions for the amounts it considers may become payable in the ordinary course of business or as a result of tax audits, and for which a reasonable estimate may be made. The risk exists that current provisions may not be adequate and areas not currently provided for may require future provisions. Therefore, adjustments may subsequently be required to tax provisions in later years as and when these and other matters are finalised with the appropriate tax authorities. The Group's operations in various countries are currently subject to enquiries, audits and disputes including with respect to its operations in Angola, Australia, Brazil, Canada, Congo, Denmark, France, Gabon, Indonesia, Nigeria, the UK and US. For more information, please refer to Note 11 'Taxation' to the Consolidated Financial Statements.

If, as expected, Subsea 7 S.A. is no longer traded on NASDAQ and deregisters under the US Securities Exchange Act of 1934, the Group will no longer be subject to certain US corporate governance and disclosure rules, nor will it be traded on any US national securities exchange.

Subsea 7 S.A. has commenced procedures to delist its ADSs from NASDAQ and intends to deregister its ADSs and common shares under the US Securities Exchange Act of 1934 as soon as it becomes eligible to do so.

If, as expected, Subsea 7 S.A. accomplishes the delisting and deregistration, the Group will no longer be subject to certain US rules related to corporate governance and disclosure requirements, although it will be subject to corporate governance and disclosure requirements applicable to Luxembourg companies primarily listed on the Oslo Børs. For example, following delisting from NASDAQ, the Group will not be required to maintain an audit committee that is independent as required under the NASDAQ rules. In addition, following deregistration of its ADSs and common shares under the US Securities Exchange Act of 1934, the Group will not be required, among other things, to (i) file Annual Reports on Form 20-F or furnish Current Reports on Form 6-K with the US Securities and Exchange Commission or (ii) comply with the US Sarbanes-Oxley Act of 2002 (including annual assessments of internal controls required by Section 404 thereof). As a result of such delisting and deregistration, a holder of the Group's ADSs or common shares will no longer be afforded the protection of these rules. For more information, please refer to Note 40 'Post balance sheet events' to the Consolidated Financial Statements.

In addition, following delisting from NASDAQ, the Group's ADSs will no longer be traded on any national securities exchange in the US. The Group's common shares will continue to be listed on the Oslo Børs and the Group anticipates that its ADSs will continue to be traded in the US on the US over-the-counter market. Securities quoted on the US over-the-counter market generally have less liquidity in the US than securities traded on a US national securities exchange, including lower US trading volumes, delays in the timing of transactions and reduced securities analyst and news coverage in the US. The Group does not intend to facilitate the trading of its ADSs in the over-the-counter market and there is no guarantee that any such trading will occur.

Risks Relating to the Combination

The Group expects to incur substantial costs related to the integration of Acergy and Subsea 7 businesses.

The Group expects that it will incur substantial costs in connection with integrating the respective businesses, policies, procedures, operations, technologies and systems of Acergy S.A. and Subsea 7 Inc. There are a large number of systems that must be integrated, including information management, purchasing, accounting and finance, sales, billing, payroll and benefits, fixed asset and lease administration systems and regulatory compliance. There are a number of factors beyond the control of the Group that could affect the total amount or the timing of all of the expected integration expenses. Moreover, many of the expenses that will be incurred are, by their nature, difficult to estimate accurately at the present time. These expenses could, particularly in the near term, exceed the savings

that the Group expects to achieve from the elimination of duplicative expenses, the realisation of economies of scale and cost savings and revenue enhancements related to the integration of the businesses. These integration expenses may result in the Group taking significant charges against earnings.

The Group may be unable to successfully integrate the businesses which could result in the Group's failure to realise anticipated cost savings, revenue enhancements and other benefits expected from the Combination.

The Combination involves the integration of two companies which previously operated as independent public companies. The Group is required to devote substantial management attention and resources to integrating its business practices and operations. Potential difficulties the Group may encounter in the integration process include the following:

- the inability to successfully integrate the respective businesses of Acergy S.A. and Subsea 7 Inc. in a manner that permits the Group to achieve the cost savings and operating synergies anticipated to result from the Combination, which would result in the anticipated benefits of the Combination (including the expected synergies) not being realised partly or wholly in the time frame currently anticipated or at all;
- loss of revenue and/or clients as a result of certain clients of either or both of the two companies deciding not to do business with the combined Group, or deciding to decrease their amount of business with the combined Group in order to reduce their reliance on a single provider;
- the integration of personnel from the two companies while maintaining focus on providing consistent, high quality products and client service in a safe manner;
- potential unknown liabilities and unforeseen increased expenses, delays or regulatory conditions associated with the Combination; and
- performance shortfalls at one or both of the two companies as a result of the diversion of management's attention caused by completing the Combination and integrating the two companies' operations.

In connection with the Combination, the Group announced that it expects to achieve synergies of at least $100 million per annum within three years of completion of the Combination, primarily from operating cost and vessel fleet efficiencies. These synergies may not be achieved to the fullest extent or within the timeframe expected, which could have an adverse effect on the Group's results of operations. Achieving the benefits of the Combination will depend in part upon the Group's ability to meet the challenges inherent in the successful integration of global business enterprises of the size and scope of the new Group.

The Group is subject to regulatory requirements and approvals regarding the Combination which may impose conditions that could have a material adverse effect on the operating or financial performance of the Group.

The Group is subject to the regulatory requirements and approval of antitrust authorities in the UK and Brazil. On December 21, 2010 the UK Office of Fair Trading (OFT) announced that it had suspended its duty to refer the proposed Combination to the UK Competition Commission (CC) and was considering undertakings from Acergy S.A. and Subsea 7 Inc. This followed the submission of a notification to the OFT regarding the proposed Combination on September 23, 2010. The undertakings under consideration are: the divestiture of one pipelay vessel, most likely *Acergy Falcon*, and potentially one diving support vessel. Should the OFT reject the undertakings, the OFT would reactivate its duty to refer the Combination to the CC, which would trigger an in-depth investigation lasting at least five months. The Group cannot predict the outcome of any such investigation which could result in undertakings that are more or less burdensome than those imposed by the OFT (or no undertakings at all).

The OFT's announcement followed prior unconditional clearances received from the relevant authorities in the US, Norway and Australia. Competition clearance is still being sought in Brazil. No assurance can be given that the necessary approvals will be obtained within a reasonable timeframe or at all. Anti-trust authorities may make their decisions or approvals conditional upon the Group accepting certain restrictions or undertakings, that could have a material adverse effect on the operating or financial performance of the Group.

Governance

Board of Directors

Kristian Siem 1949

Chairman[2, 3]

Appointment: Mr. Siem is Chairman of Subsea 7 S.A. He became Chairman following completion of the Combination of Acergy S.A, and Subsea 7 Inc. in January 2011, prior to which he was Chairman of the Board of Directors of Subsea 7 Inc. since January 2002.

Skills and experience: Prior to his current appointment Mr. Siem was Chairman of the Board of Directors of Subsea 7 Inc. since January 2002. He has a degree in business economics and has been active in the oil and gas industry since 1972.

External appointments: Mr. Siem is the Chairman of Siem Industries Inc., Siem Offshore Inc., and Siem Industrikapital AB. Mr. Siem is a Director of Star Reefers Inc., North Atlantic Smaller Companies Investment Trust plc and Frupor S.A. He was also a Director of Transocean Inc. until December 2008.

Mr. Siem is a Norwegian citizen.

Sir Peter Mason KBE 1946

Senior Independent Director* [2]

Appointment: Sir Peter Mason KBE FREng became Senior Independent Director of Subsea 7 S.A. following completion of the Combination of Acergy S.A. and Subsea 7 Inc. in January 2011. He served as an Independent Director of Acergy S.A. since October 2006 and was appointed Chairman of Acergy S.A. in May 2009.

Skills and experience: Sir Peter brings extensive management and oil service experience, having served as Chief Executive of AMEC from 1996 until his retirement in September 2006.

Prior management positions include Executive Director of BICC plc and Chairman and Chief Executive of Balfour Beatty. He is a Fellow of the Institute of Civil Engineers and holds a Bachelor of Science degree in Engineering.

External appointments: Sir Peter has been Chairman of the Board of Directors of Thames Water Utilities Ltd since December 2006 and a Non-executive Director of BAE Systems plc since January 2003. He was also, until October 2008, a Board Member of the 2012 Olympic Delivery Authority.

Sir Peter is a British citizen.

Jean Cahuzac 1954

Chief Executive Officer

Appointment: Mr. Cahuzac became Chief Executive Officer of Subsea 7 S.A. following completion of the Combination of Acergy S.A. and Subsea 7 Inc. in January 2011. Prior to this he was appointed Chief Executive Officer of Acergy S.A. in April 2008 and became an Executive member of the Board of Acergy S.A. in May 2008.

Skills and experience: Mr. Cahuzac has over 30 years experience in the offshore oil and gas industry, having held various technical and senior management positions around the world. From 2000 until April 2008 he worked at Transocean in Houston, US where he held the positions of Chief Operating

Officer and then President, prior to the merger with Global SantaFe. Prior to this he worked at Schlumberger from 1979 to 2000 where he served in various positions including Field Engineer, Division Manager, VP Engineering and Shipyard Manager, Executive VP and President. He holds a Master's degree in Mechanical Engineering from École des Mines de St Etienne and is a graduate of the French Petroleum Institute in Paris.

Mr. Cahuzac is a French citizen.

Mel Fitzgerald 1950

Director[1]

Appointment: Mr. Fitzgerald joined the Board of Subsea 7 S.A. following completion of the Combination of Acergy S.A. and Subsea 7 Inc. in January 2011. Prior to this Mr. Fitzgerald joined Subsea 7 Inc. as CEO in July 2004 and was a member of the Board of Directors of Subsea 7 Inc. from May 2007 until joining the Board of Subsea 7 S.A.

Skills and experience: Mr. Fitzgerald has been involved in the oil industry since he joined Brown & Root in 1974. In 1988 he joined European Marine Contractors (EMC) where he held a number of management positions before joining Halliburton Subsea as a Vice President in 2000. He held this position until

January 2001, when he then took up the role of UK Vice President for Halliburton's Energy Services Group. Mr. Fitzgerald has a Bachelor of Science degree in Engineering and a Masters in Business Administration.

External appointments: Mr. Fitzgerald has no other external appointments to public companies.

Mr. Fitzgerald is an Irish citizen.

Dod Fraser 1950
Independent Director* [1]

Appointment: Mr. Fraser joined the Board of Subsea 7 S.A. following completion of the Combination of Acergy S.A. and Subsea 7 Inc. in January 2011. Prior to this he was a member of the Board of Acergy S.A. from December 2009.

Skills and experience: Mr. Fraser is President of Sackett Partners Incorporated, a consulting company, and a member of various corporate boards. Mr. Fraser served as a Managing Director and Group Executive with Chase Manhattan Bank, now JP Morgan Chase, leading the global oil and gas group from 1995 until 2000. Until 1995 he was a General Partner of Lazard Freres & Co. Mr. Fraser has been a trustee of Resources for the Future, a Washington-based, environmental policy think-tank. He is a graduate of Princeton University.

External appointments: Mr. Fraser is a Board member of Forest Oil Corporation and is a former director of Terra Industries, Inc. and Smith International Inc.

Mr. Fraser is a US citizen.

Robert Long 1946
Independent Director* [3]

Appointment: Mr. Long joined the Board of Subsea 7 S.A. upon completion of the Combination of Acergy S.A. and Subsea 7 Inc. in January 2011.

Skills and experience: Mr. Long served as Chief Executive Officer and a member of the Board of Directors of Transocean Ltd., the world's largest offshore drilling contractor, from October 2002 until his retirement in February 2010. Mr Long served as President from 2001 to 2006, Chief Financial Officer from 1996 to 2001 and Senior VP of Transocean from May 1990 until the time of the Sedco Forex merger, at which time he assumed the position of Executive VP. During his 35 year career with Transocean, his international assignments included the UK, Egypt, West Africa, Spain and Italy. Mr. Long is a graduate of the U.S. Naval Academy and Harvard Business School, and served five years in the Naval Nuclear Power Programme before joining SONAT Inc, the parent company of The Offshore Company, in 1975. As a result of multiple mergers The Offshore Company ultimately became Transocean Ltd. Mr. Long was until recently a member of the National Ocean Industries Association and the International Association of Drilling Contractors.

External appointments: Mr. Long has no other external appointments to public companies.

Mr. Long is a US citizen.

Arild Schultz 1944
Director [3]

Appointment: Mr. Schultz joined the Board of Subsea 7 S.A. following completion of the Combination of Acergy S.A. and Subsea 7 Inc. in January 2011. Prior to this he was a member of the Board of Directors of Subsea 7 Inc. from August 2002.

Skills and experience: Mr Schultz has been in several leading positions within shipping chartering and broking, and since 1980 has been conducting his own business within project financing and consulting. He has a Master of Business Administration Degree from the University of Utah.

External appointments: Mr. Schultz has no other external appointments to public companies.

Mr. Schultz is a Norwegian citizen.

Allen Stevens 1943
Independent Director* [2]

Appointment: Mr. Stevens joined the Board of Subsea 7 S.A. following completion of the Combination of Acergy S.A. and Subsea 7 Inc. in January 2011. Prior to this he was a member of the Board of Directors of Subsea 7 Inc. from December 2005.

Skills and experience: Mr. Stevens gained extensive marine industry and maritime financing experience holding senior executive and management positions with Great Lakes Transport Limited, McLean Industries Inc. and Sea-Land Service Inc. A graduate of the University of Michigan and Harvard Law School, Mr. Stevens brings with him many years of experience in shipping, finance and management to the role.

External appointments: Mr. Stevens is Chairman of the Board of Directors of Trailer Bridge Inc. and a Vice President of Masterworks Development Corporation, a hotel developer and operator.

Mr. Stevens is a US citizen.

Trond Westlie 1961
Independent Director* [1]

Appointment: Mr. Westlie joined the Board of Subsea 7 S.A. following completion of the Combination of Acergy S.A. and Subsea 7 Inc in January 2011. Prior to this he was a member of the Board of Acergy S.A. from June 2004.

Skills and experience: Mr. Westlie was appointed Group Chief Financial Officer of A.P. Moller-Maersk A/S on January 1, 2010, and is a member of their Executive Board. He was previously Executive Vice President and Chief Financial Officer of the Telenor Group. He gained extensive experience in the oil and gas service sector as Executive Vice President and Chief Financial Officer of Aker Kvaerner ASA from 2002 to 2004. His management positions included the position of Executive Vice President and Chief Financial Officer of Aker Maritime ASA from 2000 to 2002, and Executive Vice President, Business Development for Aker RGI ASA from 1998 to 2000. He has served on numerous corporate boards. Mr. Westlie qualified as a State Authorised Public Auditor from Norges Handelshøyskole (the Norwegian School of Economics and Business Administration).

External appointments: Mr. Westlie is Group Chief Financial Officer of A.P. Moller-Maersk A/S and is a member of their Executive Board. He is also a Board member of Mesta Konsern ASA.

Mr. Westlie is a Norwegian citizen.

Committee membership

1. Audit Committee
2. Governance and Nomination Committee
3. Compensation Committee

Independent Directors'

* As used above, 'independence' is as defined in the Combination Agreement, dated June 20, 2010. Additionally, at all times, including from the end of the standstill period, the Board must satisfy the rules and codes of corporate governance of the stock exchange on which Subsea 7 S.A. is primarily listed. At the date of this report, the NASDAQ Global Select Market is Subsea 7 S.A.'s primary listing, however Subsea 7 S.A. has commenced procedures to delist from NASDAQ.

All Directors of the Board were appointed to the Board of Subsea 7 S.A. upon completion of the Combination of Acergy S.A and Subsea 7 Inc in January 2011. The Board of Subsea 7 S.A. comprises the persons listed above.

Under the terms of the Company's Articles of Incorporation, Directors may be elected for terms of up to two years and serve until their successors are elected. Mr. Kristian Siem, Sir Peter Mason KBE, Mr. Jean Cahuzac, Mr. Mel Fitzgerald and Mr. Robert Long will serve for an initial term expiring at the Annual General Meeting to be held in June 2012. The initial term of the remaining Directors: Mr. Dod Fraser, Mr. Arild Schultz, Mr. Allen Stevens and Mr. Trond Westlie will expire at the Annual General Meeting in June 2013. Under the Company's Articles of Incorporation, the Board must consist of not fewer than three Directors.

Executive Management Team

Jean Cahuzac 1954
Chief Executive Officer

Appointment: Jean Cahuzac became Chief Executive Officer of Subsea 7 S.A. following completion of the Combination of Acergy S.A. and Subsea 7 Inc. in January 2011. Prior to this he was appointed Chief Executive Officer of Acergy S.A. in April 2008 and became an Executive member of the Board of Acergy S.A. in May 2008.

Mr. Cahuzac's full biography is included under "Board of Directors" on page 34.

Simon Crowe 1967
Chief Financial Officer

Appointment: Simon Crowe became Chief Financial Officer of Subsea 7 S.A. following completion of the Combination of Acergy S.A. and Subsea 7 Inc. in January 2011. Prior to this he was Chief Financial Officer of Acergy S.A. from October 2009.

Skills and experience: Prior to joining Acergy, Mr. Crowe held senior financial, strategic and corporate finance positions across a range of industries, including several international energy companies, having worked in a number of locations around the world including London, Geneva, Houston, Paris and Singapore. His most recent roles prior to joining Acergy were at Transocean as Vice President, Strategy and Planning, & Finance Director of Transocean's Europe & Africa Business.

Mr. Crowe holds a degree in Physics from Liverpool University and is a member of the Chartered Institute of Management Accountants in the UK. Mr. Crowe is a British citizen.

John Evans 1963
Chief Operating Officer

Appointment: John Evans became Chief Operating Officer of Subsea 7 S.A. following completion of the Combination of Acergy S.A. and Subsea 7 Inc. in January 2011. Prior to this he was Chief Operating Officer of Subsea 7 Inc. from July 2005 to January 2011.

Skills and experience: Mr. Evans has over 20 years experience in the engineering and contracting sector as a senior manager and Chartered Engineer. During 18 years with Kellogg Brown & Root ('KBR') he gained a successful record in general management, commercial and operational roles in the offshore oil and gas industry. Between 2002 and mid-2005 he was Chief Operating Officer for KBR's Infrastructure business in Europe and Africa.

Mr. Evans has a Bachelor of Engineering degree in Mechanical Engineering, is a Chartered Mechanical and Marine Engineer, and Chartered Director. Mr. Evans is a British citizen.

Keith Tipson 1958
Executive Vice President – Human Resources

Appointment: Keith Tipson became Executive Vice President – Human Resources for Subsea 7 S.A. following completion of the Combination of Acergy S.A. and Subsea 7 Inc. in January 2011. Prior to that he was Corporate Vice President Human Resources for Acergy S.A. since November 2003.

Skills and experience: Mr Tipson's role within the Executive Management Team of Subsea 7 S.A. is to develop and implement the Subsea 7 Human Resources strategy and develop the global Human Resources team. He has responsibility for resourcing, performance and reward, people development and communications. His previous experience in the engineering project sector was with the Dowty Group and latterly with Alstom, where he held the position of Senior VP Human Resources, Power Sector, based in Paris.

Mr. Tipson has a business degree from Thames Valley University, London and has worked in Belgium, France, Switzerland and the UK. Mr. Tipson is a British citizen.

Steve Wisely 1962
Executive Vice President – Commercial

Appointment: Steve Wisely became Executive Vice President – Commercial of Subsea 7 S.A. following completion of the Combination of Acergy S.A. and Subsea 7 Inc. in January 2011. Prior to this he was Commercial VP at Subsea 7 Inc.

Skills and experience: Mr. Wisely has held a number of commercial and operational positions with Subsea 7 Inc. and its predecessor companies since 1987, in the UK and overseas. In the early 1990s Mr. Wisely held the position of Commercial Manager in Norway before returning to the UK where he held a number of roles in the commercial function. Moving to Singapore in 1997 he progressed to the position of Regional VP Asia Pacific before returning to the UK to perform the role of Regional VP UK and then the position of Commercial VP.

Mr. Wisely is a graduate of The Robert Gordon Institute of Technology in Aberdeen with a degree in Quantity Surveying. Mr. Wisely is a British citizen.

Graeme Murray 1968
General Counsel

Appointment: Graeme Murray became General Counsel for Subsea 7 S.A. following completion of the Combination of Acergy S.A. and Subsea 7 Inc. in January 2011. Prior to this he was General Counsel and Vice President Commercial & Procurement at Subsea 7 Inc.

Skills and experience: In the early part of his career Mr. Murray spent six years as a solicitor in private practice before joining KLM where he worked on aircraft finance and lease transactions. He then joined Coflexip Stena where he worked on general subsea contracts. Following his time at Coflexip Stena he joined Halliburton where amongst other activities he led the legal process for establishing the Halliburton DSND Joint venture (subsequently renamed Subsea 7 Inc.).

Mr. Murray has a Law Degree from the University of Aberdeen, is a solicitor admitted to practice by the Law Society of Scotland and is a Notary Public. Mr. Murray is a British citizen.

Creating long-term value
through strong corporate governance

The Board is committed to high standards of corporate governance. We believe that there is a link between high-quality governance and the creation of shareholder value.

The Board is committed to meeting high corporate governance standards in pursuing our corporate mission – to be acknowledged by our clients, our people and shareholders as the leading strategic partner in seabed-to-surface engineering, construction and services. We are committed to cultivating a value-based performance culture that rewards exemplary ethical behaviours, respect for the environment, and personal and corporate integrity. We believe that there is a link between high-quality governance and the creation of shareholder value.

Corporate Governance at Subsea 7

Subsea 7's Board is responsible for, and committed to, the maintenance of high standards of corporate governance at all times throughout the Group. The Board believes strongly that the observance of these standards is in the best interests of all of our stakeholders.

The Board is charged with ensuring that the Group conducts its business in accordance with exacting standards of business practice worldwide and observes high ethical standards. The Group conducts its operations in challenging environments, which heightens the need for a robust culture of governance, and the role of the Board is to proactively encourage, monitor and safeguard this governance culture. The Board and its Committees oversee the management of the Group's operations, and report to shareholders on the effectiveness of Subsea 7's internal controls.

The work of the Board is based on the existence of a clearly defined division of roles and responsibilities between the shareholders, the Board and the Group's Executive Management. The Group further ensures good governance is adopted by holding regular Board meetings at which the Executive Management Team attend to report on strategic, operational and financial matters.

Our governing structures and controls help to ensure that we run our business in an appropriate manner for the benefit of our shareholders, employees and other stakeholders in the societies in which we operate.

Legal and regulatory framework

Subsea 7 S.A. (formerly Acergy S.A.) is a 'société anonyme' organised in the Grand Duchy of Luxembourg under the Company Law of 1915, as amended and was incorporated in Luxembourg in 1993 as the holding company for all of our activities. The Company became an ordinary taxable company in Luxembourg on January 1, 2011. Upon completion of the Combination between Acergy S.A. and Subsea 7 Inc. on January 7, 2011, the Company was renamed Subsea 7 S.A.

Our registered office is located at 412F, route d'Esch, L-2086 Luxembourg. The Company is registered with the Luxembourg Register of Commerce and Companies under the designation 'R.C.S. Luxembourg B 43172'.

As a company incorporated in Luxembourg, and quoted on both the NASDAQ Global Select Market and the Oslo Børs, Subsea 7 is subject to a number of different laws and corporate governance regulations. So long as Subsea 7 S.A. remains listed on NASDAQ, it is subject to the NASDAQ Marketplace Rule 5600 Series establishing certain corporate governance requirements. Pursuant to Rule 5615(a)(3), as a foreign private issuer we may follow our home country corporate governance practices in lieu of the requirements of the Rule 5600 Series provided that we comply with certain mandatory sections of the Rule 5600 Series, make disclosure of those areas where our home country practice departs from NASDAQ requirements, and provide certification to NASDAQ that our corporate governance practices are not prohibited by Luxembourg law. Further details can be found on page 157. On February 15, 2011 Subsea 7 S.A. commenced procedures to delist from NASDAQ. For more information, please refer to Note 40 'Post balance sheet events' to the Consolidated Financial Statements. As a company listed on the Oslo Børs, the Company follows the Norwegian Code of Corporate Governance for non- Norwegian incorporated companies on a 'comply or explain' basis, where these do not contradict Luxembourg laws and regulations and those of the NASDAQ Global Select Market and the US Securities and Exchange Commission (SEC).

A key corporate governance activity undertaken by the Group in 2010 concerned compliance with the provisions of Section 404 of the Sarbanes-Oxley Act of 2002, which is applicable to most companies listed on a US national securities exchange and enforced by the SEC.

The Board

The Board – Subsea 7 S.A.

The appointment of the Board of Directors ('the Board') became effective upon completion of the Combination between Acergy S.A. and Subsea 7 Inc. on January 7, 2011, at which time the Company was renamed Subsea 7 S.A.

Board Members	
•Kristian Siem	Chairman
•Sir Peter Mason KBE FREng	Senior Independent Director
•Jean Cahuzac	Chief Executive Officer
•Mel Fitzgerald	Director
•Dod Fraser	Independent Director
•Robert Long	Independent Director
•Arild Schultz	Director
•Allen Stevens	Independent Director
•Trond Westlie	Independent Director

As used above, 'independence' is as defined in the Relationship Agreement, dated June 20, 2010, among Subsea 7 Inc., Acergy S.A. and Siem Industries Inc., which is relevant during the standstill period of 30 months from the date of the Relationship Agreement. Additionally, at all times, including from the end of the standstill period, the Board must satisfy the rules and codes of corporate governance of the stock exchange on which Subsea 7 S.A. is primarily listed. At the date of this report, NASDAQ Global Select Market is Subsea 7 S.A.'s primary listing; however Subsea 7 S.A. has commenced procedures to delist from NASDAQ. For more information, please refer to Note 40 'Post Balance Sheet Events' to the Consolidated Financial Statements.

Board responsibilities

The Board's purpose and key responsibilities include:

- setting the Group's overall strategy and five-year plan, and monitoring performance against the agreed strategy and plan;
- responsibility for, and regular review of, the Group's operational and financial performance;
- approval of major capital projects, related capital expenditure, significant investments and disposals, and contracts in excess of $250 million;
- ensuring effective structuring of the Group, including changes to the Company's share capital structure, corporate structure and listings;
- ensuring effective Corporate Governance of the Group;
- responsibility for the Company's financial reporting and for compliance with financial reporting and disclosure obligations;
- oversight of and responsibility for the risk management of the Group. The Board shall identify any risks which threaten the fulfilment of the Group's business objectives, including failure to perform in accordance with agreed business plans, non-compliance with law and regulation, fraud and material losses and failure to maintain appropriate accounting records; and ensure that an effective system of internal controls is in place at all times to manage and mitigate those risks; and
- electing the Chairman and Senior Independent Director; appointing, compensating and removing the Chief Executive Officer; ensuring adequate succession plans are in place at Chief Executive Officer and senior management levels and setting the Group's remuneration policy.

The Board, according to the Company's Articles of Incorporation may set up different committees including, without limitation, a management committee, an audit committee, a corporate governance and nomination committee and a compensation committee. Under Luxembourg law and the listing rules of NASDAQ and the Oslo Børs an Audit Committee is mandatory.

Board relations with management

The Board is responsible for the oversight of overall control of the Group's affairs. The Executive Management Team is responsible for control and management of day-to-day business matters. The Board delegates day-to-day and business control matters to the Chief Executive Officer who, with the Executive Management Team, is responsible for implementing Group policy and monitoring the performance of the business.

The Executive Management Team comprises the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, General Counsel, Executive Vice President – HR and Executive Vice President – Commercial. Effective liaison between the Board and the Executive Management Team is achieved through regular attendance by members of the Executive Management Team at Board meetings, and the provision of financial and operational updates by the Executive Management Team to the Board.

Board balance

The Board shall be composed of not less than three Directors. The Board comprises nine Directors: including a Chairman, Senior Independent Director, Chief Executive Officer and a majority of Independent Directors. The Directors provide experience and knowledge gained in a variety of sectors, and constructively challenge management's proposals for the strategy and direction of the business. Biographies of Board members are shown on pages 34 and 35.

The Board shall appoint a Chairman. The Chairman is responsible for the leadership of the Board, ensuring its effectiveness and independence from the Group's management. The Chief Executive Officer is responsible for implementing the strategy of the business, within the authorities delegated to him by the Board.

The Board shall also appoint a Senior Independent Director from among the Independent Directors who shall provide a sounding board to the Chairman and serve as an intermediary for the other Directors if necessary.

Under the Company's Articles of Incorporation, the Directors are elected by the General Meeting of shareholders for a term not exceeding two years. Directors need not be shareholders and may be re-elected. The Company's General Meeting of shareholders may dismiss any Director at any time, notwithstanding any agreement between the Company and such Director, with or without cause. Such dismissal may not prejudice the claims that such Director may have for indemnification as provided for in the Articles of Incorporation or for a breach of any contract existing between him or her and the Company. If there is a vacancy on the Board, the remaining Directors appointed by the General Meeting have the right to appoint a replacement Director until the next meeting of shareholders.

The Company's Articles of Incorporation provide that, with the exception of a candidate recommended by the Board, or a Director whose term of office expires at a general meeting of shareholders of the Company, no candidate may be appointed unless at least three days and no more than 22 days before the date of the relevant meeting, a written proposal, signed by a shareholder duly authorised, shall have been deposited at the Group's registered office, together with a written declaration, signed by the proposed candidate confirming his or her wish to be appointed.

Audit Committee

Committee Members

- Trond Westlie (Chairman and Audit Committee financial and accounting and audit expert)
- Mel Fitzgerald[(a)]
- Dod Fraser

(a) Mr Fitzgerald will become a member of the Audit Committee in May 2011, following the cessation of his employment with the Group.

Each of the Audit Committee members meet the independence requirements under Luxembourg law and are independent as defined in Rule 10A-3 under the Securities Exchange Act of 1934, as amended, and therefore qualify for an exemption from the NASDAQ independence requirements.

Key duties

The terms of reference of the Audit Committee satisfy the requirements of applicable law and NASDAQ, and are in accordance with the Articles of Incorporation. The Audit Committee's responsibilities include:

- to monitor the effectiveness of the Group's internal control, internal audit and, where applicable, risk management systems;
- to monitor the statutory audit of the annual and consolidated accounts of the Group;
- to review the quarterly, half-yearly and annual financial statements before their approval by the Board;
- to review and monitor the independence of the auditor of the Group, and in particular with respect to the provision of additional non-audit services to the Group; and make recommendations with respect to the selection and the appointment of the Group's auditor;
- to review the report from the auditor on key matters arising from the statutory audit, and in particular on material weaknesses in internal control in relation to the financial reporting process;
- to deal with complaints received directly or via management, including information received confidentially and anonymously, in relation to accounting, financial reporting, internal controls and external audit issues; and
- to conduct a review and oversight for potential conflict of related party interests.

The Committee is chaired by Trond Westlie who is currently Chief Financial Officer (CFO) of AP Moeller Maersk, and was previously CFO of Telenor Group. The Board has determined that Trond Westlie is the Audit Committee financial expert and competent in accounting and audit practice with recent and relevant financial experience.

The Audit Committee's Terms of Reference require that the Committee shall consist of not less than three Directors and that all members of the Audit Committee are independent as set forth in Rule 10A-3 of the Securities Exchange Act of 1934, as amended, (unless otherwise exempt), and eligible pursuant to home country (Luxembourg) rules. It is expected that Mr. Fitzgerald will become a member of the Audit Committee in May 2011, prior to its next scheduled meeting, thus fulfilling the Committee's membership requirements. The Audit Committee meets at least four times a year, and its meetings are attended by representatives of the external independent auditor and by the head of the Internal Audit function.

A copy of the Audit Committee Terms of Reference is available for download from the Group's website www.subsea7.com

Corporate Governance and Nomination Committee

Committee Members

- Sir Peter Mason KBE FREng (Chairman)
- Kristian Siem
- Allen Stevens

Key duties

The Corporate Governance and Nomination Committee assists the Board with respect to matters relating to corporate governance and succession. The main duties of the Corporate Governance and Nomination Committee are summarised as follows:

- to establish, review and make recommendations to the Board regarding Board composition and structure, and review and evaluate the performance and effectiveness of the Board annually;
- to review and make recommendations to the Board regarding the nature and duties of Board Committees;
- to evaluate potential candidates for election or re-election as Directors and for service on each Board Committee;
- to interview those candidates whom the Board decides are qualified candidates and make the final recommendation to the Board as to whom the Board should propose for appointment as Directors;
- to review, from time to time, the appropriate skills and characteristics required of Board members in the context of the current make-up of the Board, including such factors as business experience, diversity, personal skills in technology, finance, marketing, international business, financial reporting and other areas that are expected to contribute to an effective Board;
- to consider questions of possible conflicts of interest of Board members and senior executives;
- to consider matters of corporate governance, and review annually Corporate Governance Guidelines; and
- to review the duties and performance of the Chairman.

The Corporate Governance and Nomination Committee's Terms of Reference require that the Committee shall consist of no fewer than three members. The members shall meet the definition of independence as contained in the Combination Agreement, dated June 20, 2010.

A copy of the Corporate Governance and Nomination Committee's Terms of Reference is available for download from the Group's website www.subsea7.com

Compensation Committee

Committee Members

- Kristian Siem (Chairman)
- Robert Long
- Arild Schultz

Key duties

The Compensation Committee assists the Board in developing a fair compensation programme for executives and complying with the Board's legal and regulatory requirements in respect of executive compensation. In matters relating to the Chief Executive Officer, the Committee's remit is confined to making recommendations to the Board. The Compensation Committee's main duties are summarised as follows:

- to recommend performance targets for the Chief Executive Officer for approval by the Board;
- to recommend to the Board any change to the Chief Executive Officer's remuneration, including salary and performance related incentives;
- to review annually with the Chief Executive Officer the career development plans and succession plans of the Chief Executive Officer and his/her direct reports and consider the adequacy of available managerial talent in the Group and report to the Board;
- to review each year with the Chief Executive Officer the performance and compensation of the executive management of the Group;
- to approve the appointment of the Chief Executive Officer, appointments to the Executive Management Team and other senior executives;
- to review the Group's remuneration policy and management's proposals for compensation strategy in order to determine whether they are appropriate for the industry in which Subsea 7 operates, are competitive, and are structured to attract and retain key staff of the required calibre;
- to review the effectiveness of existing long-term compensation plans and consider whether any changes to existing plans or other types of plan are appropriate; and
- to review all benefit plans proposed by Management or changes to existing plans.

A copy of the Compensation Committee's Terms of Reference is available for download from the Group's website www.subsea7.com

Other Committees

Disclosure Committee

Key duties

The Disclosure Committee assists the Chief Executive Officer and Chief Financial Officer in fulfilling their responsibility for oversight of the accuracy and timeliness of the disclosures made by the Group.

The Disclosure Committee's main duties are summarised below:

- to monitor the integrity and effectiveness of disclosure controls and procedures and consult with the Chief Executive Officer;
- to assist the Chief Executive Officer in complying with his obligations under applicable securities laws;
- to ensure that information required to be disclosed is accumulated and communicated by the Disclosure Committee;
- to apply disclosure requirements to accumulated information so that reports can be made in compliance with applicable securities laws;
- to oversee and review the preparation of financial reports (including the Annual Report to Shareholders on the Group and Company, Annual Report on Form 20-F, the quarterly, semi-annual and annual results announcements) and present them for review to the Chief Executive Officer and the Audit Committee; and
- to oversee and review preparation of disclosure documents other than those described above, such as registration statements and other securities offering documents, press releases containing financial or other material information, earnings guidance, presentations to analysts and the investment community, presentations to ratings agencies, communications with shareholders such as proxy statements and other publicly disseminated information.

Members of the Disclosure Committee are: Chief Financial Officer, Chief Operating Officer, Group Financial Controller, General Counsel, Head of Internal Audit and Investor Relations Director.

Directors' interests

The interests of the Directors in the share capital of the Company as at February 23, 2011 are set out below:

Director	Total performance shares	Total owned shares	Total restricted shares
Kristian Siem[(a)]	Nil	Nil	Nil
Sir Peter Mason			
KBE FREng[(b)]	Nil	10,000	Nil
Jean Cahuzac[(b) (c)]	70,000	57,258	20,000
Mel Fitzgerald	Nil	74,109	158,975
Dod Fraser	Nil	2,000	Nil
Robert Long	Nil	Nil	Nil
Arild Schultz	Nil	745,500	Nil
Allen Stevens	Nil	10,650	Nil
Trond Westlie[(b)]	Nil	Nil	Nil
Total	**70,000**	**899,517**	**178,975**

(a) As at February 23, 2011 Siem Industries Inc. which is a company controlled through trusts where certain members of Mr. Siem's family are potential beneficiaries, owned 69,681,932 shares, representing 19.8% of issued shares.

(b) Details of share options held by Sir Peter Mason, Trond Westlie and Jean Cahuzac are shown in the Remuneration Report on page 50. No other Directors held share options on February 23, 2011.

(c) Total performance shares and restricted shares held represents the maximum award expected assuming all conditions are met.

As at February 23, 2011, the Directors of Subsea 7 S.A. directly and indirectly owned a total of 1,148,492 shares including the maximum award of performance and restricted shares, representing 0.3% of issued shares.

Directors' fees and share options

Directors, excluding Executive Directors, are paid a base fee for their services, with additional fees to reflect Chairmanship or membership of the Audit Committee. Directors, excluding Executive Directors will not receive pension contributions, benefits-in-kind, bonuses or share options. The fee structure which will apply during fiscal year 2011 is as follows:

Fee	$ per annum
Chairman fee	200,000
Senior Independent Director fee	125,000
Base fee for Non-executive Directors	105,000
Additional fee for chairing the Audit Committee	8,000
Additional fee for Audit Committee members	6,000

Directors' term of office

Directors' contracts and the Company's Articles of Incorporation provide that each Director is appointed by a general meeting of shareholders for a term that will not exceed two years. If Directors are not re-elected their term of office ends immediately after the Annual General Meeting in the year of the expiry.

The Chief Executive Officer is an Executive Director, whose appointment to the Board is also for a term that will not exceed two years. As an Executive Director, he also has a contract of employment with the Group.

The Company may, by a resolution of a general meeting of shareholders, dismiss any Director before the expiration of his or her term of office, notwithstanding any agreement between the Company and such Director.

Kristian Siem, Sir Peter Mason KBE FREng, Jean Cahuzac, Mel Fitzgerald and Robert Long will serve for an initial term expiring at the 2012 Annual General Meeting to be held in June 2012. Dod Fraser, Arild Schultz, Allen Stevens and Trond Westlie will serve for an initial term expiring at the 2013 Annual General Meeting to be held in June 2013.

Directors' indemnification

Directors are indemnified under the Company's Articles of Incorporation against liability and expenses reasonably incurred or paid by them in connection with claims, actions, suits or proceedings in which they become involved by virtue of being a Director of the Company. No indemnification is provided, however, to Directors against any liability to the Company or its shareholders by reason of wilful misfeasance, gross negligence or reckless disregard of their duties or where the Director is adjudicated to have acted in bad faith and not in the interests of the Company.

Shareholder Relations and General Meetings

Contacts with major shareholders

The Board seeks to encourage a positive dialogue with shareholders. The Chairman is available to discuss issues with shareholders and to address any shareholder concerns which may arise. The Senior Independent Director is available to resolve any matters which cannot be dealt with through the normal channel of contact with the Chairman.

Information on Subsea 7's Investor Relations programme is given in the 'Key Investor Information' section on page 169. A list of major shareholders is given in the Additional Information section on page 168.

Constructive use of General Meetings

All holders of American Depositary Receipts through Deutsche Bank Trust Company, our depository in the United States, and all shareholders that are registered in the branch shareholder register, kept by VPS, the central depository of Oslo Børs, receive written notice of meetings, and may attend and vote at our general meetings. They have the right to submit proposals and may vote either directly or by proxy.

The Board is obliged to call a general meeting of shareholders within 30 days of receipt of a written demand from shareholders representing at least one-tenth of the issued and outstanding shares entitled to vote.

Annual General Meeting business

The Company's 2011 Annual General Meeting will be held on May 27, 2011 and, thereafter on the fourth Friday in June of each year.

At the Annual General Meeting shareholders are invited to, but are not limited to, elect the Board Directors, approve the Annual Report and Financial Statements of the Group and the Company, approve the payment of the proposed dividend, if applicable (see 'Dividend Policy') and approve the appointment of the external auditors.

Dividend policy

In light of the development of the combined business and the Group's investment opportunities, the Board has proposed not to pay a dividend for the 2010 fiscal year. The Board is reviewing methods of balancing the optimal use of cash in light of the opportunities available.

Ethics, Integrity and Corporate Social Responsibility

Code of Conduct

Subsea 7 has adopted a Code of Conduct applicable to all Directors, officers and employees, which also constitutes the Code of Ethics applicable to our Chief Executive Officer, Chief Financial Officer, Financial Controller and persons performing similar functions, in accordance with the Sarbanes-Oxley Act of 2002 and the applicable laws, rules and regulations of the SEC and NASDAQ.

The Group's Code of Conduct requires any Director or employee to declare if they hold any direct or indirect interest in any transaction entered into by the Group. Transactions between the pre-Combination Group and members of the Board, Management Team or close associates during fiscal year 2010 are detailed as related party transactions in Note 35 'Related party transactions' to the Consolidated Financial Statements.

The Code of Conduct details the Company's expectations and requirements in regards to its corporate responsibility, including but not limited to human rights, prevention of corruption, employee rights, health and safety and the working environment, discrimination, whistle blowing as well as environmental issues. A copy of the Code of Conduct is available for download from the Group's website www.subsea7.com

Remuneration Report

The Group's remuneration policy is set by the Compensation Committee. The policy is designed to provide remuneration packages which would help to attract, retain and motivate senior management to achieve the Group's strategic objectives and to enhance shareholder value. The Compensation Committee benchmarks executive remuneration against comparable companies, and seeks to ensure that the Group offers rewards and incentives which are competitive with those offered by the Group's peers. The Committee also seeks to ensure that the remuneration policy is applied consistently across the Group, and that remuneration is fair and transparent, whilst encouraging high performance.

Executive remuneration comprises base salary, bonus, share based payments, benefits-in-kind and pension. In benchmarking elements of remuneration against Subsea 7's peers, the Compensation Committee may from time to time take advice from external consultants. Performance related remuneration schemes define limits in respect of the absolute awards available. These are defined within the scheme arrangements and set out limits regarding the total award in a given fiscal period, and in specific instances, the total award available to certain individuals.

Chief Executive Officer remuneration

The remuneration package of the Chief Executive Officer was determined by the Board, on the recommendation of the Compensation Committee. The compensation of the Chief Executive Officer, for fiscal year 2010 is reported on page 49.

Executive Management Team remuneration

The aggregate compensation for the five members of the Executive Management Team (excluding the Chief Executive Officer) is expected to include base salary, bonus, benefits-in-kind, pension contributions and an element of performance bonus which is related to the future development of the Group's share price.

Share ownership of Executive Management Team

Details of share options held and other interests in the share capital of the Company by the Executive Management Team are shown below:

Share options held by the Executive Management Team (excluding the Chief Executive Officer) as at February 23, 2011 were:

Name	Date of Grant	Number of Options	Exercise Price	Date of Expiry
Simon Crowe		Nil		
John Evans	June 16, 2005	12,780	NOK44.85	February 2014
Graeme Murray		Nil		
Keith Tipson	November 22, 2005	22,000	$10.32	November 21, 2015
	November 21, 2006	24,500	$19.45	November 20, 2016
	March 12, 2008	15,000	$22.52	March 11, 2018
Steve Wisely		Nil		
Total		**74,280**		

The interests of the Executive Management Team (excluding the Chief Executive Officer) in the share capital of the Company as at February 23, 2011 were:

Name	Total Performance Shares[(a)]	Total Owned Shares	Total Restricted Shares[(a)]
Simon Crowe	44,000	17,703	Nil
John Evans	Nil	1,141	136,674
Graeme Murray	Nil	1,112	28,399
Keith Tipson	32,000	8,836	5,000
Steve Wisely	Nil	Nil	96,559
Total	**76,000**	**28,792**	**266,632**

(a) Total performance shares and restricted shares held represents the maximum award assuming all conditions are met.

Long-term incentive arrangements

The Group operates a number of long-term incentive arrangements to reward and incentivise key management. These are summarised below:

2009 Long-Term Incentive Plan

The 2009 Long-Term Incentive Plan ('2009 LTIP') was approved by the Company's shareholders at the Extraordinary General Meeting on December 17, 2009. The 2009 LTIP is an essential component of the Company's compensation policy, and was designed to place the Company on a par with competitors in terms of recruitment and retention abilities. The 2009 LTIP provides for whole share awards, which vest after three years, based on the performance conditions set out below:

Performance conditions are based on relative Total Shareholder Return ('TSR') against a specified comparator group of 13 companies determined over a three year period. This comparator group included Subsea 7 Inc., which ceased to form part of the comparator group upon Completion. The Company would have to deliver TSR above the median for any awards to vest. At the median level, only 30% of the maximum award would vest. The maximum award would only be achieved if the Company achieved top decile TSR (i.e. if, when added to

the comparator group, the Company was first or second, in terms of TSR performance). In addition, individual award caps have been introduced. No senior executive or other employee may be granted shares under the 2009 LTIP in a single calendar year that have an aggregate fair market value in excess of 150%, in the case of senior executives, or 100%, in the case of other employees, of his or her annual base salary as of the first day of said year. Additionally, a holding requirement for senior executives has been introduced. Senior executives must hold 50% of all awards that vest until they have built up a shareholding of 1.5 x salary, which must be maintained.

The first tranche of awards under the 2009 LTIP was made on April 8, 2010. Awards were made over 970,000 performance shares, subject to the 2009 LTIP's performance conditions, in conjunction with which 583,000 were transferred to an Employee Benefit Trust at the closing share price on the Oslo Stock Exchange on April 9, 2010 from Treasury Shares previously held indirectly by Acergy Investing Limited. The fair market value per share on the date of the award was $19.83. The 2009 LTIP currently covers approximately 100 senior managers and key employees. Grants are determined by the Company's Compensation Committee, which is responsible for operating and administering the plan. The 2009 LTIP has a five-year term with awards being made annually. The aggregate number of shares subject to all awards which may be granted in any calendar year is limited to 0.5% of issued and outstanding share capital on January 1 of each such calendar year.

Special Incentive Plan 2009

Subsequent to November 30, 2009, but prior to the adoption of the 2009 Long-Term Incentive Plan, described above, and as an interim measure, the Company put in place the Special Incentive Plan 2009 ('SIP 2009'), a cash-settled incentive plan designed to provide awards to selected executives and key employees, thus further aligning their interests with those of shareholders. Awards under the SIP 2009 are in the form of a cash bonus, payable in April 2012, of between zero and twelve months' base salary, dependent on the Company's average share price as quoted on NASDAQ between January 1, 2012 and March 31, 2012. If the average share price over that period is $8.75 or less, no cash bonus will be payable. If the average share price over that period is $35.00 or more, a cash bonus equal to twelve months' base salary will be payable. If the average share price over that period is between $8.75 and $35.00, a cash bonus equal to between zero and twelve months' base salary will be payable, calculated on a straight-line basis pro rata to the share price. Awards under the SIP 2009 are capped at the equivalent of twelve months' base salary. No other performance criteria apply.

2010 Executive Deferred Incentive Scheme

During fiscal year 2010 the Board approved and adopted a new deferred incentive scheme for selected senior employees. The scheme enabled executives to defer, on a voluntary basis, up to 50% of their annual bonus into the shares of the Company which will be matched in cash at the end of the three year period, subject to performance conditions. The value of the bonus deferred was used to purchase 44,015 shares based on a prevailing share price on April 16, 2010 of $19.69. Participants who continue to be employed by the Group and hold the shares until March 31, 2013 will receive a cash payment consisting of two elements. There will be a guaranteed payment of 50% of the gross amount deferred and a variable element of up to 100% of the gross amount deferred, but conditional upon reaching target Total Shareholder Return over the three year period to March 2013.

2009 Executive Deferred Incentive Scheme

During fiscal year 2009 the Board approved and adopted a deferred incentive scheme for selected senior executives. The scheme enabled the executives to defer, on a voluntary basis, up to 50% of their annual bonus into shares of the Company, which will be matched in cash at the end of the three year period, subject to performance conditions. The value of the bonus deferred was used to purchase 58,374 shares based upon the prevailing share price on April 17, 2009 which was $7.64. The matched element is conditional upon achieving target Total Shareholder Return over the three years to March 2012 and is conditional on the shares being held for three years.

2008 Executive Deferred Incentive Scheme

During fiscal year 2008 the Board approved and adopted a deferred incentive scheme for selected senior executives including stipulating the number of shares that may be awarded. The scheme enabled the executives to defer, on a voluntary basis, up to 50% of their annual bonus into shares of the Company which will be matched in shares at the end of three years subject to performance conditions. The value of the bonus deferred was used to purchase 17,797 shares based upon the prevailing share price on March 31, 2008 which was $21.35. The matched element was conditional upon the growth of earnings per share over the three years to November 30, 2010. The 2008 Executive Deferred Incentive Scheme did not meet the required performance conditions; therefore no matched shares were issued under this scheme.

Restricted Share Plan

In March 2008 the Board approved and adopted a restricted share plan to provide a retention incentive to selected senior executives. The plan stipulated that the number of free shares (without any cash compensation) that may be awarded under the plan may not exceed an average of 350,000 common shares over a three year period. During the three year restricted plan period, participants are not permitted to sell or transfer shares but would be entitled to dividends which will be held by the Company until the restricted period lapses during fiscal year 2011. In April 2008, 65,000 restricted shares were issued to selected senior executives as part of the retention incentive of the plan. These shares had a fair value of $22.23 representing the market price on the date of issue. No further restricted shares have been issued under the Restricted Share Plan.

Upon completion of the Combination, the Group also assumed certain long-term incentive arrangements in place at Subsea 7 Inc. with awards still outstanding. These assumed schemes are summarised below:

Share Option Plan – Subsea 7 Inc.

During 2005, the shareholders of Subsea 7 Inc. approved the implementation of a share option plan. The exercise price of the options granted is equal to the market price of the shares on the grant date. Options vest in equal proportions on a quarterly or annual basis over a period of time, generally five years. Options vested cannot be exercised until at least one year after grant. The options are only exercisable within seven days after the announcement of quarterly results.

The Annual General Meeting of shareholders of Subsea 7 Inc. held in May 2009 approved a modification to the existing share stock option plan. Employees of Subsea 7 who held existing share options under the share option plan with a strike price greater than NOK 44.85 were given the opportunity to surrender those options in exchange for an award under the restricted share plan (the 'replacement awards'). The replacement awards were offered on the basis of one restricted share for three share options under the share option plans. Of the 1,797,120 share options eligible, 1,732,620 were exchanged for 577,476 shares. The replacement awards have the same vesting terms, dividend and voting rights as the restricted stock award plan discussed below. Of the original exchange (totalling 577,476 restricted shares), 538,913 remain as allocated to employees in the plan. A small number of personnel elected to remain in the option plan and 40,987 options remain as allocated to employees in the plan.

Restricted Stock Award Plan – Subsea 7 Inc.

On May 8, 2009 the Annual General Meeting of shareholders of Subsea 7 Inc. approved a restricted share award plan (the 'share plan') and during 2009 a total of 1,100,000 shares were awarded under the Share Plan. The shares had a fair value of $9.93 (NOK 63.6) per share, equivalent to the market price on the grant date. An award will normally vest and shares will be issued or transferred to the employee subject to the employee remaining in employment with Subsea 7 until the vesting dates that are specified in the award certificate. 60% of the awards will normally vest on the third anniversary of the initial award date, and the remaining 40% of the awards will normally vest on the fifth anniversary of the initial award date. Awards will not attract any dividends or dividend equivalents prior to the delivery of shares. A total of 974,616 restricted shares remain as allocated to employees in the plan. The number of restricted shares awarded is subject to a limit in that, in any ten-year period, not more than 5% of the issued ordinary share capital of Subsea 7 Inc. may be issued under the restricted stock award plan and in addition, in any one-year period, not more than 1% of the issued ordinary share capital of Subsea 7 Inc. may be issued under the plan.

Employee Share Purchase Plan – Subsea 7 Inc.

The employee share purchase plan allowed participating employees, depending on their governing tax jurisdiction, to acquire shares in Subsea 7 Inc. at a discount to the market price and to receive additional matching shares paid for by Subsea 7 Inc. Employees must remain in continuous service with Subsea 7 for a period of three years in order to receive the additional matching shares. This plan has now been terminated but previously purchased and relevant matching shares continue to be held subject to the normal rules of the plan.

Acergy S.A. Contents

Acergy S.A.
The following sections contain information and disclosures relating to Acergy S.A., for the relevant fiscal years up to and including fiscal year 2010, which ended on November 30, 2010.

Board – Acergy S.A. fiscal year 2010

The members of the Board of the Company, prior to the Combination with Subsea 7 Inc., for fiscal year 2010 which ended on November 30, 2010 were:

Board Members

- Sir Peter Mason KBE FREng Chairman
- Tom Ehret Deputy Chairman
- Jean Cahuzac Chief Executive Officer
- Thorleif Enger Independent Non-executive Director
- Dod Fraser Independent Non-executive Director
- Ron Henderson Independent Non-executive Director
- J. Frithjof Skouverøe Independent Non-executive Director
- Trond Westlie Independent Non-executive Director

Board responsibilities

For fiscal year 2010, the Board's key responsibilities were:

- to set values and standards and agree policies and processes which were used to guide the affairs of the Group. This includes the setting of clear principles of ethical conduct to apply to all activities undertaken by the Group;
- to agree a business strategy for the Group which was reviewed and refreshed as necessary to ensure its relevance to the Group's market;
- to ensure that an effective system of internal controls was in place at all times. Such a system was used to identify and manage risks that threatened the fulfilment of the Group's business strategies. This included material failure to perform in accordance with agreed business plans, non-compliance with law and regulation, fraud and material losses and failure to maintain appropriate accounting records; and
- to ensure that it received accurate and timely information on the performance of the Group, and to agree with the Chief Executive Officer the nature and scope of the information to be provided.

Board purpose

During fiscal year 2010, the Board was the principal oversight and decision-making forum of the Group and ensured overall control of the Group's affairs. The Board was responsible for setting the Group's strategy, for oversight of and approving all of the financial statements, acquisitions and disposals, treasury and risk management policies, approval of major capital projects and for the maintenance of high standards of corporate governance.

The composition of the Board and its Committees for the fiscal year 2010 is shown below:

Director	Year of appointment to the Board	Independent	Audit Committee	Governance and Nomination Committee	Compensation Committee
Sir Peter Mason KBE FREng	2006	Yes	Yes	Chairman	No
Tom Ehret[(a)]	2003	Yes[(a)]	No	Yes	Chairman
Jean Cahuzac	2008	No	No	No	No
Thorleif Enger	2009	Yes	No	Yes	Yes
Dod Fraser	2009	Yes	No	No	Yes
Ron Henderson	2010	Yes	Yes	No	No
J. Frithjof Skouverøe	1993	Yes	Yes	No	No
Trond Westlie	2004	Yes	Chairman	No	No

(a) Mr Ehret was not considered an 'Independent Director' for the purpose of the NASDAQ Marketplace Rules.

The Board was accountable for the proper stewardship of the Group's affairs, with the Non-executive Directors having a particular responsibility for ensuring that strategies proposed for the development of the business were critically reviewed. This ensured that the Board acted in the best long-term interest of shareholders and took account of the wider community of interests represented by clients, employees and suppliers, as well as broader social, environmental and ethical interests.

Board relations with management

The Board was responsible for overall control of the Group's affairs. The Corporate Management Team was responsible for control and management of day-to-day business matters. The Board delegated day-to-day and business control matters to the Chief Executive Officer who, with the Corporate Management Team, was responsible for implementing Group policy and monitoring the performance of the business.

During fiscal year 2010, the Corporate Management Team comprised the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Senior Vice Presidents of Territories 1 and 2 and the heads of all key Group functions. Effective liaison between the Board and the Corporate Management Team was achieved through regular attendance by members of the Corporate Management Team at Board meetings, and the provision of financial and operational updates by the Corporate Management Team to the Board.

Board balance

The Board comprised a Non-executive Chairman, the Non-executive Deputy Chairman, the Chief Executive Officer, and four further Non-executive Directors.

The Chairman was responsible for the leadership of the Board, ensuring its effectiveness and independence from the Group's management. The Chief Executive Officer was responsible for implementing the strategy of the business, within the authorities delegated to him by the Board.

The Chairman was supported by the Deputy Chairman. The Non-executive Directors provided experience and knowledge gained in a variety of sectors, and constructively challenged management's proposals for the strategy and direction of the business.

Ron Henderson was appointed to the Board at the 2010 Annual General Meeting.

Directors' interests

The interests of the Directors in the share capital of the Company as at January 7, 2011, being the last effective date of the Board, prior to completion of the Combination is set out below:

Director	Number of shares held
Sir Peter Mason KBE FREng	10,000
Tom Ehret	90,094
Jean Cahuzac[(a) (b)]	77,258
Thorleif Enger	nil
Dod A. Fraser	2,000
Ron Henderson	nil
J. Frithjof Skouverøe	26,500
Trond Ø. Westlie	nil
Total	**205,852**

(a) Restricted shares held represents the maximum award assuming all conditions are met.

(b) In addition to Shares held, as detailed above, Mr. Cahuzac also held 70,000 Performance Shares.

Details of share options held by Directors are shown in the Remuneration Report.

Immediately prior to completion of the Combination on January 7, 2010, the Directors of Acergy S.A. (detailed above) directly and indirectly owned a total of 205,852 shares (excluding Performance Shares), representing less than 0.1% of all issued shares in Acergy S.A. prior to completion of the Combination.

Directors' term of office

The appointment of Tom Ehret, Thorleif Enger, Ron Henderson and J. Frithjof Skouverøe to the Board ceased upon completion of the Combination with Subsea 7 Inc. Upon completion of the Combination, the Company was renamed Subsea 7 S.A. and the appointment of the Board of Subsea 7 S.A. (detailed on pages 34 to 35) became effective.

How the Board operated

Schedule of meetings

The Board met thirteen times during the fiscal year, with meetings scheduled around key reporting dates in the Group's financial calendar, and all Directors were encouraged to attend all meetings wherever possible. The increased number of Board meetings during fiscal year 2010 (2009: five) was primarily due to the consideration and subsequent approval and recommendation to shareholders of the proposed Combination with Subsea 7 Inc. Details of the Directors' attendance at meetings of the Board and its Committees, in person or via telephone conference, during fiscal year 2010 are shown below:

	Board	Audit Committee	Governance and Nomination Committee	Compensation Committee
2010 Meetings	13	4	2	3
Sir Peter Mason KBE FREng	13/13	2/2	2/2	–
Tom Ehret	13/13	–	2/2	3/3
Jean Cahuzac	13/13	–	–	–
Thorleif Enger	9/13	–	1/2	1/3
Dod Fraser	13/13	–	–	3/3
Ron Henderson	6/8	1/2	–	–
J. Frithjof Skouverøe	12/13	4/4	–	–
Trond Westlie	11/13	3/4	–	–

Purpose of meetings
The agendas of the Board meetings were drawn up by the Chairman, on the recommendation of Management. The Board regularly met without members of Management present. The Non-executive Directors also regularly met without the presence of Executive Directors.

Annual General Meeting business
The Company's 2010 Annual General Meeting was held in Luxembourg on May 28, 2010. At the Annual General Meeting Shareholders approved the (re)election of the Directors to the Board, the Annual Report and Financial Statements of the Group and Company, the appointment of the external auditors. Shareholders also gave authorisation to permit the purchase of common shares and approved the proposed dividend.

Extraordinary General Meetings
The Company held three Extraordinary General Meetings during 2010. At an Extraordinary General Meeting on February 16, 2010, the resolution to appoint Dod Fraser as a Non-executive Director was approved by Shareholders.

At a subsequent Extraordinary General Meeting on November 9, 2010, Shareholders approved:

- the first resolution, to approve the Combination of the Company with Subsea 7 Inc., the increase of the authorised share capital of the Company and the amendment of the Articles of Incorporation with effect from completion of the Combination, including changing the name of the Company to 'Subsea 7 S.A.'; and
- the second resolution, to appoint the eight named Directors to the Board of Directors of the combined Group, effective upon completion of the Combination.

A further Extraordinary General Meeting was held on December 20, 2010, at which Shareholders approved the resolution to appoint Bob Long as the ninth Director of the Board of Directors of the Combined Group, effective upon completion of the Combination.

Dividends
Following shareholder approval at the 2010 Annual General Meeting, the Company paid a dividend of $0.23 per common share to shareholders on June 12, 2010 and to holders of American Depository Receipts on June 14, 2010.

Audit Committee Report
The Acergy S.A. Audit Committee had overall responsibility for overseeing the accounting and financial processes of the Group and was directly responsible for the appointment, compensation, retention and oversight of the work of the Group's external auditor. For a list of key duties, see 'Audit Committee' on page 39.

The Acergy S.A. Audit Committee was chaired by Trond Westlie who, was Chief Financial Officer of AP Moeller Maersk, and previously of Telenor Group. The Board determined that Trond Westlie was the Audit Committee's financial expert and competent in accounting and audit practice and had recent and relevant financial experience. The other Committee members were Sir Peter Mason KBE and J. Frithjof Skouverøe.

The Acergy S.A. Audit Committee's Terms of Reference required that the Committee consisted of not less than three Non-executive Directors, and that all three members of the Committee were independent, Non-executive Directors. This Committee met four times during fiscal year 2010, and its meetings were attended by representatives of the external independent auditor and the Head of Internal Audit.

Governance and Nomination Committee
The Acergy S.A. Governance and Nomination Committee assisted the Board with respect to matters related to governance and succession. For a list of key duties, see 'Governance and Nomination Committee' on page 39.

The Acergy S.A. Governance and Nomination Committee was chaired by Sir Peter Mason KBE. The other Committee members were Tom Ehret and Thorleif Enger. All three members of this Committee were Independent Non-executive Directors.

Compensation Committee Report
The Acergy S.A. Compensation Committee reviewed and decided upon issues of compensation strategy, management appointments and compensation awards. In matters relating to the Chief Executive Officer, the Committee's remit was confined to making recommendations to the Board. For a list of key duties, see 'Compensation Committee' on page 40.

The Acergy S.A. Compensation Committee was chaired by Tom Ehret. The other Committee members were Thorleif Enger and Dod Fraser. All three members of this Committee were Independent Non-executive Directors.

Disclosure Committee
The Acergy S.A. Disclosure Committee assisted the Chief Executive Officer and Chief Financial Officer in fulfilling their responsibility for oversight of the accuracy and timeliness of the disclosures made by the Group. For a list of key duties, see 'Disclosure Committee' on page 40.

Remuneration Report – Acergy S.A. fiscal year 2010

Remuneration Report

The Group's remuneration policy was set by the Compensation Committee. The policy was designed to provide remuneration packages which would help to attract, retain and motivate senior management to achieve the Group's strategic objectives and to enhance shareholder value. The Compensation Committee benchmarks executive remuneration against comparable companies, and sought to ensure that the Group offered rewards and incentives which were competitive with those offered by the Group's peers. The Committee sought to ensure that the remuneration policy was applied consistently across the Group and that remuneration was fair and transparent, whilst encouraging high performance.

Executive remuneration comprised base salary, bonus, share based payments, benefits-in-kind and pension contributions. In benchmarking elements of remuneration against Subsea 7's peers, the Compensation Committee took advice from time to time from external consultants. External advice was taken for the Acergy S.A. 2009 Long-Term Incentive Plan.

Chief Executive Officer remuneration

The remuneration package of the Chief Executive Officer was determined by the Board on the recommendation of the Compensation Committee.

The compensation of the Chief Executive Officer, for fiscal year 2010 was $2.0 million (2009: $2.1 million) and included base salary, bonus, benefits-in-kind and pension contributions. This excluded compensation paid under the incentive plans described below. Effective April 14, 2008, as a component of his compensation package, he was awarded 20,000 restricted shares under the Restricted Share Plan and 70,000 Performance Shares under the 2009 Long-Term Incentive Plan. He also held as at January 7, 2011 share options, which are shown in the table below:

Name	Date of Grant	Number[(a)]	Exercise Price ($)	Date of Expiry
Jean P. Cahuzac	April 14, 2008	100,000	24.20	April 13, 2018

(a) Represents the number of common shares to be awarded.

Non-executive Directors' fees and share options

Non-executive Directors were paid a base fee for their services, with additional fees to reflect membership of committees and further fees to reflect chairmanship of committees. The fee structure which applied during fiscal year 2010 was as follows:

Fee	$ per annum
Chairman fee	200,000
Deputy Chairman fee	117,000
Base fee for Non-executive Directors	105,000
Additional fee for Audit Committee members	6,000
Additional fee for chairing a Committee	8,000

Details of the fees paid to Non-executive Directors for the fiscal year to November 30, 2010 are set out below:

Name	Annual Fee ($)	Chairman of Committee ($)	Member of Audit Committee ($)	**2010 Total ($)**	2009 Total ($)
Sir Peter Mason KBE FREng	200,000			**200,000**	174,178
Tom Ehret	117,000	8,000		**125,000**	102,000
Thorleif Enger	105,000			**105,000**	36,918
Dod Fraser	105,000			**105,000**	–
Ron Henderson	105,000		6,000	**111,000**	–
J. Frithjof Skouverøe	105,000		6,000	**111,000**	107,500
Trond Westlie	105,000	8,000		**113,000**	115,000

Non-executive Directors did not receive pension contributions, benefits-in-kind or bonuses. Non-executive Directors were previously eligible to participate in share option plans. However, a review was undertaken, based on advice provided by external advisors, as a result of which Non-executive Directors agreed to the cancellation of share options awarded to them in March 2008. Options awarded prior to March 2008 and still held by Non-executive Directors, as at January 7, 2011 were as follows:

Name of Director	Date of Grant	Number [(a)]	Exercise Price ($)	Date of Expiry
Sir Peter Mason KBE FREng	November 21, 2006	5,000	19.45	November 20, 2016
Tom Ehret	November 22, 2005	33,750	10.32	November 21, 2015
	November 21, 2006	50,000	19.45	November 20, 2016
Thorleif Enger		Nil		
Dod Fraser		Nil		
Ron Henderson		Nil		
J. Frithjof Skouverøe	November 12, 2004	5,000	5.02	November 11, 2014
	November 22, 2005	5,000	10.32	November 21, 2015
	November 21, 2006	5,000	19.45	November 20, 2016
Trond Westlie	November 12, 2004	5,000	5.02	November 11, 2014
	November 22, 2005	5,000	10.32	November 21, 2015
	November 21, 2006	5,000	19.45	November 20, 2016
Total		**118,750**		

(a) Represents the number of common shares awarded.

Corporate Management Team remuneration

The aggregate compensation for the eleven members of the Corporate Management Team (excluding the Chief Executive Officer) for fiscal year 2010 was $8.8 million (fiscal year 2009: $7.5 million; ten members). This included base salary, bonus, benefits-in-kind, pension contributions and an element of performance bonus which was related to the future development of the Group's share price. Share options held by the Corporate Management Team and details of long-term incentive arrangements are shown below.

Share options held by the Corporate Management Team (excluding the Chief Executive Officer) as at January 7, 2011 were as follows:

Name	Date of Grant	Number[(a)]	Exercise Price ($)	Date of Expiry
Gaël Cailleaux	November 22, 2005	4,500	10.32	November 21, 2015
	November 21, 2006	5,000	19.45	November 20, 2016
	March 12, 2008	8,000	22.52	March 11, 2018
Olivier Carré	November 22, 2005	10,000	10.32	November 21, 2015
	November 21, 2006	25,000	19.45	November 20, 2016
	March 12, 2008	35,000	22.52	March 11, 2018
Bruno Chabas	December 5, 2003	5,625	2.24	December 4, 2013
	November 22, 2005	24,374	10.32	November 21, 2015
	November 21, 2006	35,000	19.45	November 20, 2016
	March 12, 2008	25,000	22.52	March 11, 2018
Simon Crowe		Nil		
Andrew Culwell	May 9, 2001	1,000	13.56	May 8, 2011
	December 3, 2001	1,000	6.25	December 2, 2011
	March 17, 2003	1,000	1.19	March 16, 2013
	December 5, 2003	10,000	2.24	December 4, 2013
	November 12, 2004	6,000	5.02	November 11, 2014
	November 22, 2005	4,500	10.32	November 21, 2015
	November 21, 2006	4,500	19.45	November 20, 2016
	March 12, 2008	6,000	22.52	March 11, 2018
Jean-Luc Laloë	November 21, 2006	24,500	19.45	November 20, 2016
	March 12, 2008	15,000	22.52	March 11, 2018
Allen Leatt	November 21, 2006	24,500	19.45	November 20, 2016
	March 12, 2008	15,000	22.52	March 11, 2018
Øyvind Mikaelsen	May 14, 2004	60,000	2.30	May 13, 2014
	November 12, 2004	3,300	5.02	November 11, 2014
	November 22, 2005	18,750	10.32	November 21, 2015
	November 21, 2006	30,000	19.45	November 20, 2016
	March 12, 2008	15,000	22.52	March 11, 2018
Johan Rasmussen	December 3, 2003	13,750	2.24	December 2, 2013
	May 14, 2004	30,000	2.30	May 13, 2014
	November 12, 2004	6,050	5.02	November 11, 2014
	November 22, 2005	16,500	10.32	November 21, 2015
	November 21, 2006	24,500	19.45	November 20, 2016
	March 12, 2008	15,000	22.52	March 11, 2018
Keith Tipson	November 22, 2005	22,000	10.32	November 21, 2015
	November 21, 2006	24,500	19.45	November 20, 2016
	March 12, 2008	15,000	22.52	March 11, 2018
Total		**584,849**		

(a) Represents the number of common shares awarded.

Share ownership of Corporate Management Team

The interests of the Corporate Management Team (excluding the Chief Executive Officer) in the share capital of the Company as at January 7, 2011 the date of completion of the Combination, are set out below:

Name	Total Performance Shares[(a)]	Total Owned Shares[(b)]
Gaël Cailleaux	24,000	18,752
Olivier Carré	35,000	11,084
Bruno Chabas[(a)]	50,000	26,504
Simon Crowe	44,000	17,703
Andrew Culwell	10,000	590
Jean-Luc Laloë[(a)]	25,000	27,114
Allen Leatt[(a)]	32,000	5,000
Øyvind Mikaelsen	35,000	13,313
Johan Rasmussen[(a)]	25,000	17,752
Keith Tipson[(a)]	32,000	13,836
Total	**312,000**	**151,648**

(a) Total performance shares represent the maximum award assuming all conditions are met.

(b) Includes shares purchased or allocated under the Executive Deferred Incentive Schemes and the Restricted Share Plan and represents the maximum award assuming all conditions are met.

As at January 7, 2011, the Corporate Management Team directly and indirectly owned a total of 151,648 shares, representing 0.1% of issued shares in Acergy S.A. prior to completion of the Combination. The Chief Executive's interest in Acergy S.A. shares is shown in 'Directors interests'.

Pension arrangements

Acergy S.A. operated a number of pension schemes, depending on location, covering certain qualifying employees. One of these pension schemes was a defined benefit scheme; the remainder were defined contribution schemes. The Chief Executive Officer, and all members of the Corporate Management Team, were members of defined contribution schemes sponsored by the Group, and contributions were made by the Group to those schemes on their behalf.

Long-term incentive arrangements

The Group operated a number of long-term incentive arrangements to reward and incentivise key management. These are summarised in 'Share ownership of the Executive Management Team – long-term incentive arrangements' on page 42.

Chief Executive Officer and Chief Financial Officer's Responsibility Statement

Chief Executive Officer and Chief Financial Officer's Responsibility Statement
We confirm to the best of our knowledge that:

- the consolidated financial statements of the Group presented in this Annual Report and prepared in accordance with International Financial Reporting Standards ('IFRS') and as adopted in the European Union ('EU') give a true and fair view of the assets, liabilities, financial position and profit of Subsea 7 S.A. and the undertakings included within the consolidation taken as a whole; and
- the management report includes a fair review of the development and performance of the business and the position of Subsea 7 S.A. and the undertakings included within the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board

Chief Executive Officer
Jean Cahuzac

February 23, 2011

Chief Financial Officer
Simon Crowe

February 23, 2011

Strong financial performance

2010 was a year characterised by a measure of stabilisation of the energy and financial markets. While the global economic recession continued to impact exchange rates in the US and the Eurozone, commodity markets recovered from their previous lows and some calm seemed to return to the wider market. Our 2010 fiscal year finished with the price of oil at approximately $85 per barrel which was very similar to the price at the start of the fiscal year and the volatility in the price of oil was less than experienced in recent previous years. Clients remained cautious with delays in some contract awards; however we saw some good awards and Backlog growth which indicated a more positive market sentiment.

It was a busy year for the Group which was dominated by the negotiation and preparation for the Combination with Subsea 7 Inc. *Borealis* was purchased in December 2009, and the construction and conversion continued throughout the year. We also completed the purchase of *Antares*, *Pertinacia* and *Polar Queen*. In addition, we replaced our bank facilities with a new five year, $1 billion multi-currency revolving credit and guarantee facility. On top of this we delivered a very strong financial performance.

Financial strategy

We continued to focus on our financial strategy which can be summarised as maintaining a strong balance sheet to support the growth of our business in targeted regions with specific services and provide sufficient funding through the business cycle. We will achieve these objectives by having the best people and the best assets. We continually analyse business opportunities that match our resources and those that maximise cash flow, whilst being disciplined in maintaining strict debt service and debt volume ratios. The four key elements of our financial strategy remain as follows:

- Cost control
- Aligned corporate and entity structure
- Strong balance sheet to support growth and financial flexibility
- Robust control environment

Financial highlights

For the fiscal year ended November 30 (in $ millions, except share and per share data)	**2010**	2009
Continuing operations:		
Revenue	**2,369.0**	2,208.8
Gross profit	**668.0**	525.0
Net operating income	**436.1**	342.7
Income before taxes	**399.2**	361.3
Taxation	**(130.8)**	(102.8)
Income from continuing operations	**268.4**	258.5
Net income from discontinued operations	**44.6**	7.2
Net income	**313.0**	265.7
Net income attributable to:		
Equity holders of parent	**265.4**	245.0
Non-controlling interest	**47.6**	20.7
	313.0	265.7

Earnings per share – continuing operations	**$ per share**	$ per share
Basic	**1.20**	1.30
Diluted	**1.16**	1.29
Weighted average number of common shares and common share equivalents		
Outstanding (millions)		
Basic	**183.5**	183.0
Diluted	**206.7**	183.8

Continuing operations

In fiscal year 2010 the Group delivered revenue from continuing operations of $2,369.0 million (2009: $2,208.8 million), which was an increase of 7%, primarily reflecting strong operational performance.

Our business was divided into segments on a geographic basis. See Note 6 'Segment information' to the Consolidated Financial Statements for further information regarding revenues of our business segments.

Revenue from continuing operations generated by these segments was:

	2010		2009	
	Revenue (in $ millions)	**Percentage of total**	Revenue (in $ millions)	Percentage of total
Acergy NEC	**568.1**	**24.0%**	648.8	29.4%
Acergy AME	**179.8**	**7.6%**	206.0	9.3%
Acergy AFMED	**1,361.4**	**57.4%**	999.7	45.3%
Acergy SAM	**214.3**	**9.0%**	288.8	13.1%
Acergy NAMEX	**34.6**	**1.5%**	57.8	2.6%
Acergy Corporate	**10.8**	**0.5%**	7.7	0.3%
	2,369.0	**100.0%**	2,208.8	100.0%

Revenue from continuing operations generated by project activities was:

	2010		**2009**	
	Revenue (in $ millions)	**Percentage of total**	Revenue (in $ millions)	Percentage of total
SURF	**1,238.6**	**52.3%**	1,615.8	73.1%
Conventional	**887.8**	**37.5%**	388.2	17.6%
IMR/Survey	**242.6**	**10.2%**	204.8	9.3%
	2,369.0	**100.0%**	2,208.8	100.0%

Income before taxes from continuing operations increased 10% to $399.2 million (2009: $361.3 million) reflecting strong operational performance. Net income from continuing operations also increased by 4% to $268.4 million (2009: $258.5 million) in spite of an increase in the effective tax rate from 28% in fiscal year 2009 to 33% in fiscal year 2010.

For further detail refer to pages 60 to 63 of the Financial Review.

Earnings per share and dividends

Earnings per share

Basic earnings per share from continuing operations decreased to $1.20 (2009: $1.30) reflecting increased pressure on administration expenses as a result of the Combination, adverse foreign exchange impacts and increased taxation charges, partially offset by strong subsidiary and joint venture performance. Total diluted earnings per share for continuing operations was $1.16 (2009: $1.29) from a total diluted share count of 206.7 million (2009: 183.8 million). The convertible loan note was considered dilutive in fiscal year 2010 (2009: anti-dilutive) and the number of shares to be issued on conversion has therefore been included in the diluted share count when calculating the diluted earnings per share.

Dividends per share

In light of the development of the combined business and the Group's investment opportunities, the Board has proposed not to pay a dividend for the 2010 fiscal year. The Board is reviewing methods of balancing the optimal use of cash in light of the opportunities available. The Group distributed a total of $42.2 million to our shareholders in fiscal year 2010 (2009: $40.2 million) in the form of dividends and did not execute any further share buybacks. We delivered a Total Shareholder Return of 39% for the fiscal year 2010 (2009: 162%).

Cash flow

Movements in cash balances are summarised as follows:

For the fiscal year (in $ millions)	**2010**	2009
Cash and cash equivalents at the beginning of the year	**907.6**	573.0
Net cash generated from operating activities	**140.0**	546.1
Net cash used in investing activities	**(493.3)**	(100.4)
Net cash used in financing activities	**(84.5)**	(52.0)
Effect of exchange rate changes on cash and cash equivalents	**(25.4)**	44.5
Movement in cash balances classified as assets held for sale	**39.9**	(103.6)
Cash and cash equivalents at the end of the year	**484.3**	907.6

Cash generated from operating activities was significantly lower in fiscal year 2010 ($140.0 million) than in fiscal year 2009 ($546.1 million), a decrease of $406.1 million. Increased working capital accounted for most of this decrease: receivables increased due to the strong revenue performance in the second half; approximately $50 million of receivables related to the insurance claim in respect of the *Acergy Falcon* fire; and payables, excluding capital accruals relating to the construction of *Borealis*, decreased. We also had an increase in taxes paid due to settlement of various matters in fiscal year 2010 and a higher tax charge for the year.

Our investing activities consumed $493.3 million in fiscal year 2010 compared with $100.4 million in fiscal year 2009. This increase was attributable to the purchase and construction of *Borealis* as well as the purchase of *Antares*, *Pertinacia* and *Polar Queen*.

Cash used in financing activities relates mainly to issuance costs of new borrowings and the payment of dividends to shareholders and non-controlling interests. We also paid interest on our convertible loan notes in April and October 2010.

The foreign exchange markets remained volatile and this resulted in a $25.4 million adverse impact on our cash balances.

Our asset held for sale, Sonamet, performed strongly in fiscal year 2010. The reduction of cash of $39.9 million was as a result of Sonamet declaring and paying a dividend in fiscal year 2010.

Liquidity

At the end of fiscal year 2010 the Group had unutilised committed credit and guarantee facilities of $827.3 million, of which $500 million was available for cash drawings. On August 10, 2010 we executed our new $1 billion multi-currency revolving credit and guarantee facility which replaced our existing facilities. Combined with cash balances of $484.3 million, this ensured that as at November 30, 2010, the Group had sufficient liquid resources to meet operating requirements for the next twelve months. We continue to monitor our future business opportunities and actively review our credit and guarantee facilities and our long-term funding requirements.

In June 2010, the conversion price of our convertible loan notes was revised to $22.37 per share (2009: $22.71) following shareholder approval of a dividend of $0.23 per common share or share equivalent at the 2010 Annual General Meeting. The conversion price will continue to be adjusted in line with the terms of the convertible loan notes. The notes mature in October 2013 and are a very cost effective source of funds.

Covenant compliance

Our credit facilities contain various financial covenants including, but not limited to, a minimum level of tangible net worth, a maximum level of net debt to earnings before interest, taxes, depreciation and amortisation, a maximum level of total financial debt to tangible net worth, a minimum level of cash and cash equivalents and an interest cover covenant. During fiscal year 2010 all covenants were met. The Group must meet the requirements of the financial covenants on a consolidated basis in quarterly intervals on the last day of each fiscal quarter. Based on our latest forecasts, the newly combined company, Subsea 7 S.A., expects that it will be able to comply with all financial covenants during fiscal year 2011.

Balance sheet

As at November 30 (in $ millions)	2010	2009
Property, plant and equipment	**1,278.8**	821.8
Interest in associates and joint ventures	**215.1**	190.3
Trade and other receivables	**382.0**	297.9
Assets held for sale	**255.5**	263.6
Other accrued income and prepaid expenses	**242.3**	212.8
Cash and cash equivalents	**484.3**	907.6
Other assets	**131.5**	139.1
Total assets	**2,989.5**	2,833.1
Total equity	**1,259.3**	1,099.2
Non-current portion of borrowings	**435.3**	415.8
Trade and other liabilities	**673.3**	624.1
Deferred revenue	**217.8**	279.8
Current tax liabilities	**109.9**	97.9
Liabilities associated with assets held for sale	**134.5**	174.9
Other liabilities	**159.4**	141.4
Total liabilities	**1,730.2**	1,733.9
Total equity and liabilities	**2,989.5**	2,833.1

Backlog

Backlog for continuing operations as at November 30, 2010 was $3.6 billion (2009: $2.8 billion), of which $2.7 billion relates to our SURF activity, $0.8 billion to Conventional and $0.1 billion to Survey/IMR.

We expect that $1.8 billion of this Backlog will be executed in fiscal year 2011, $0.9 billion in fiscal year 2012 and $0.9 billion in fiscal year 2013 and thereafter. Backlog excludes associates, joint ventures and discontinued operations. On January 7, 2011, the Combination with Subsea 7 Inc. was completed, significantly increasing Backlog for execution in fiscal year 2011 and beyond.

Outlook

We are looking forward to 2011 with confidence. A robust oil price and rising tendering activity around the world underpins order book momentum. Execution and activity levels are expected to rise, although contracts awarded in more challenging market conditions during 2009 and 2010 will impact the Group's Adjusted EBITDA margin in 2011.

Conventional activity in West Africa is expected to remain strong in the short and medium-term. A number of the major SURF contracts, in Australia, Brazil and West Africa, are expected to come to market award in 2011. The offshore installation phase of any such new SURF projects will commence beyond 2011. In the North Sea we are seeing renewed activity, albeit in a pricing environment that, for shorter-term work, remains competitive.

We believe that the trend will be for subsea projects to continue to increase in size and complexity which will contribute to strong industry growth in the medium-term for those companies that have the capabilities to meet these challenges.

Significant factors affecting results of operations and financial position

Business environment

The Group's services largely depend on the success of exploration and the level of investment in upstream offshore exploration and production by the major oil companies. Management believes the medium-term market fundamentals for its business remain strong, driven by increasing field depletion and clients' strategic needs to access new reserves and replenish production, including the development of hydrocarbon discoveries in increasingly challenging acreage.

2008 witnessed significant and historic events in capital and commodity markets with global financial markets suffering the most serious crisis since the great crash of 1929. For commodity markets, 2008 was a year of extremes as the oil price reached nearly $150 per barrel, later falling to below $40 per barrel. The effect of the economic downturn remained evident throughout 2009. The combination of macro economic concerns and oil price weakness dented market confidence which, together with the credit crunch, put pressure on clients' short and medium-term capital expenditure plans, resulting in clients delaying the award of large SURF projects and poor short-term visibility in this market. Consequently there was a lower level of activity with pressure on prices throughout 2009.

In 2010, a stronger oil price and more stable macro environment inspired greater confidence in the industry. During the year, tendering activity increased worldwide. In the second half of 2010, a number of contracts that were delayed during 2009, including the first of the delayed major SURF contracts, came to market award. The Group expects further major SURF contracts to come to market award in 2011. The offshore installation phase of these new SURF projects will commence beyond 2011. In the short and medium-term, the Group expects the demand for Conventional services in West Africa to remain strong.

During 2010, events surrounding the Macondo well incident in the US Gulf of Mexico raised questions regarding future activity and regulation within the industry. The Group currently has no material exposure to the US Gulf of Mexico, therefore it does not anticipate a direct impact on its financial performance in the short or medium-term. However, the Group anticipates that some deepwater projects in the US Gulf of Mexico that were previously due to come to market award over the next twelve months may be delayed until late 2011 or possibly 2012. The incident has placed a greater focus on reliability, engineering, and project management resources. The Group anticipates this focus to translate into the specifications for new projects and it is possible that new regulations may be introduced in the US and elsewhere as a result. Whilst it is impossible to predict the impact of any such new regulations, the Group believes its expertise and continued focus on operating to the highest safety standards in the industry provides a good platform to meet such future challenges.

Seasonality

A significant portion of the Group's revenue in fiscal year 2010 and fiscal year 2009 was generated from work performed offshore West Africa where optimal weather conditions exist only from October to April, with most offshore operations being scheduled for that period. The Group also generated a significant portion of its revenue in fiscal years 2010 and 2009 in the North Sea and Norwegian Sea. Adverse weather conditions during the winter months in this region usually result in low levels of activity. Due to global economic conditions since 2008, the seasonal patterns of an increased level of activity during the summer usually observed in the North Sea and the Norwegian Sea have been noticeably dampened. The Group is expected to generate a significant portion of its revenue from West Africa, the North Sea and Norwegian Sea.

A full-year result is not likely to be a direct multiple of any particular quarter or combination of quarters. During certain periods of the year, the Group may be affected by delays caused by adverse weather conditions such as hurricanes or tropical storms. The Group continues to incur operating expenses during periods of adverse weather, but revenue from operations may only be recognised later in line with the percentage-of-completion method.

Vessel utilisation

The Group's ability to earn revenue is driven by its optimisation of the utilisation of its vessels. The utilisation rate is calculated by dividing the total number of days for which the vessels were engaged in project-related work by 350 days annually, expressed as a percentage. The remaining 15 days are attributable to routine maintenance.

Utilisation of major vessels (excludes barges and minor support vessels) was 70% in fiscal year 2010 compared to 80% for fiscal year 2009.

The utilisation of deepwater and heavy construction vessels declined compared to fiscal year 2009, primarily due to the prevailing market conditions in the North Sea and Norwegian Sea in fiscal year 2010. *Acergy Falcon* had low utilisation in fiscal year 2010 as the vessel was out of service for six months due to a serious fire while in planned dry-dock. Both *Acergy Condor* and *Acergy Harrier* were in dry-dock before commencing new service agreements with Petrobras.

Utilisation of light construction and survey vessels has decreased in fiscal year 2010 compared to fiscal year 2009, mainly due to reduced utilisation of *Acergy Petrel* and *Acergy Viking*, which operated in the competitive North Sea survey market, where overall activity was lower than in fiscal year 2009.

Vessel scheduling

Performance can be adversely affected by conflicts in the scheduled utilisation of key vessels and barges. These can be caused by delays in releasing vessels from projects due to additional client requirements and overruns. Conflicts can also arise from commercial decisions concerning the utilisation of assets after work has been tendered and contracted for. The need to substitute vessels or barges as a result of unavailability of initially planned vessels or barges can adversely affect the results of the projects concerned.

Maintenance and reliability of assets

The successful execution of contracts requires a high degree of reliability of vessels, barges and equipment. Breakdowns not only add to the costs of executing a project, but can also cause delays in the completion of subsequent contracts which are scheduled to utilise the same assets. The Group operates a scheduled maintenance programme in order to keep all assets in good working order but, despite this, breakdowns can and do occur.

Revisions on major projects

During the course of major projects, adjustments to the original estimates of the total contract revenue, total contract cost, or extent of progress toward completion are often required as the work progresses under the contract and as experience is gained, even though in certain cases the scope of work required under the contract may not change. Where a change of scope is required, variation orders are negotiated with the client. However final agreement and settlement are often not achieved until late in the project. As discussed in Note 3 'Significant accounting policies – revenue recognition' to the Consolidated Financial Statements, these revisions to estimates will not result in restating amounts in previous periods.

Estimates are revised monthly on the basis of project status reports, which include an updated forecast of the cost to complete each project. Additional information that enhances and refines the estimation process is often obtained after the balance sheet date but before the issuance of the financial statements. Unless the events occurring after the balance sheet date are outside the normal exposure and risk aspects of the contract, such information will not be reflected in the financial statements until the following fiscal year.

The revision of estimates calculation is based on the difference between the current and prior fiscal year's estimated gross margin at completion of the project, multiplied by the prior fiscal year percentage-of-completion. If a project had not commenced at the end of the previous fiscal year, the revision of estimates incurred for this project during the current fiscal year would not be included in the calculation for revision of estimates.

The impact of revisions of project estimates, variation orders and project escalations, at the gross profit level is as follows:

For the fiscal year (in $ millions)	**2010**	2009	2008
Continuing operations			
Positive revisions	**179.1**	154.8	180.8
Negative revisions	**(8.9)**	(73.9)	(4.5)
Total continuing revisions	**170.2**	80.9	176.3
Discontinued operations			
Positive revisions	**56.5**	17.5	–
Negative revisions	**–**	–	(23.8)
Total discontinued revisions	**56.5**	17.5	(23.8)
Total	**226.7**	98.4	152.5

Continuing operations

There were positive revisions to estimates, variation orders and project escalations (improvements in projected project margin during and at completion of the contract) reported in all business segments during fiscal year 2010. Positive revisions primarily related to Conventional and SURF projects in Acergy AFMED and SURF projects in Acergy NEC where commercial negotiations on the Marathon Volund Project were successfully completed. Negative revisions in fiscal year 2010 were due to increased operating costs primarily related to SURF projects in Acergy AFMED and Acergy NEC. Negative revisions in fiscal year 2009 primarily related to Acergy NEC, which reported $56.5 million of negative revisions on SURF projects, primarily due to increased operating expenses on the Marathon Volund Project which completed during the fiscal year. In fiscal year 2010, negotiations related to claims and variation orders on the Marathon Volund Project were completed and disputed revenues that were agreed were recognised.

Discontinued operations

There were positive revisions to estimates (improvements in projected project margin during and at completion of the contract) reported in discontinued operations following the completion of operations and commercial negotiations on the Mexilhao Project in Brazil.

Exchange rates

The Group transacts in a number of foreign currencies and as a result has foreign currency denominated revenue, expenses, assets and liabilities. However, the consolidated Group results are reported in US Dollars. As a consequence, movements in exchange rates can affect profitability, the comparability of results between periods and the carrying value of assets and liabilities. Other than the US Dollar, the major foreign currencies of the Group are the Euro, British Pound and Norwegian Krone.

The policy of the Group is to contract in the functional currency of the contracting entity where possible. However, when the Group incurs revenues or expenses that are not denominated in the same currency as the related functional currency, foreign exchange rate fluctuations can adversely affect profitability. Where it is not possible to contract in functional currency, the Group's policy is to use foreign exchange contracts to hedge significant external foreign exchange exposure. The US Dollar is the functional currency of the most significant subsidiaries in Acergy NAMEX, Acergy SAM and Acergy AME. In Acergy AFMED, the functional currencies are primarily the Euro, Nigerian Naira and US Dollar. In Acergy NEC, the functional currencies are primarily the Norwegian Krone, US Dollar, Canadian Dollar and British Pound. Exposure to currency exchange rate fluctuations results from net investments in foreign subsidiaries, primarily in the United Kingdom,

Norway, France and Brazil. There is also exposure to fluctuations in several other currencies resulting from operating expenditures and significant one-off non-project-related transactions such as capital expenditure.

In order to prepare the consolidated financial statements, non-US Dollar denominated results of operations, assets and liabilities are translated to US Dollars. Balance sheet items are translated into US Dollars using the relevant exchange rate at the fiscal year end for assets and liabilities, and income statement and cash flow items are translated using exchange rates which approximate the average exchange rate during the relevant period. Fluctuations in the value of the US Dollar versus other currencies will have an effect on the reported Consolidated Income Statement and the value of assets and liabilities in the Consolidated Balance Sheet even where the results of operations or the value of those assets and liabilities have not changed in their local functional currency. For more information refer to Note 34 'Financial instruments' to the Consolidated Financial Statements.

As the Group conducts operations in many countries there is exposure to currency exchange rate fluctuations through generation of revenue and expenditure in the normal course of business. The foreign currency rate exposure policy prescribes the range of allowable hedging activity to minimise this exposure. Forward foreign exchange contracts are used primarily to hedge capital expenditure and operational nonfunctional currency exposure on a continuing basis for periods consistent with committed exposures.

Impairment charges

Impairment charges in fiscal year 2010 amounted to $3.8 million (2009: $15.6 million), reflecting a charge of $7.0 million related to software costs included in intangible assets, partially offset by an impairment reversal of $3.2 million (2009: impairment charge of $4.8 million) related to the Group's investments in Sonamet, which were classified as assets held for sale at November 30, 2010.

For more information regarding impairment charges, refer to Note 15 'Intangible assets', Note 16 'Property, plant and equipment' and Note 21 'Assets classified as held for sale' to the Consolidated Financial Statements.

Impairment charges in fiscal year 2009 amounted to $15.6 million (2008: $2.8 million). The charge for 2009 included $9.8 million relating to underutilised operating equipment and $4.8 million relating to the Group's investments in Sonamet, which were classified as assets held for sale at November 30, 2009. Discontinued operations contributed $1.0 million to the impairment charge, relating to a reduction in the expected sale price of equipment relating to but not included in the sale of *Acergy Piper*.

In fiscal year 2008, impairment charges in respect of underutilised operating equipment amounted to $2.8 million and a reversal of an impairment charge relating to *Acergy Piper* of $14.3 million was reflected in the net loss from discontinued operations.

Financial Review

Revenue

Revenue from continuing operations increased by 7.3% to $2,369.0 million in fiscal year 2010 compared to fiscal year 2009 (2009: $2,208.8 million). SURF activity contributed $1,238.6 million or 52.3% of revenue from continuing operations (2009: $1,615.8 million or 73.1%) . Conventional activity comprised $887.8 million or 37.5% of revenue from continuing operations (2009: $388.2 million, 17.6%) . Other revenue streams related to IMR/Survey activity of $242.6 million (2009: $204.8 million), which represented 10.2% (2009: 9.3%) of revenue from continuing operations. As at November 30, 2010, an estimated $1.8 billion of the $3.6 billion Backlog was scheduled for execution in fiscal year 2011.

Revenue from continuing operations decreased by 12.4% to $2,208.8 million in fiscal year 2009 compared to fiscal year 2008 (2008: $2,522.4 million). SURF activity contributed $1,615.8 million or 73.1% of revenue from continuing operations (2008: $1,832.4 million, 72.6%) . Conventional activity comprised $388.2 million or 17.6% of revenue from continuing operations (2008: $442.0 million, 17.5%) . Other revenue streams related to IMR/Survey activity of $204.8 million (2008: $248.0 million), which represented 9.3% (2008: 9.8%) of the revenue from continuing operations. As at November 30, 2009, an estimated $1.7 billion of the $2.8 billion Backlog was scheduled for execution in fiscal year 2010.

Operating expenses

Operating expenses in fiscal year 2010 amounted to $1,701.0 million (2009: $1,683.8 million), an increase of 1.0% compared to fiscal year 2009, but supporting a 7.3% increase in revenue. The result reflects actions taken in prior years to reduce operating costs and increase operating efficiency.

Operating expenses in fiscal year 2009 amounted to $1,683.8 million (2008: $1,874.2 million), a decrease of 10.2% compared to fiscal year 2008, slightly less than the 12.4% decline in revenue during the same period. Despite careful monitoring of project expenses, operating expenses increased, leading to an overall gross profit margin percentage point decrease of 1.9% compared to fiscal year 2008. This was primarily due to increased operating expenses on the Marathon Volund Project which completed during fiscal year 2009, but for which revenues could not be recognised during fiscal year 2009 while subject to ongoing commercial negotiations.

Gross profit

Gross profit for the fiscal year 2010 was $668.0 million (2009: $525.0 million), an increase of 27.2%, with the gross profit margin of 28.2% increasing from 23.8% in fiscal year 2009. The strong increase in gross profit reflects increased activity levels in Conventional and IMR/Survey and the current portfolio mix with more major SURF projects in installation phase compared to fiscal year 2009. A number of SURF and Conventional projects reached completion during the fiscal year contributing to the increased gross profit margin. This was partially offset by weaker utilisation of vessels. Fiscal year 2010 reflected the successful resolution of commercial negotiations on the Marathon Volund Project,

which completed operations in fiscal year 2009. Certain expenses relating to this project were recognised in fiscal year 2009 but the related revenues could not be recognised during fiscal year 2009 while subject to ongoing commercial negotiations.

Gross profit for the fiscal year 2009 was $525.0 million (2008: $648.2 million), a decrease of 19.0%, with the gross profit margin of 23.8% declining from 25.7% in 2008. The decrease in gross profit reflected lower activity levels and a portfolio mix with fewer major SURF projects in installation phase or completed compared to fiscal year 2008. This was partially offset by good project execution and good utilisation of vessels.

Administrative expenses

Administrative expenses increased $75.4 million (32.6%) to $306.7 million in fiscal year 2010 from $231.3 million in fiscal year 2009 and represented 12.9% of revenue (2009: 10.5%). This increase is largely as a result of the transaction costs of $15.1 million and restructuring costs of $12.1 million relating to the Combination with Subsea 7 Inc., business process and improvement costs, increased tendering activity and foreign exchange impacts.

Administrative expenses decreased $22.5 million (8.9%) to $231.3 million in fiscal year 2009 from $253.8 million in fiscal year 2008 and represented 10.5% of revenue (2008: 10.1%). This reduction was the combination of cost reduction initiatives launched in early 2009, continuous monitoring of the cost base and favourable foreign exchange rate movements.

Share of net income of associates and joint ventures

The Group's share of net income of associates and joint ventures was as follows:

For the fiscal year (in $ millions)	**2010**	2009	2008
Dalia	**1.4**	2.9	0.6
Oceon	**0.4**	(0.9)	(0.9)
Acergy/Subsea 7[(a)]	**–**	0.6	3.5
SapuraAcergy	**28.5**	9.7	(15.4)
Seaway Heavy Lifting	**30.8**	15.0	29.6
NKT Flexibles	**13.7**	21.7	45.6
Total	**74.8**	49.0	63.0

(a) Represents historical project specific contractual joint activity in the North Sea.

The Group's share of net income of associates and joint ventures in fiscal year 2010 increased 52.7% to $74.8 million compared to $49.0 million in fiscal year 2009. The results were primarily due to a higher contribution from SapuraAcergy of $28.5 million (2009: $9.7 million) due to the Gumusut and Iwaki Projects and a higher contribution from Seaway Heavy Lifting of $30.8 million (2009: $15.0 million) as a result of the Greater Gabbard Project completing during the year. This was partially offset by a lower positive contribution from NKT Flexibles of $13.7 million (2009: $21.7 million) largely due to continuing challenging conditions in the flexible pipelay market.

The Group's share of net income of associates and joint ventures in fiscal year 2009 decreased 22.2% to $49.0 million compared to $63.0 million in fiscal year 2008. The results were primarily due to a reduced NKT Flexibles contribution of $21.7 million (2008: $45.6 million), that reflected challenging conditions in the flexible pipelay market, and a lower contribution from Seaway Heavy Lifting, which contributed $15.0 million (2008: $29.6 million) due to a particularly strong performance in fiscal year 2008. This was partially offset by a positive contribution from SapuraAcergy of $9.7 million (2008: loss of $15.4 million) largely due to improvements in Kikeh and MHS Project performance and *Sapura 3000* being available for the full fiscal year.

Net operating income from continuing operations

Net operating income increased by $93.4 million to $436.1 million in fiscal year 2010 (2009: $342.7 million), representing an increase of 27.3% from fiscal year 2009. This strong performance is a result of increased revenue combined with the increase in the gross margin percentage. The share of net income of associates and joint ventures also increased 52.7% to $74.8 million (2009: $49.0 million) as a result of the contributions from SapuraAcergy and Seaway Heavy Lifting.

Net operating income decreased by $118.1 million to $342.7 million in fiscal year 2009 (2008: $460.8 million). This represented a reduction of 25.6% from fiscal year 2008 reflecting the overall decline in market activity observed in fiscal year 2009, which was evidenced by a reduction in gross profit margin and a $14.0 million decrease in the share of net income of associates and joint ventures.

Investment income

In fiscal year 2010, investment income increased to $9.8 million compared to $6.4 million in fiscal year 2009, mainly as a result of an increase in global interest rates on overnight balances. This was a reversal in the trend that was experienced in fiscal year 2009, during which investment income decreased to $6.4 million from $17.9 million in fiscal year 2008.

Other gains and losses

Other gains and losses was a loss of $18.0 million in fiscal year 2010, compared to gains of $43.6 million and $44.1 million in fiscal years 2009 and 2008 respectively. Other gains and losses are composed of the effects of movements in foreign currency exchange and disposals of property, plant and equipment. In fiscal year 2010 gains of $0.2 million were recorded on the disposal of property, plant and equipment (2009: $0.4 million, 2008: $5.4 million).

Net foreign currency exchange gains or losses

During fiscal year 2010 the Group recorded a foreign currency exchange loss of $18.2 million. The largest elements of this loss related to losses of $10.0 million on short-term inter-company balances and losses of $8.5 million arising on the fair value of derivatives where hedge accounting was not applied. The overall foreign currency exchange loss of $18.2 million was primarily caused by the strengthening of the US Dollar compared to all other major currencies.

In fiscal year 2009 the Group recorded foreign currency exchange gains of $43.2 million. The largest elements of this gain related to gains of $52.7 million arising on the revaluation of cash balances and unrealised hedging gains of $20.2 million, partially offset by foreign currency exchange losses of $30.4 million arising on the revaluation of short-term inter-company balances between subsidiary entities.

In fiscal year 2008 the Group recorded foreign exchange gains of $39.0 million. The largest element of this gain related to the revaluation of short-term inter-company balances in subsidiary entities and the strengthening of the US Dollar compared to other currencies, primarily the Euro.

Details relating to the effect of exchange rate, related risks and hedging positions are presented in Note 34 'Financial instruments' to the Consolidated Financial Statements.

Finance costs

Finance costs in fiscal year 2010 were comparable to fiscal year 2009, totalling $28.7 million in comparison to $31.4 million for fiscal year 2009, relating mainly to fixed interest on convertible loan notes, and interest on borrowings. The charge for the fiscal year 2010 was partially offset by $13.7 million capitalised interest on property, plant and equipment under construction.

Finance costs in fiscal year 2009 increased to $31.4 million compared to $30.5 million in fiscal year 2008, relating mainly to interest on convertible loan notes.

Income before taxes

In fiscal year 2010 income before taxes increased to $399.2 million (2009: $361.3 million and 2008: $492.3 million). Strong operational performance and a significant increase in the share of net income of associates and joint ventures were partially offset by increased administration expenses (2010: $306.7 million, 2009: $231.3 million, 2008: $253.8 million) and foreign currency exchange losses of $18.2 million (2009: gain of $43.2 million, 2008: gain of $39.0 million).

Taxation

The Group recorded a net tax charge of $130.8 million on continuing operations in fiscal year 2010 as compared to $102.8 million in fiscal year 2009 (2008: $162.6 million). The effective tax rate on continuing operations for fiscal year 2010 was 32.8%, compared to an effective tax rate of 28.5% for fiscal year 2009 (2008: 33.0%).

The movements in the tax provision or benefit year-on-year generally are a product of the differing levels of profitability achieved in each of the many territories in which business is conducted. The significant components of the tax provision are referred to in the following paragraphs.

As discussed more fully in Note 11 'Taxation' to the Consolidated Financial Statements, the Group reassessed its estimates of the probable liabilities resulting from ongoing tax audits and uncertain tax positions. The French tax audit closed in the year resolving all open cases through fiscal year 2006. In fiscal year 2009 the Group released provisions totalling $10.2 million. In 2008, a provision of $4.1 million was made for risks arising out of tax audits and enquiries in the UK. It is possible that the ultimate resolution of ongoing tax inquiries and audits and uncertain tax positions could result in tax charges that are materially higher or lower than the amounts accrued or provided for.

The Group recognised net deferred tax liabilities totalling $21.3 million in fiscal 2010 (2009: a deferred tax liability of $30.6 million, 2008: a deferred tax liability of $16.3 million) for the tax effects of temporary differences related to property, plant and equipment, accrued expenses, share-based payments, convertible loan notes and tax losses. An analysis of these balances is shown in Note 11 'Taxation' to the Consolidated Financial Statements.

The Group's UK vessel operating subsidiaries continue to be taxed within the UK tonnage tax regime. The profits of these vessels operating as tonnage subsidiaries are adjusted by reference to a formula linked to the tonnage of the vessels before being taxed at the UK statutory tax rate. The tax charge reflected a net benefit of $7.0 million in fiscal year 2010 compared to $6.0 million in fiscal year 2009 (2008: $7.5 million). This is compared to the UK tax that would be payable had the Group not elected to join the UK tonnage tax regime.

The tax rate in fiscal year 2010 benefited from a net release of provisions and prior year adjustments totalling $1.4 million (2009: $6.0 million, 2008: $7.5 million).

The Group has potential future tax deductions, tax credits and Net Operating Losses ('NOLs') in several countries, including the US. With the exception of some of the losses in Norway and the UK, no deferred tax asset has been recognised in respect of the future benefit of NOL's because the Group determined, based on current estimates of future taxable earnings and due to an uncertainty over future profits and a history of losses in the jurisdictions concerned, that it is unlikely that tax deductions will be realised. Across its subsidiaries, the Group has NOLs and similar deductions of $128.4 million (2009: $148.0 million, 2008: $194.6 million), a substantial proportion of which are in the US. It should be noted that following completion of the Combination with Subsea 7 Inc. it is considered likely that this will be a change of control event restricting the Group's ability to utilise the NOLs in the US.

As at November 30, 2010, the Company was a tax exempt 1929 Luxembourg Holding Company. The Luxembourg tax law which provided for a special tax regime for 1929 Holding Companies expired on December 31, 2010. As of January 1, 2011, the 1929 regime ceased to exist and Subsea 7 S.A. became an ordinary taxable Luxembourg company. The Group is in the process of restructuring its affairs to mitigate any potential adverse effects as a result of being subject to Luxembourg's ordinary tax regime. However, when finalised, the measures actually implemented by the Group may not be sufficient to eliminate all potential adverse effects of the new tax regime, in which case the Group's tax liabilities may increase by amounts that currently cannot be estimated.

Income from continuing operations

Income from continuing operations increased 3.8% to $268.4 million for fiscal year 2010 compared to $258.5 million for fiscal year 2009. The increase in income was a combination of strong operational performance and a significant increase in the share of net income of associates and joint ventures, offset by increased administration expenses and losses on foreign currency exchange and an increased effective tax rate of 32.8%, up from 28.5% in fiscal year 2009.

Income from continuing operations decreased 21.6% to $258.5 million for fiscal year 2009 compared to $329.7 million for fiscal year 2008. The decrease in income was a combination of lower operating activity levels during the year and reduced investment income, partially offset by a reduction in the effective tax rate from 33.0% to 28.5%, where the Group benefited from a tax audit provision reversal reducing the overall tax charge.

Discontinued operations

In November 2008 the decision was taken to dispose of the non-core Trunkline business (which included *Acergy Piper*, a vessel specifically configured for Trunkline operations) and the results of this business segment were classified as discontinued operations. The sale of *Acergy Piper* to Saipem (Portugal) Comercio Maritimo S.U. Lda was completed on January 9, 2009 for a sales consideration of $78.0 million. The Group continued to generate revenue through the Trunkline business during fiscal years 2009 and 2010 due to project completion work on the Mexilhao Project.

Discontinued operations for fiscal year 2010 generated $83.4 million of revenue, arising from the Mexilhao Project in Brazil. Operating expenses attributable to discontinued operations during fiscal year 2010 amounted to $23.9 million. A net income of $44.6 million was recorded from discontinued operations for fiscal year 2010 after taking into consideration taxation on discontinued operations amounting to $14.9 million.

Discontinued operations for fiscal year 2009 generated $114.8 million of revenue, arising from the Mexilhao Project in Brazil. Operating expenses attributable to discontinued operations during fiscal year 2009 amounted to $99.9 million. A net income of $7.2 million was recorded from discontinued operations for fiscal year 2009 after taking into consideration the impairment charge on *Acergy Piper* generators and generating sets of $1.0 million and taxation on discontinued operations amounting to $6.7 million.

Discontinued operations for fiscal year 2008 generated $281.8 million of revenue which included $275.9 million primarily related to the Mexilhao Project in Brazil. Operating expenses attributable to discontinued operations during fiscal year 2008 amounted to $320.7 million. A net loss of $22.5 million was incurred from discontinued operations for fiscal year 2008. These results included a $14.3 million reversal of a previous impairment change related to *Acergy Piper* and a $2.1 million taxation credit on discontinued operations.

Net income

In fiscal year 2010 net income for total operations was $313.0 million (2009: $265.7 million, 2008: $307.2 million). Net income attributable to equity shareholders of the parent was $265.4 million (2009: $245.0 million, 2008: $301.4 million), with the balance attributable to non-controlling interests of $47.6 million (2009: $20.7 million, 2008: $5.8 million).

Investment and capital expenditure

In fiscal year 2010 additions to property, plant and equipment for continuing operations were $592.8 million (2009: $131.6 million, 2008: $326.6 million). There was no capital expenditure for discontinued operations in fiscal year 2010 (2009: $nil, 2008: $1.4 million).

In December 2009 the Group acquired *Borealis*, a state-of-the-art deepwater pipelay vessel, which is expected to drive superior returns from future activity. This differentiating asset, currently being built at the Sembawang Shipyard in Singapore, is a DP3 dynamic positioning vessel equipped with a 5,000 tonne crane. The Group plans to install a 1,000 tonne J-Lay tower, which is currently owned, and state-of-the-art 600 tonne S-Lay equipment for worldwide deepwater and harsh environment operations. Final completion and operational delivery of the vessel is scheduled for the first half of fiscal year 2012.

In the third quarter of fiscal year 2010, Acergy S.A. (now Subsea 7 S.A.) acquired *Antares*, a new shallow water barge for the conventional market for pipelay and hook-up projects in West Africa, and *Polar Queen*, a flexible pipelay and subsea construction vessel which joined the fleet in 2006 on long-term charter. In the fourth quarter of fiscal year 2010, Acergy S.A. (now Subsea 7 S.A.) acquired *Pertinacia*, a flexible pipelay vessel, which joined the fleet in 2007 on long-term charter.

All acquisitions have been funded from existing cash reserves.

In the first half of 2011, the Group is expecting to take delivery of *Havila* (a dive support vessel) and the joint venture, Seaway Heavy Lifting, is expected to take delivery of *Oleg Strashnov* (a heavy lift vessel).

The table below sets out the principal additions of property, plant and equipment in the last three fiscal years.

For the fiscal year (in $ millions)	**2010**	2009	2008
Construction support vessels	**472.6**	53.2	180.1
Operating equipment	**115.0**	60.6	123.4
Land and buildings	**0.4**	13.1	6.6
Other assets	**4.8**	4.7	16.5
Total	**592.8**	131.6	326.6

The four largest capital expenditure projects during fiscal year 2010 were:

Assets	Description of capital expenditure project	**(in $ millions)**
Borealis	Purchase of vessel and improvements	**295.9**
Antares, Pertinacia and Polar Queen	Purchase of vessels and conversions	**172.9**
Acergy Condor and Acergy Harrier	Dry-dock	**31.6**
Acergy Falcon[(a)]	Dry-dock	**11.5**

(a) Excluding insurance proceeds.

The four largest capital expenditure projects during fiscal year 2009 were:

Assets	Description of capital expenditure project	(in $ millions)
Sonamet construction[(a)]	Upgraded facilities	37.1
Acergy Polaris	Improvements to J-Lay tower	13.4
Skandi Acergy	Vessel conversion	12.4
Acergy Legend	Class dry-dock	9.5

(a) Classified as an asset held for sale at year end.

The four largest capital expenditure projects during fiscal year 2008 were:

Assets	Description of capital expenditure project	(in $ millions)
Acergy Polaris	30 year class dry-dock[(a)]	74.5
Skandi Acergy	Vessel conversion	34.5
Acergy Petrel	Purchase of vessel	31.7
Toisa Proteus	Flexible lay system	27.9

(a) This includes capital expenditure on *Acergy Polaris* for its 30 year class dry-dock carried out between May 2008 and January 2009 and the additional installation of the Deep Water Stinger.

Capital expenditure planned for fiscal year 2011

Planned capital expenditure on property, plant and equipment for fiscal year 2011 is estimated to be approximately $550 million. The majority of the expenditure will be the continued development of *Borealis* and *Antares*, as well as continuing to further upgrade and rejuvenate the fleet which operates across the various segments. The 2011 capital expenditure is expected to be financed from existing cash resources.

Divestitures

As at fiscal year end 2010, net assets held for sale and the related business segments were:

As at November 30 (in $ millions)	**2010**	2009	2008
Acergy AME[(a)]	**–**	1.1	1.1
Acergy NEC[(b)]	**1.0**	1.0	74.4
Acergy NAMEX	**–**	0.1	–
Acergy AFMED[(c)]	**120.0**	86.5	–
Total	**121.0**	88.7	75.5

(a) This relates to the land, buildings and office equipment in Balikpapan, Indonesia in Acergy AME sold in October 2010.

(b) This relates to the disposal of the Trunkline business in 2008 including *Acergy Piper*, a semi-submersible pipelay barge which was sold on January 9, 2009. The 2010 value represents equipment purchased for *Acergy Piper* that is expected to be sold in 2011.

(c) This relates to assets and liabilities of Sonamet that has been classified as an asset held for sale as a result of the expected sale of 19% of the Group's interest in 2011. See Note 21 'Assets classified as held for sale' to the Consolidated Financial Statements.

Business segments' results

During fiscal year 2010, the Group's operations were managed through five geographical segments that were combined into 'Territory 1' and 'Territory 2' in order to improve the Group's commercial focus and the co-ordination and utilisation of worldwide resources. Following the combination with Subsea 7 Inc. these have changed, see Note 40 'Post Balance Sheet Events' to the Consolidated Financial Statements.

'Territory 1' comprised Acergy Northern Europe and Canada, and Acergy Asia and Middle East.

'Territory 2' comprised Acergy Africa and Mediterranean, Acergy North America and Mexico and Acergy South America.

'Corporate' managed activities that served more than one segment.

The chief operating decision maker during fiscal year 2010 was the Chief Executive Officer of Acergy S.A. (now Subsea 7 S.A.). He was assisted by the Chief Operating Officer, who was supported by the Senior Vice President of each 'Territory'. Each region within the 'Territories' was managed by a Vice President who was responsible for all aspects of the projects within the relevant segment, from initial tender to completion. Each segment was accountable for income and losses for such projects. One segment may provide support to other segments; an example is the Mexilhao Project where Acergy NEC provided project management support to Acergy SAM.

Territory 1
Acergy Northern Europe and Canada ('NEC')

This segment included activities in Northern Europe and Eastern Canada. Its offices were based in Aberdeen, Scotland, UK; Stavanger, Norway; Moscow, Russia; and St John's, Canada.

For the fiscal year	**2010 (in $ millions)**	%	2009 (in $ millions)	%	2008 (in $ millions)	%
Revenue	**568.1**	24.0[(a)]	648.8	29.4[(a)]	843.1	33.4[(a)]
Operating expenses	**(432.2)**	24.8[(b)]	(519.7)	30.9[(b)]	(574.5)	30.7[(b)]
Net operating income	**83.6**		67.4		192.0	

(a) Segment revenue as a percentage of total revenue from continuing operations.

(b) Segment operating expenses as a percentage of total operating expenses from continuing operations.

Investment

In fiscal year 2007 the Group entered into an agreement with Havila Shipping ASA for a new build diving support vessel for Acergy NEC which is expected to join the fleet in the first half of 2011. The vessel, *Havila*, will be a state-of-the-art diving support vessel and is specifically designed for efficient diving operations in the harshest environments. *Havila* will be owned by Acergy Havila Limited, a subsidiary in which the Group has a 50% ownership, and will be operated by the Group for a period of ten years.

Revenue

Acergy NEC's revenue from continuing operations for fiscal year 2010 was $568.1 million representing 24.0% of total revenue from continuing operations, a decrease of $80.7 million compared to $648.8 million in fiscal year 2009. The decrease reflected lower activity levels in an ongoing challenging market environment as well as lower vessel utilisation and fewer projects in installation phase, partly offset by good operational progress on a number of projects including BP Skarv, Deep Panuke, DSVi frame agreement, DONG Siri and Trym, and the successful resolution of ongoing commercial negotiations on the Marathon Volund Project. This illustrates the continuation of the trend observed in both fiscal years 2009 and 2008 where new project awards had smaller value in comparison to previous years. This resulted in a decline of SURF activity to $373.8 million in fiscal year 2010 compared to $506.7 million in fiscal year 2009, while IMR and Survey activities increased with revenues of $194.3 million compared to $142.1million in fiscal year 2009 following the award of the TAQA and DSVi frame agreements.

Acergy NEC's revenue from continuing operations for fiscal year 2009 was $648.8 million representing 29.4% of total revenue from continuing operations, a decrease of $194.3 million compared to $843.1 million in fiscal year 2008. The decrease reflected lower activity levels, and lower vessel utilisation in the highly competitive North Sea market. All business areas were affected by the economic downturn; SURF activity revenues declined to $506.7 million in fiscal year 2009 compared to $647.0 million in fiscal year 2008; IMR and Survey activities also declined with revenues of $142.1 million in fiscal year 2009 compared to $196.1 million in fiscal year 2008. The market conditions and reduced investment in the segment also resulted in new project awards of smaller value in comparison to the main revenue generating projects which reached maturity in 2008.

Operating expenses

Acergy NEC's operating expenses for fiscal year 2010 were $423.2 million representing 24.8% of total operating expenses from continuing operations, a decrease of $96.5 million compared to $519.7 million in fiscal year 2009, mainly a result of the lower activity levels explained in the revenue section. Operating expenses were 74.5% of the segment's revenue compared to 80.1% in fiscal year 2009. The decrease is mainly due to the high level of operating expenses on the Marathon Volund Project in the previous fiscal year when the project reflected a loss. The project completed during fiscal year 2009 but the settlements on claims and variation orders were not reached until fiscal year 2010, at which point such revenues could be recognised. Excluding the impact of the Marathon Volund Project for both fiscal years 2009 and 2010, total operating expenses increased slightly in fiscal year 2010 due to the newly awarded Taurt & Ha'Py Project following various vessel reschedulings.

Acergy NEC's operating expenses for fiscal year 2009 were $519.7 million representing 30.9% of total operating expenses from continuing operations, a decrease of $54.8 million compared to $574.5 million in fiscal year 2008. Operating expenses were 80.1% of the segment's revenue compared to 68.1% in fiscal year 2008. Operating expenses for fiscal year 2008 included a credit of $30.0 million related to the settlement of a Norwegian defined benefit pension scheme. Excluding the settlement, operating expenses represented 80.1% of the segment's revenue in fiscal year 2009 compared to 71.7% in 2008. The increase predominantly reflected the additional operating expenses on the Marathon Volund Project which completed during fiscal year 2009.

Net operating income

Acergy NEC's net operating income for fiscal year 2010 was $83.6 million, an increase of $16.2 million compared to $67.4 million in fiscal year 2009. The increase in fiscal year 2010 is primarily due to good overall project performance. Fiscal year 2010 reflected the successful resolution of ongoing commercial negotiations on the Marathon Volund Project and the recognition of the related revenues. In fiscal year 2009 the net operating income was adversely impacted by increased operating expenses on the Marathon Volund Project since related revenues could not be recognised while in negotiation.

Acergy NEC's net operating income for fiscal year 2009 was $67.4 million, a decrease of $124.6 million compared to $192.0 million in fiscal year 2008. The decrease in fiscal year 2009 is primarily due to a reduction in gross profit of $139.5 million due to lower project activity levels and an increase in operating expenses on the Marathon Volund Project which completed during the fiscal year 2009 but for which revenue could not be recognised during fiscal year 2009 while subject to ongoing commercial negotiations. This decrease was partially offset by a reduction in administrative expenses of $17.9 million following cost reduction measures taken during the year.

The following table sets forth the most significant recent or ongoing projects in the Acergy NEC segment:

Project name	Description
Lump sum SURF projects:	
Asgard Gas Transfer	Project offshore Norway, expected to be executed during 2011 for Statoil.
Deep Panuke	Project offshore Canada, expected to be executed during 2008 to 2011 for Encana Corporation.
Gjoa Umbilical Riser	Project offshore Norway, executed during 2008 to 2010 for Statoil.
Medway Development	Project offshore Netherlands, expected to be executed during 2010 and 2011 for Dana Petroleum Netherlands.
Njord Gas Export	Project offshore Norway, executed during 2005 to 2008 for Statoil.
Nini East Development	Project offshore Denmark, executed during 2008 to 2010 for DONG Energy.
Ormen Lange	Project offshore Norway, executed during 2008 to 2009 for Statoil.
Talisman Scapa	Project offshore United Kingdom, executed during 2009 for Talisman.
Taurt & Ha'Py	Project offshore Egypt, expected to be executed during 2010 to 2011 for Pharaonic Petroleum Company.
Trym Field Development	Project offshore Norway, executed during 2009 to 2010 for DONG Energy.
Tyrihans Subsea	Project offshore Norway, executed during 2006 to 2008 for Statoil.
SAGE Hot Tap	Project offshore United Kingdom, executed during 2007 to 2008 for ExxonMobil.
Skarv	Project offshore Norway, expected to be executed during 2009 to 2011 for BP.
Marathon Volund	Project offshore Norway, executed during 2007 to 2009 for Marathon Petroleum.
Day rate IMR projects:	
DSVi Frame Agreement	Project offshore North Sea, expected to be executed during the period 2010 to 2013 for the DSVi Collective of companies.
Hydro Frame Agreement	Project offshore Norway, executed during the period 1999 to 2010 for Statoil.
SURF/IMR/Survey projects:	
BP IMR UK	Project offshore United Kingdom, expected to be executed during 2008 to 2012 for BP.
CNR Frame Agreement	Project offshore United Kingdom, executed during 2006 to 2010 for CNR.
DONG Energy Frame Agreement	Project offshore North Sea, expected to be executed during 2008 to 2012 for DONG Energy.
TAQA Frame Agreement	Project offshore United Kingdom, expected to be executed during 2009 to 2012 for TAQA.

Acergy Asia and Middle East ('AME')

This segment included activities in Asia Pacific, India, and Middle East and included the Malaysian joint venture, SapuraAcergy, with SapuraCrest Petroleum Berhad. It had its offices in Singapore, Beijing, China and Perth, Australia.

For the fiscal year	**2010 (in $ millions)**	%	2009 (in $ millions)	%	2008 (in $ millions)	%
Revenue	**179.8**	7.6[a]	206.0	9.3[a]	180.8	7.2[a]
Operating expenses	**(99.1)**	5.8[b]	(156.9)	9.3[b]	(129.0)	6.9[b]
Net operating income	**83.5**		37.8		14.4	

(a) Segment revenue as a percentage of total revenue from continuing operations.

(b) Segment operating expenses as a percentage of total operating expenses from continuing operations.

Investment

The *Toisa Proteus* three year charter from the Toisa/Sealion Group of companies finished during the third quarter of fiscal year 2010. The vessel completed its demobilisation and restoration programme, including the removal of the flexible lay spread. *Sapura 3000*, a new build vessel within the SapuraAcergy joint venture, was delivered in fiscal year 2008.

Revenue

Acergy AME's revenue from continuing operations for fiscal year 2010 was $179.8 million representing 7.6% of the total revenue from continuing operations, a decrease of $26.2 million compared to $206.0 million in fiscal year 2009. Despite successful completion of offshore operations on the Pluto and Pyrenees Projects, the reduction reflects lower activity levels related to the delay in expected SURF project awards during fiscal year 2010.

Acergy AME's revenue from continuing operations for fiscal year 2009 was $206.0 million representing 9.3% of the total revenue from continuing operations, an increase of $25.2 million compared to $180.8 million in fiscal year 2008. The increase reflected the segment's strategy to focus its resources on the SURF market and progress of the segment's portfolio of SURF projects to more advanced stages of execution. Projects which made good progress during fiscal year 2009 included Van Gogh, Pyrenees and Al Shaheen and the Pluto Project, which remained in early stages.

Operating expenses

Acergy AME's operating expenses for fiscal year 2010 were $99.1 million. This represented 5.8% of total operating expenses from continuing operations, a decrease of $57.8 million compared to $156.9 million in fiscal year 2009 reflecting lower ongoing activity in the current year. Operating expenses were 55.1% of the segment's revenue compared to 76.2% in fiscal year 2009, a decrease of 21.1% primarily due to the efficient execution of offshore operations of the Pluto Project in fiscal year 2010.

Acergy AME's operating expenses for fiscal year 2009 were $156.9 million. This represented 9.3% of total operating expenses from continuing operations, an increase of $27.9 million compared to $129.0 million in fiscal year 2008. Operating expenses were 76.2% of the segment's revenue compared to 71.3% in fiscal year 2008. The increase was primarily due to the increase in SURF project activity.

Net operating income

Acergy AME's net operating income for fiscal year 2010 was $83.5 million, compared to $37.8 million in fiscal year 2009, an increase of $45.7 million. This increase was primarily due to a significant contribution from the Pluto and Pyrenees Projects reflecting the successful completion of offshore operations, and the equity accounted profits from the SapuraAcergy joint venture which contributed $28.5 million in fiscal year 2010 compared to $9.7 million in fiscal year 2009. The increased contribution from SapuraAcergy was due to the Iwaki, Devil Creek Development and Gumusut Projects' performance as well as good utilisation on *Sapura 3000*.

Acergy AME's net operating income for fiscal year 2009 was $37.8 million, compared to $14.4 million in fiscal year 2008, an increase of $23.4 million. This increase was primarily due to a significant contribution from the Van Gogh and Bluewater Al Sheehan Projects and the SapuraAcergy joint venture which contributed a $9.7 million profit in fiscal year 2009 compared with a loss of $15.4 million in fiscal year 2008. The turnaround of the joint venture's result was due to improvements in the Kikeh and MHS Projects' performance and *Sapura 3000* being available for the full year allowing greater utilisation.

The following table sets forth the most significant recent and ongoing projects in the Acergy AME segment:

Project name	Description
Lump sum SURF projects:	
Al-Shaheen Block 5 SPM2 Replacement	Project offshore Qatar, expected to be executed in 2011 for Bluewater.
Bluewater Al-Shaheen	Project offshore Qatar, executed during 2009 for Bluewater.
Dai Hung	Project offshore Vietnam, executed during 2005 to 2008 for Petrovietnam Exploration and Production Company.
Devil Creek Development Project	A SapuraAcergy project offshore Australia, expected to be executed during 2009 to 2011 for Apache Energy utilising *Sapura 3000*.
Gumusut	A SapuraAcergy project offshore Malaysia, expected to be executed during 2009 to 2012 for Sabah Shell Petroleum Co utilising *Sapura 3000*.
Iwaki	A SapuraAcergy project offshore Japan, executed during 2009 to 2010 for Nippon Steel Engineering Co. Ltd.
Kerisi	Project offshore Indonesia, executed during 2006 to 2007 for ConocoPhillips.
Kikeh	A SapuraAcergy project offshore Malaysia, executed during 2007 to 2009 for Murphy Sabah Oil Co utilising *Sapura 3000*.
Maari	Project offshore New Zealand, executed during 2006 to 2008 for Tablelands Development.
Liu Hua	Project offshore China, executed during 2007 to 2008 for CNOOC.
Pluto	Project offshore Australia, executed during 2008 to 2010 for Woodside.
Pyrenees	Project offshore Australia, executed during 2009 to 2010 for BHP Billiton.
Van Gogh	Project offshore Australia, executed during 2007 to 2009 for Apache Energy.
Vincent Development	Project offshore Australia, executed during 2006 to 2008 for Woodside.

Territory 2

Acergy Africa and Mediterranean ('AFMED')

This segment comprised activities within the Africa and Mediterranean region and has its office in Suresnes, France. It operated fabrication yards in Nigeria, Angola and Gabon and also manages project specific joint ventures such as the Nigerian joint venture, Oceon.

For the fiscal year	**2010 (in $ millions)**	%	2009 (in $ millions)	%	2008 (in $ millions)	%
Revenue	**1,361.4**	57.5[(a)]	999.7	45.3[(a)]	1,175.9	46.6[(a)]
Operating expenses	**(954.1)**	56.1[(b)]	(746.5)	44.3[(b)]	(897.1)	47.9[(b)]
Net operating income	**307.7**		171.3		183.7	

(a) Segment revenue as a percentage of total revenue from continuing operations.

(b) Segment operating expenses as a percentage of total operating expenses from continuing operations.

Investment

During fiscal year 2010 the Group purchased *Antares*, a new shallow water barge for the Conventional market for pipelay and hook-up projects in shallow water. The vessel was mobilised for its first hook-up project in the fourth quarter of fiscal year 2010, with the completion of the S-Lay system expected to be during the first half of 2011.

Revenue

Acergy AFMED's revenue from continuing operations for fiscal year 2010 was $1,361.4 million representing 57.5% of total revenue from continuing operations, an increase of $361.7 million compared to $999.7 million in fiscal year 2009. The increase is primarily due to higher Conventional activity, which offset a decrease in SURF revenue. The Conventional activity was mainly represented by projects such as Angola LNG, EPC4A and Block 17 progressing well during the year and contributing $469.7 million to the revenue, an increase of $317.0 million compared to $152.7 million in fiscal year 2009. The decrease in SURF revenue during fiscal year 2010 reflected lower SURF activity levels caused by the delay in new awards, similar to the previous year. Two major SURF projects, PazFlor, which achieved good progress and commenced offshore operations and Block 15, which was completed during fiscal year 2010, were significant contributors to revenue in fiscal years 2010 and 2009.

Acergy AFMED's revenue from continuing operations for fiscal year 2009 was $999.7 million representing 45.3% of total revenue from continuing operations, a decrease of $176.2 million compared to $1,175.9 million in fiscal year 2008. The decrease primarily reflected the result of lower activity levels in both SURF and Conventional markets caused by delays in new project awards, as a result of the general economic downturn. As anticipated this was reflected in a lower utilisation of all the segment's vessels, with the exception of *Acergy Polaris*. Major SURF projects, including Block 15 and PazFlor, progressed well and contributed revenue of $617.2 million compared to $735.8 million in 2008 and Conventional projects, including EPC4A and Angola LNG, contributed revenue of $382.5 million compared to $440.1 million in fiscal year 2008.

Operating expenses

Acergy AFMED's operating expenses in fiscal year 2010 were $954.1 million compared to $746.5 million in fiscal year 2009, representing 56.1% of total operating expenses from continuing operations, an increase of $207.6 million. The increase was primarily due to higher activity levels in Conventional projects. Operating expenses represented 70.0% of revenue compared to 74.7% in fiscal year 2009. The percentage decrease was due to strong profit margins on Conventional projects and good profitability on SURF projects completing in fiscal year 2010 combined with a strong contribution from the Sonamet subsidiary.

Acergy AFMED's operating expenses in fiscal year 2009 were $746.5 million compared to $897.1 million in fiscal year 2008, representing 44.3% of the total operating expenses from continuing operations, a decrease of $150.6 million. The decrease was primarily due to lower activity levels. Operating expenses represented 74.7% of revenue compared to 76.3% in fiscal year 2008, reflecting operational efficiencies during fiscal year 2009, partially offset by maintenance and repair costs incurred on *Acergy Polaris* related to its extensive planned dry-dock, which completed during the first quarter of fiscal year 2009.

Net operating income

Acergy AFMED's net operating income in fiscal year 2010 was $307.7 million, an increase of $136.4 million compared to $171.3 million in fiscal year 2009. The increase in net operating income was primarily due to a higher gross profit performance reflecting the increased activity levels in Conventional projects, as well as the higher profitability of SURF projects completing in fiscal year 2010. The increase in net operating income was also due to a strong positive contribution from Sonamet.

Acergy AFMED's net operating income in fiscal year 2009 was $171.3 million, a decrease of $12.4 million compared to $183.7 million in fiscal year 2008. The reduction in net operating income was primarily due to a lower gross profit performance reflecting the reduced activity levels in Acergy AFMED partially due to the extensive dry-dock on *Acergy Polaris*. This decrease was partially offset by a positive contribution from Sonamet and a reduction in administrative expenses.

The following table sets forth the most significant recent or ongoing projects in the Acergy AFMED segment:

Project name	Description
Lump sum Conventional projects:	
Angola LNG	Project offshore Angola, expected to be executed during 2008 to 2011 for Angola LNG.
Block 17/18	Project offshore Angola, expected to be executed during 2009 to 2011 for Total and BP.
EPC2B	Project offshore Nigeria, executed during 2005 to 2008 for ExxonMobil.
EPC4A	Project offshore Nigeria, executed during 2009 to 2010 for ExxonMobil.
EGP3B	Project offshore Nigeria, expected to be executed during 2010 to 2013 for Chevron.
Kizomba Satellites C2	Project offshore Angola, expected to be executed during 2009 to 2012 for ExxonMobil.
OSO	Project offshore Nigeria, executed in 2007 for ExxonMobil.
OSO RE and Condensate Pipeline	Project offshore Nigeria, expected to be executed during 2010 to 2011 for ExxonMobil.
Sonamet Projects	Portfolio of shallow water and deepwater fabrication projects performed at the fabrication facility in Lobito, Angola on behalf of the Group and other external clients.
Lump sum SURF projects:	
Agbami	Project offshore Nigeria, executed during 2005 to 2008 for Star Deepwater Petroleum.
Block 15	Project offshore Angola, executed during 2008 to 2010 for ExxonMobil.
Cameron USAN Manifolds	Project offshore Nigeria, expected to be executed during 2008 to 2011 for Cameron.
CLOV	Project offshore Angola, expected to be executed during 2011 to 2014 for Total.
Greater Plutonio	Project offshore Angola, executed during 2004 to 2007 for BP.
Kizomba C Mondo	Project offshore Angola, executed during 2006 to 2008 for ExxonMobil.
Kizomba C Saxi Batuque	Project offshore Angola, executed during 2006 to 2008 for ExxonMobil.
Moho Bilondo	Project offshore Congo, executed during 2005 to 2010 for Total.
PazFlor	Project offshore Angola, expected to be executed during 2008 to 2011 for Total.
Tombua Landana	Project offshore Angola, executed during 2006 to 2009 for Chevron.

Acergy North America and Mexico ('NAMEX')

This segment included activities in the United States of America, Mexico, Central America and Western Canada. Its office was in Houston, Texas in the United States of America.

For the fiscal year	**2010 (in $ millions)**	%	2009 (in $ millions)	%	2008 (in $ millions)	%
Revenue	**34.6**	1.4[a]	57.8	2.6[a]	4.4	0.2[a]
Operating (expenses)/income	**(22.6)[c]**	1.3[b]	(19.1)[c]	1.1[b]	17.2[c]	(0.9)[b]
Net operating income/(loss)	**(0.4)**		26.0		10.5	

(a) Segment revenue as a percentage of total revenue from continuing operations.
(b) Segment operating expenses as a percentage of total operating expenses from continuing operations.
(c) The amount includes income from inter-segmental expenditure sharing arrangements.

Revenue

Acergy NAMEX's revenue from continuing operations for fiscal year 2010 was $34.6 million, a decrease of $23.2 million compared to $57.8 million in fiscal year 2009, due primarily to the MEGI Project being the only ongoing project executed in fiscal year 2010.

Acergy NAMEX's revenue from continuing operations for fiscal year 2009 was $57.8 million, an increase of $53.4 million compared to $4.4 million in fiscal year 2008, due primarily to the successful execution and completion of the Perdido and Hess Conger Projects.

Operating (expenses)/income

Acergy NAMEX's operating expenses in fiscal year 2010 were $22.6 million compared to $19.1 million in fiscal year 2009, an increase of $3.5 million. The increase in operating expenses is mainly due to the prior year being positively impacted by cost sharing with Acergy SAM for the Frade Project, which was completed in fiscal year 2009.

Acergy NAMEX's operating expenses in fiscal year 2009 were $19.1 million compared to $17.2 million operating income in fiscal year 2008, an increase of $36.3 million, due primarily to expenses incurred for activity related to the Perdido and Hess Conger Projects and this segment's ongoing support for the Frade Project in Acergy SAM which shared the related operating expenses.

Net operating income/(loss)

The segment's net operating loss in fiscal year 2010 was $0.4 million, compared to net operating income of $26.0 million in fiscal year 2009. The net operating loss in fiscal year 2010 was due to less activity in Acergy NAMEX as the MEGI Project was the only project being executed, compared to fiscal year 2009 when the Perdido and Hess Conger Projects were executed and completed. The net operating loss also reflected the completion of the Frade Project in fiscal year 2009 which resulted in the end of the revenue and cost sharing with Acergy SAM.

The segment's net operating income in fiscal year 2009 was $26.0 million, an increase of $15.5 million compared to $10.5 million in fiscal year 2008. The increase was primarily due to a gross profit improvement from the Perdido and Hess Conger Projects and income and expenses shared on an equal basis with Acergy SAM in relation to the Frade Project.

The table below sets out the most significant recent or ongoing projects in the Acergy NAMEX segment:

Project name	Description
Lump sum SURF projects:	
Hess Conger	Project offshore the United States of America, executed during 2009 for Hess.
MEGI	Project offshore Equatorial Guinea executed during 2010 for ExxonMobil.
Perdido	Project offshore the United States of America, executed during 2008 to 2009 for Shell.

Acergy South America ('SAM')
This segment included activities in South America and the islands of the southern Atlantic Ocean and had its office in Rio de Janeiro, Brazil. Its principal operating location was Macae, Brazil.

For the fiscal year	**2010 (in $ millions)**	%	2009 (in $ millions)	%	2008 (in $ millions)	%
Revenue	**214.3**	9.0[(a)]	288.8	13.1[(a)]	320.1	12.7[(a)]
Operating expenses	**(177.2)**	10.4[(b)]	(224.7)	13.3[(b)]	(268.9)	14.3[(b)]
Net operating income	**8.4**		37.5		22.6	

(a) Segment revenue as a percentage of total revenue from continuing operations.
(b) Segment operating expenses as a percentage of total operating expenses from continuing operations.

Investment
In the third quarter of fiscal year 2010, the Group acquired *Polar Queen*, a flexible pipelay and subsea construction vessel which joined the fleet in 2006 on long-term charter; and in the fourth quarter of fiscal year 2010 acquired *Pertinacia*, a flexible pipelay vessel which joined the fleet in 2007 on long-term charter.

Revenue
Acergy SAM's revenue from continuing operations for fiscal year 2010 was $214.3 million representing 9.0% of total revenue from continuing operations, a decrease of $74.5 million compared to $288.8 million in fiscal year 2009. The decrease reflected an anticipated lower contribution from the segment's SURF project portfolio, due to the completion in fiscal year 2009 of the Frade Project. Four vessels were on long-term service arrangements. Utilisation of *Pertinacia* and *Polar Queen* increased, while *Acergy Condor* and *Acergy Harrier* achieved lower utilisation as a result of planned dry-dock periods.

Acergy SAM's revenue from continuing operations for fiscal year 2009 was $288.8 million representing 13.1% of total revenue from continuing operations, a decrease of $31.3 million compared to $320.1 million in fiscal year 2008. The decrease reflected an anticipated lower contribution from the segment's lump-sum SURF project portfolio, due to the completion in the prior fiscal year of the PRA-1 Project, partially offset by the good contribution from the Frade and Roncador Manifolds Projects which completed during fiscal year 2009. The three vessels on long-term service arrangement, *Acergy Condor*, *Acergy Harrier* and *Pertinacia*, achieved full utilisation outside of dry-docks and generated similar levels of revenue in fiscal year 2009 compared to fiscal year 2008. During fiscal year 2009 Acergy SAM's segment was awarded a fourth long-term service arrangement contract by Petrobras for *Polar Queen* for flexible laying services for a period of four years which commenced in fiscal year 2010.

Operating expenses
Acergy SAM's operating expenses for fiscal year 2010 were $177.2 million representing 10.4% of total operating expenses from continuing operations, a decrease of $47.5 million compared to $224.7 million in fiscal year 2009. The decrease was primarily due to the lower activity levels in SURF projects in fiscal year 2010.

Acergy SAM's operating expenses for fiscal year 2009 were $224.7 million representing 13.3% of total operating expenses from continuing operations, a decrease of $44.2 million compared to $268.9 million in fiscal year 2008. The decrease was primarily due to the lower activity levels in the cross-regional SURF projects in fiscal year 2009.

Net operating income
Acergy SAM's net operating income in fiscal year 2010 was $8.4 million compared to $37.5 million in fiscal year 2009, a decrease of $29.1 million primarily due to lower activity level in SURF projects in fiscal year 2010. The 2010 activity mainly reflects the ongoing four long-term service contracts with Petrobras. In fiscal year 2009, activity relating to the Frade Project contributed additional income to the three long-term charter contracts.

Acergy SAM's net operating income in fiscal year 2009 was $37.5 million compared to $22.6 million in fiscal year 2008, an increase of $14.9 million primarily due to the successful completion of the Frade and Roncador Manifold Projects.

The following table sets out the most significant recent or ongoing projects in the Acergy SAM segment:

Project name	Description
Lump sum SURF projects:	
Frade	Project offshore Brazil, executed during 2006 to 2009 for Chevron.
PRA-1	Project offshore Brazil, executed during 2006 to 2008 for Petrobras.
Roncador Manifolds	Project offshore Brazil, executed during 2009 for Petrobras.
Roncador Manifolds II	Project offshore Brazil, executed during 2010 for Petrobras.
Roncador Manifolds III	Project offshore Brazil, expected to be executed during 2011 for Petrobras.
Vessels on long-term service arrangements:	
Acergy Condor	Projects offshore Brazil, executed during 2006 to 2010 for Petrobras.
Acergy Condor	Projects offshore Brazil, expected to be executed during 2010 to 2014 for Petrobras.
Acergy Harrier	Projects offshore Brazil, executed during 2006 to 2010 for Petrobras.
Acergy Harrier	Projects offshore Brazil, expected to be executed during 2011 for Petrobras.
Pertinacia	Projects offshore Brazil, expected to be executed during 2007 to 2013 for Petrobras.
Polar Queen	Projects offshore Brazil, expected to be executed during 2010 to 2013 for Petrobras.

Corporate

Acergy Corporate ('CORP')

This segment includes activities that serve more than one segment and includes: marine assets which have global mobility including construction and flowline lay support vessels, ROVs and other mobile assets that are not allocated to any one segment; management of offshore personnel; captive insurance activities; management and corporate services provided for the benefit of all regions; NKT Flexibles, a joint venture that manufactures flexible pipeline and risers; and Seaway Heavy Lifting, a joint venture with Morcell Limited, a Cyprus company, which operates the heavy lift vessel *Stanislav Yudin*.

Its offices are located in Hammersmith, London, United Kingdom.

For the fiscal year	**2010 (in $ millions)**	%	2009 (in $ millions)	%	2008 (in $ millions)	%
Revenue	**10.8**	0.5[a]	7.7	0.3[a]	(1.9)	(0.1)[a]
Operating expenses	**(24.8)**	1.5[b]	(16.9)	1.0[b]	(21.9)	1.2[b]
Net operating (loss)/income	**(46.7)**		2.7		37.6	

(a) Segment revenue as a percentage of total revenue from continuing operations.
(b) Segment operating expenses as a percentage of total operating expenses from continuing operations.

Revenue

Acergy CORP's revenue from continuing operations in fiscal year 2010 was $10.8 million compared to $7.7 million revenue in fiscal year 2009. The overall increase of $3.1 million is due to higher personnel services and related costs charged to the SapuraAcergy joint venture in relation to the Gumusut and Iwaki Projects both progressing well in fiscal year 2010.

Acergy CORP's revenue from continuing operations in fiscal year 2009 was $7.7 million compared to $1.9 million negative revenue in fiscal year 2008. The revenue in fiscal year 2009 was due to personnel services and related costs charged to the SapuraAcergy joint venture.

Operating expenses

In fiscal year 2010 the segment's operating expenses were $24.8 million, compared to $16.9 million in fiscal year 2009, primarily due to increased operating expenses relating to the Combination with Subsea 7 Inc. and reduced recoveries and associated increased costs as a result of lower vessel utilisation from fewer global vessels. The main contributor to the costs increase was *Acergy Falcon* which remained in an extended dry-dock as a result of fire damage incurred in January 2010. This was partially offset by higher recovery on offshore crewing costs.

In fiscal year 2009 the segment's operating expenses were $16.9 million, compared to $21.9 million in fiscal year 2008, primarily due to higher recovery of offshore crewing costs partially offset by a $9.8 million impairment charge in respect of under-utilised operating equipment and a lower contribution from fewer global vessels included in this segment.

Net operating (loss)/income

Acergy CORP's net operating loss for fiscal year 2010 was $46.7 million compared to net operating income of $2.7 million in fiscal year 2009. The net operating loss in fiscal year 2010 was primarily due to lower utilisation from fewer global vessels, reduced contribution from the NKT Flexibles joint venture, and increased operating expenses relating to the Combination with Subsea 7 Inc. This was partially offset by increased contribution from the Seaway Heavy Lifting joint venture and a more efficient use of internal offshore personnel and offshore equipment.

Acergy CORP's net operating income for fiscal year 2009 was $2.7 million compared to $37.6 million in fiscal year 2008. The decrease of $34.9 million was primarily due to a lower contribution from the Seaway Heavy Lifting and NKT Flexibles joint ventures. This was partially offset by an increase in gross profit due to an over recovery of offshore personnel costs partially offset by lower utilisation on fewer global vessels within the Acergy CORP segment in fiscal year 2009.

Liquidity and capital resources

Cash management constraints

The Group's cash operations are managed and controlled by its treasury department. Its cash surpluses and requirements are identified using consolidated cash flow forecasts. It is not always possible to freely transfer funds across international borders. For example, approval from the Central Bank of Brazil is required to obtain remittances from Brazil. Access to the $63.7 million cash that is held by Sonamet is also limited as it requires agreement between the Group and the other shareholders, as well as approval from the National Bank of Angola.

The Group operates within a liquidity risk management framework which governs its management of short, medium and long-term funding and liquidity requirements. The Group manages liquidity risk by maintaining what it believes are adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and aiming to match the maturity profiles of financial assets and liabilities. Included in Note 27 'Borrowings' to the Consolidated Financial Statements is a list of undrawn facilities that the Group had at its disposal as at November 30, 2010.

The main uncertainties with respect to primary sources of funds are: project related timing of cash inflows and outflows; timing of the costs relating to investment in and expansion of the fleet; the ability to agree with clients, in a timely fashion, the amounts due as claims and variation orders; and the availability of cash flows from joint ventures.

Future compliance with debt covenants

As described in Note 27 'Borrowings' to the Consolidated Financial Statements, the Group's credit facilities contain various financial covenants including, but not limited to, a minimum level of tangible net worth, a maximum level of net debt to earnings before interest, taxes, depreciation and amortisation, a maximum level of total financial debt to tangible net worth, a minimum level of cash and cash equivalents and an interest cover covenant. During fiscal year 2010 all covenants were met. The Group must meet the requirements of the financial covenants on a consolidated basis in quarterly intervals on the last day of each fiscal quarter. Based on its latest forecasts, the Group expects that it will be able to comply with all financial covenants during fiscal year 2011.

Sources of cash

The Group's principal source of funds for fiscal year 2010 was cash from operations.

The cash and cash equivalents position of $484.3 million at November 30, 2010 (2009: $907.6 million) is largely attributable to net cash generated from operating activities of $140.0 million compared to $546.1 million generated in fiscal year 2009. The readily available funds for ongoing operations were: (i) unutilised credit facilities of $500 million under the Group's $1 billion revolving credit and guarantee facility; (ii) cash on hand as at November 30, 2010 of $484.3 million; and (iii) ongoing cash generated from operations. Cash balances held by Sonamet continue to be excluded from the Group's cash and cash equivalents as these entities are held for sale. A cash balance of $63.7 million (2009: $103.6 million) was held, subject to repatriation restrictions discussed above, by Sonamet at November 30, 2010.

At November 30, 2009, cash and cash equivalents were $907.6 million, largely attributable to stronger net cash generated from operating activities of $546.1 million compared to $493.1 million achieved in fiscal year 2008. The readily available funds for ongoing operations were: (i) unutilised credit facilities of $6.1 million; (ii) cash on hand as at November 30, 2009 of $907.6 million; (iii) the sale of *Acergy Piper* which realised a net addition of $73.0 million in cash on January 9, 2009; and (iv) ongoing cash generated from operations. In respect of amounts available under credit facilities, a further $68.9 million became available on December 17, 2009, increasing the cash available under credit facilities to an aggregate of $75.0 million. There was also a cash balance of $103.6 million (subject to repatriation restrictions discussed above) in Sonamet which had been classified as assets held for sale.

The Group believes that its ability to obtain funding from the sources described above will continue to provide the cash flows necessary to satisfy present working capital and capital expenditure requirements, as well as meet debt repayments and other financial commitments for the next twelve months. The Group also has the ability to raise additional debt and to issue further share capital.

The summary of generated and used cash flows is as follows:

For fiscal year (in $ millions)	**2010**	2009	2008
Cash and cash equivalents at the beginning of the year	**907.6**	573.0	582.7
Net cash generated from operating activities	**140.0**	546.1	493.1
Net cash used in investing activities	**(493.3)**	(100.4)	(286.7)
Net cash used in financing activities	**(84.5)**	(52.0)	(186.1)
Effect of exchange rate changes on cash and cash equivalents	**(25.4)**	44.5	(30.0)
Decrease/(increase) in cash balances classified as assets held for sale	**39.9**	(103.6)	–
Cash and cash equivalents at the end of the year	**484.3**	907.6	573.0

Net cash generated from operating activities

Net cash generated by operating activities during fiscal year 2010 was $140.0 million (2009: $546.1 million). The timing of invoice preparation for long-term contracts is typically based on progress towards the completion of work, either defined as agreed project 'milestones' or an otherwise agreed staged payment schedule. Cash flows do not always coincide with the recognition of revenue, as payment schedules may differ from revenue recognised on a percentage-of-completion basis. It is the policy, when negotiating a contract, to arrange for cash to be received from the client in advance of the requirement to pay suppliers, thus ensuring a positive impact on liquidity. In fiscal year 2010 customers extended the payment cycle, reflected in the increase in the average credit period to 45 days compared with 37 days in fiscal year 2009. Receivables also included approximately $50 million related to the insurance claim in respect of the *Acergy Falcon* fire, of which $18 million was received in December 2010. The average credit period of trade purchases (excluding capital expenditure) decreased from 84 days in fiscal year 2009 to 71 days in fiscal year 2010. The level of advance payments made by clients has also decreased, reflected by a decrease in advance payments at the end of fiscal year 2010 to $19.5 million, from $38.6 million in fiscal year 2009. Taxes paid increased due to settlement of various matters in fiscal year 2010 as well as a higher tax charge for the year. The major cash flow movements are disclosed further in the Consolidated Cash Flow Statement.

Net cash generated by operating activities during fiscal year 2009 was $546.1 million (2008: $493.1 million) which included an adjustment for non-cash expenses of $243.3 million (2008: $232.5 million), changes in operating assets and liabilities (net of acquisitions) of $97.0 million (2008: $167.0 million) and income taxes paid of $59.9 million (2008: $213.6 million). At the end of fiscal year 2009 the Group had $21.1 million in advance payments and the performance in cash collection from trade debtors had improved as indicated by the average credit period having decreased to 37 days compared to 39 days in fiscal year 2008.

Net cash used in investing activities

Net cash used in investing activities in fiscal year 2010 was $493.3 million compared to $100.4 million in fiscal year 2009.

In fiscal year 2010, this primarily comprised net cash outflows related to the purchase of property, plant and equipment of $503.9 million (2009: $171.8 million). The capital expenditure includes the acquisition of *Borealis* in December 2009, *Polar Queen* and *Antares* in June 2010 and *Pertinacia* in September 2010. An additional investment of $14.0 million (2009: $20.6 million) was made to the Seaway Heavy Lifting joint venture which represented a reinvestment of a dividend of $14.0 million (2009: $20.6 million) received from this joint venture. Additional dividends of $14.3 million (2009: $7.4 million) were received from the NKT Flexibles, Acergy/Subsea 7 and Dalia joint ventures.

Net cash used in investing activities in fiscal year 2009 was $100.4 million compared to $286.7 million in fiscal year 2008. This primarily comprised net cash outflows related to the purchase of property, plant and equipment of $171.8 million (2008: $294.3 million) to further develop the asset base, $20.6 million (2008: $nil) additional investment in the Seaway Heavy Lifting joint venture and $5.0 million (2008: $15.1 million) of advances to joint ventures. These outflows were partially offset by cash dividends received from joint ventures amounting to $28.0 million (2008: $10.9 million) and inflows from the sale of property, plant and equipment of $73.6 million (2008: $12.2 million) largely relating to the sale of *Acergy Piper* which raised net $73.0 million.

Net cash used in financing activities

In fiscal year 2010, net cash used in financing activities was $84.5 million, compared with $52.0 million in fiscal year 2009. This increase was attributable to the dividends paid to non-controlling interests of $20.0 million (2009: $4.9 million); issuance costs of $10.0 million incurred in obtaining the $1 billion revolving credit and guarantee facility; and borrowings repaid of $7.2 million (2009: $nil), partially offset by proceeds from borrowings of $6.1 million (2009: $2.8 million). Dividends paid to shareholders increased by $2.0 million to $42.2 million. Interest of $15.8 million was paid (2009: $11.3 million), including $11.3 million on the convertible loan notes.

In fiscal year 2009, net cash used in financing activities was $52.0 million, compared to net cash used in financing activities of $186.1 million in fiscal year 2008. The decrease was attributable to the absence of share buybacks in fiscal year 2009 compared to $138.3 million spent in fiscal year 2008. Net borrowings decreased by $3.5 million to $2.8 million in fiscal year 2009, and proceeds from option exercises reduced by $2.6 million to $1.6 million. Dividends paid to shareholders increased by $1.9 million. Convertible loan notes interest of $11.3 million remained the same for fiscal year 2009 and fiscal year 2008. Dividends paid to minority interests reduced by $3.8 million to $4.9 million.

Effect of exchange rate changes on cash and cash equivalents

In fiscal year 2010, foreign exchange variances on cash balances included in the Group's foreign operations had an unfavourable variance of $25.4 million (2009: favourable variance of $44.5 million), primarily as a result of the strengthening of the US Dollar compared to other currencies.

Details relating to the effect of exchange rate changes, related risks and hedging positions are presented in Note 34 'Financial instruments' to the Consolidated Financial Statements.

Description of indebtedness

On October 11, 2006 Acergy S.A (now Subsea 7 S.A.) issued $500 million in aggregate principal amount of 2.25% convertible notes due 2013. The convertible notes have an annual interest of 2.25% payable semi-annually in arrears on April 11 and October 11 of each year up to and including fiscal year 2013.

On August 10, 2010 Acergy S.A (now Subsea 7 S.A.) executed a $1 billion multi-currency revolving credit and guarantee facility with a number of banks. The facility can be used in full for the issuance of guarantees, or for a combination of guarantees and cash drawings subject to a $500 million sub-limit for cash drawings. The $1 billion facility is guaranteed by Subsea 7 S.A., Class 3 Shipping Limited, Acergy Shipping Limited and Subsea 7 Treasury (UK) Limited. Final maturity will be August 10, 2015. However, in accordance with the terms of the agreement, performance guarantees can be issued with up to 78 months duration up to one month prior to the final maturity date of the facility, subject to Subsea 7 providing cash cover for any guarantees outstanding following the final maturity date.

The $1 billion facility contains financial covenants in respect of leverage, interest coverage and gearing ratios. The requirements of the financial covenants must be met on a consolidated basis at a quarterly interval. In addition to the financial covenants listed above, the facility contains affirmative covenants, negative pledges and events of default which are customary for facilities of this nature and consistent with past practice. Such covenants specifically limit mergers or transfers, incurrence of other indebtedness, class 1 acquisitions, loans outside the Group and change of business. On September 28, 2010 the banks consented to retain their commitment under the $1 billion facility following the proposed Combination with Subsea 7 Inc.

The $1 billion facility also contains events of default provisions which include payment defaults (subject to a three day grace period), breach of financial covenants, breach of other obligations, breach of representations and warranties, insolvency, illegality, unenforceability, conditions subsequent, curtailment of business, claims against an obligor's assets, appropriation of an obligor's assets, cross-defaults to other indebtedness in excess of $10 million, failure to maintain exchange listing, material adverse change, auditor's qualification, repudiation and material litigation.

Interest on the $1 billion facility is payable at LIBOR plus a margin which is linked to Subsea 7's leverage, measured as the ratio of net debt to EBITDA, and which may range from 1.75% to 2.75% per year. The fee applicable for guarantees is linked to the same ratio of net debt to EBITDA and may range from 1.75% to 2.75% per year in respect of financial guarantees and 0.88% to 1.38% in respect of performance guarantees. The margin and guarantee fee are reset quarterly in line with changes to Subsea 7's leverage. As part of the terms of this agreement, Subsea 7 S.A.'s $400 million facility and $200 million facility were cancelled and any amounts utilised on the execution date were transferred to the $1 billion facility.

On October 14, 2008 the Company completed a NOK Loan and Guarantee Facility of Norwegian Krone 977.5 million for the post delivery financing of *Havila* dive support vessel.

Subsea 7 also has undrawn bank overdraft facilities and short-term lines of credit of $35.5 million (2009: $36.1 million) of which $nil (2009: $nil) were drawn at year end.

Together these loan facilities and cash balances are expected to provide sufficient liquid resources and working capital to meet forecasted future operating requirements for the next twelve months.

Further details are included in Note 27 'Borrowings' and Note 28 'Convertible loan notes' to the Consolidated Financial Statements.

Off-balance sheet arrangements

Leases and bank guarantees

The Group does not engage in off-balance sheet financing in the form of special purpose entities or similar arrangements, but engages in operating leases in the normal course of business in respect of vessel charter hire obligations, office facilities and equipment.

The Group also arranges for bank guarantees, which collectively refer to performance bonds, bid bonds, advance payment bonds, guarantees or standby letters of credit in respect of performance obligations to clients in connection with work on specific projects.

The purpose of the bank guarantees, generally, is to enable clients to recover cash advances paid to the Group under the project contracts or to obtain cash compensation should the Group be unable to fulfil performance obligations under contracts. Bank guarantees of $158.9 million were issued in support of projects in fiscal year 2010 (2009: $287.1 million).

In addition to the amount available under the $1 billion facility, the Group has a $30.0 million (2009: $30.0 million) bank guarantee facility with Credit Industriel et Commercial Bank of which $9.0 million (2009: $8.0 million) was utilised as at November 30, 2010.

There are three unsecured local lines of credit in Nigeria for the sole use of the Group's subsidiary Globestar Engineering Company (Nigeria) Limited, being $13.3 million with Union Bank of Africa plc, $9.9 million with First Bank of Nigeria plc, and $6.6 million with Zenith Bank plc. These facilities were entered into to guarantee the project performance of the subsidiary to third parties in the normal course of business. The total amount drawn under these facilities as at November 30, 2010 was $7.7 million (2009: $0.7 million).

The Group had past arrangements with a number of financial institutions to issue bank guarantees on its behalf. As at November 30, 2010, the aggregate amount of guarantees issued under these facilities was $14.4 million (2009: $14.5 million). There was no availability for further issuances under these facilities.

Guarantee arrangements with joint ventures

SapuraAcergy Assets Pte Limited ('SAPL'), previously known as Nautical Vessels Pte Limited, is a 50/50-owned joint venture between Nautical Essence Sdn. Bhd. (wholly owned by SapuraCrest Petroleum Berhad) and Acergy (Gibraltar) Limited (wholly owned by Subsea 7 S.A.). In 2007 the respective parent companies issued a Charter Guarantee guaranteeing the charter payments from the charterer of *Sapura 3000*, SapuraAcergy Sdn. Bhd. to the vessel owner, SAPL. The limit of the guarantee is, at any time, the sum of the outstanding amounts under a $240.0 million Facility Agreement of SAPL less $100.0 million. Any call under the guarantee will not result in a lump sum payment being made, but the guarantors, severally, will have to service the debt by way of charter payments due from the charterer to the vessel owner until the termination date of the loan, which is February 2, 2015.

SapuraAcergy Sdn. Bhd. ('SASB') is a 50/50-owned joint venture between Nautical Essence Sdn. Bhd. (wholly owned by SapuraCrest Petroleum Berhad) and Acergy (Gibraltar) Limited (wholly owned by Subsea 7 S.A.). SASB has entered into a $181.3 million multi-currency facility for the financing of the Shell Gumusut Project. Both Subsea 7 S.A. and SapuraCrest Petroleum Berhad have issued several guarantees for 50% of the financing respectively. The facility consists of $44.0 million available for the issuance of bank guarantees, $60.0 million available for letters of credit, and two revolving credit facilities for $57.3 million and $20.0 million respectively. As at November 30, 2010 the amount available for bank guarantees was fully drawn, $16.8 million was drawn under the letter of credit facility and $12.0 million was drawn under the $20.0 million revolving credit facility. There were no drawings under the $57.3 million revolving credit facility.

Investments in associates and joint ventures

As at November 30	Country/place of registration	Subsea 7 Group business region		Ownership %	**2010 (in $ millions)**	2009 (in $ millions)
Dalia Floater Angola SNC, TSS Dalia SNC ('Dalia')[(a)]	France	Africa and Mediterranean	Associate	17.5	**2.1**	3.6
Global Oceon Engineers Nigeria Limited ('Oceon')	Nigeria	Africa and Mediterranean	Associate	40	**–**	–
SapuraAcergy Assets Pte Ltd, SapuraAcergy Sdn Bhd ('SapuraAcergy')	Malaysia	Asia and Middle East	Joint Venture	50	**15.6**	–
Seaway Heavy Lifting ('SHL')	Cyprus/Netherlands	Corporate	Joint Venture	50	**102.8**	77.6
NKT Flexibles I/S ('NKT Flexibles')	Denmark	Corporate	Joint Venture	49	**94.6**	109.1
Total					**215.1**	190.3

(a) Subsea 7 owns 17.5% and has a significant influence in Dalia Floater Angola and TSS Dalia. Subsea 7 has a veto on decisions which require unanimous agreement.

Description of joint ventures

Dalia is an associate jointly held with Technip and Saipem to perform work on the Dalia field development Block 17 offshore Angola for Total E&P Angola. The joint venture has responsibility for project management, engineering, procurement, commissioning and hook-up of the FPSO.

During fiscal year 2007, a Nigerian joint venture, Oceon, with Petrolog Engineering Services Limited, an established Nigerian contractor, was founded. The purpose of Oceon is to provide engineering support for future shallow and deepwater projects to be executed in Nigeria, and therefore strengthen Subsea 7's presence in the country.

In 2006 the Group established the SapuraAcergy joint ventures with SapuraCrest Petroleum Berhad, to take over the build and operation of *Sapura 3000*, a new heavy lift and pipelay vessel designed to be one of the most advanced deepwater construction vessels in the Asia Pacific region. During fiscal year 2007, the $150 million loan taken out by the joint venture to partially fund the construction of *Sapura 3000* was refinanced into a $200 million term loan with an additional $40 million revolving credit facility.

The Group offers heavy lift floating crane services through SHL. In March 2010 SHL acquired the heavy lift barge *Stanislav Yudin*, previously chartered from a subsidiary of Morcell Limited, the Group's joint venture partner in SHL. The barge operates worldwide providing heavy lift services to a range of offshore companies, including occasional projects for the Group. The joint venture also acquired *Neftegaz-66*, an anchor handling tug and offshore supply vessel which accompanies *Stanislav Yudin*. A new build, heavy lift vessel *Oleg Strashnov* is under construction and the vessel is expected to be in operation in the first half of 2011. The Group increased its investment in SHL during fiscal year 2007 to contribute to the construction costs of this vessel. In addition to this increase in shareholder contribution, SHL took out a term loan, revolving credit and guarantee facility on May 25, 2007. The term loans are for up to €140 million ($178.0 million) and $180 million, and the revolving credit and guarantee facility for up to $33 million. During fiscal year 2009 an additional investment of $14.0 million was made (2009: $20.6 million) and the existing credit facilities remained in place. There is no recourse to the Group in respect of this facility.

NKT Flexibles manufactures flexible flowlines and dynamic flexible risers. In fiscal year 2010, the Group's share of net income was $13.7 million (2009 and 2008: $21.7 million and $45.6 million respectively).

More details relating to transactions with the associates and joint ventures are presented in Note 17 'Interest in associates and joint ventures' to the Consolidated Financial Statements.

Contractual obligations

As at November 30, 2010 (in $ millions)	Total	Payments due by period[a] Less than 1 year	1–3 years	3–5 years	After 5 years
Convertible notes[b]	500.0	–	500.0	–	–
Future interest payments[c]	33.8	11.3	22.5	–	–
Operating lease payments[d]	372.8	68.2	121.6	101.7	81.3
Purchase obligations[e]	434.6	343.3	91.3	–	–
Forward foreign exchange contracts[f]	34.2	27.9	6.1	0.2	–
Total	**1,375.4**	**450.7**	**741.5**	**101.9**	**81.3**

(a) Excludes future retirement benefit obligations of $28.8 million at November 30, 2010, guarantee arrangements with joint ventures and associates of $73.6 million at November 30, 2010, and the main renewal options:
Acergy Viking – ten renewal options consisting of two for two years and eight options for one year; purchase options after eight, eleven, fourteen and seventeen years;
Skandi Acergy – four renewal options consisting of two options for two years each and two options for one year each.

(b) On October 11, 2006 the Group completed the offering of $500 million in aggregate principal amount of convertible loan notes due in fiscal year 2013 with the receipt of net proceeds after deduction of related costs of $490.8 million. The convertible loan notes have an annual interest rate of 2.25% payable semi-annually in arrears on April 11 and October 11 of each year up to and including fiscal year 2013. They were issued at 100% of their principal amount and unless previously redeemed, converted or cancelled will mature on October 11, 2013. The convertible loan notes are listed on the Euro MTF Market of the Luxembourg Stock Exchange. For further details see Note 28 'Convertible loan notes' to the Consolidated Financial Statements.

(c) The Group's debt structure currently contains fixed interest rate debt, and therefore it has calculated the amount of the future interest payments based on the 2.25% interest rate on the aggregate principal amount of $500 million of convertible loan notes. For further details see Note 28 'Convertible loan notes' to the Consolidated Financial Statements.

(d) These consisted of charter hire obligations towards certain construction support, diving support, survey and inspection vessels of $189.7 million. The remaining obligations related to office facilities and equipment as at November 30, 2010 of $183.1 million. For further details see Note 33 'Operating lease arrangements' to the Consolidated Financial Statements.

(e) Purchase obligations are an agreement to purchase goods or services that are enforceable and legally binding including fixed or minimum quantities to be purchased. The value disclosed above is inclusive of property, plant and equipment as disclosed in Note 32 'Commitments and contingent liabilities' to the Consolidated Financial Statements.

(f) The Group enters into both derivative financial instruments and non-derivative financial instruments in order to manage its foreign currency exposures. The principal derivatives used are forward foreign currency contracts. The commitments have been drawn up based on the undiscounted net cash inflows or outflows on the derivative. For further details see Note 34 'Financial Instruments' to the Consolidated Financial Statements.

Legal matters

During fiscal year 2009 the Group's Brazilian business was audited and formally assessed for ICMS tax (import duty) by the Brazilian tax authorities (Secretaria Fazenda Estado Rio de Janeiro). The amount assessed including penalties and interest as at November 30, 2010 amounted to BRL136.0 million ($79.2 million). At November 30, 2009 the amount assessed including penalties and interest was BRL107.6 million ($61.7 million). The Group has challenged this assessment and will revert to the courts if necessary. No provision has been made for any payment as the Group does not believe that the likelihood of payment is probable.

In the course of business, the Group becomes involved in contract disputes from time-to-time due to the nature of the Group's activities as a contracting business involved in several long-term projects at any given time. The Group makes provisions to cover the expected risk of loss to the extent that negative outcomes are likely and reliable estimates can be made. However, the final outcomes of these contract disputes are subject to uncertainties and therefore the resulting liabilities may exceed the liability which was anticipated.

Furthermore, the Group is involved in legal proceedings from time to time incidental to the ordinary conduct of its business. Litigation is subject to many uncertainties, and the outcome of individual matters is not predictable with assurance. It is possible that the final resolution of any litigation could require the Group to make additional expenditures in excess of provisions that the Group may have established. In the ordinary course of business, various claims, suits and complaints have been filed against the Group in addition to the one specifically referred to above. Although the final resolution of any such other matters could have a material effect on operating results for a particular reporting period, the Group believes that they should not materially affect its consolidated financial position. For further details, refer to Note 11 'Taxation' and Note 32 'Commitments and contingent liabilities' to the Consolidated Financial Statements.

Inflation

Transactions in high-inflation countries are denominated substantially in relatively stable currencies, such as the US Dollar, and inflation therefore does not materially affect the Group's consolidated financial results. Where these transactions are denominated in US Dollars they are hedged in line with the Group's foreign exchange policies.

Changes in share capital

In fiscal year 2010 a total of 732,168 share options were exercised (2009: 390,949), raising proceeds of $4.6 million (2009: $1.6 million). The share options exercised during fiscal year 2010 were satisfied by delivering treasury shares. No new common shares were issued.

At the Extraordinary General Meeting of shareholders on November 9, 2010, the Articles of Incorporation were amended to increase the Group's authorised share capital from 230 million to 450 million common shares effective immediately.

Additional information on the authorised shares and issued common shares is set out in Note 24 'Issued share capital' to the Consolidated Financial Statements.

Subsequent events

On January 7, 2011 the Group acquired 100% of the share capital, and full control of, Subsea 7 Inc. Subsea 7 Inc. is a global subsea contractor within the oil and gas industry with assets around the world, including onshore assets (such as offices, pipeline welding spool base and fabrication facilities) and vessels. Subsea 7 Inc. performs total subsea field projects and provides design, engineering, construction, installation and maintenance of facilities for the subsea production of oil and gas. As a result of the Combination, the Group has enhanced its presence in these markets. The Group also expects that the Combination will give rise to substantial operating and vessel fleet synergies.

On January 7, 2011 Subsea 7 S.A. issued 156,839,759 new shares to the Subsea 7 Inc. shareholders in consideration for the repurchase and cancellation of all Subsea 7 Inc. shares. The fair value of these shares were $25.19 each based on the quoted price of the shares of Subsea 7 S.A. resulting in an aggregate consideration of $3.95 billion.

Upon completion the Company's name changed to Subsea 7 S.A. and the restated Articles of Incorporation approved by Acergy S.A.'s shareholders on November 9, 2010 and the appointment of the Board of Directors became effective. The first day of trading in the shares of the newly Combined Group, Subsea 7 S.A., was January 10, 2011.

On February 15, 2011 the Group announced its intention to apply for voluntary delisting from the NASDAQ Global Select Market and to deregister and terminate its reporting obligations under the Securities Exchange Act of 1934. The delisting is expected to be effective on March 7, 2011. The Company also intends to deregister and terminate its reporting obligations under the Securities Exchange Act of 1934 as soon as it becomes eligible to do so.

For further details of post balance sheet events refer to Note 40 'Post balance sheet events' to the Consolidated Financial Statements.

Critical accounting policies

For the Group's critical accounting policies please refer to Note 3 'Significant accounting policies' and Note 4 'Critical accounting judgements and key sources of estimation uncertainty' to the Consolidated Financial Statements.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Subsea 7 S.A.

We have audited the accompanying consolidated balance sheets of Subsea 7 S.A. (a Luxembourg company) and subsidiaries (the "Group") as at November 30, 2010, 2009 and 2008, and the related consolidated income statements, consolidated statements of comprehensive income, consolidated statements of changes in equity, and consolidated cash flow statements for each of the three years in the period ended November 30, 2010. These financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Group as at November 30, 2010, 2009 and 2008, and the results of its operations and cash flows for each of the three years in the period ended November 30, 2010, in conformity with International Financial Reporting Standards ("IFRS") as adopted for use in the European Union and IFRS as issued by the International Accounting Standards Board.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Group's internal control over financial reporting as of November 30, 2010, based on the criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 23, 2011 expressed an unqualified opinion on the Group's internal control over financial reporting.

Deloitte LLP
London, United Kingdom
February 23, 2011

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Subsea 7 S.A.

We have audited the internal control over financial reporting of Subsea 7 S.A. (a Luxembourg company) and subsidiaries (the "Group") as at November 30, 2010, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Group's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Group's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A group's internal control over financial reporting is a process designed by, or under the supervision of, the group's principal executive and principal financial officers, or persons performing similar functions, and effected by the group's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A group's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the group; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the group are being made only in accordance with authorizations of management and directors of the group; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the group's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Group maintained, in all material respects, effective internal control over financial reporting as of November 30, 2010, based on the criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Consolidated Financial Statements as of and for the year ended November 30, 2010 of the Group and our report dated February 23, 2011 expressed an unqualified opinion on those financial statements.

Deloitte LLP
London, United Kingdom
February 23, 2011

Consolidated Income Statement

For the fiscal year ended November 30

(in $ millions, except per share data)	Notes	2010	2009	2008
Continuing operations:				
Revenue	5	**2,369.0**	2,208.8	2,522.4
Operating expenses		**(1,701.0)**	(1,683.8)	(1,874.2)
Gross profit		**668.0**	525.0	648.2
Administrative expenses		**(306.7)**	(231.3)	(253.8)
Net other operating income		**–**	–	3.4
Share of net income of associates and joint ventures	17	**74.8**	49.0	63.0
Net operating income from continuing operations		**436.1**	342.7	460.8
Investment income from bank deposits		**9.8**	6.4	17.9
Other gains and losses	9	**(18.0)**	43.6	44.1
Finance costs	10	**(28.7)**	(31.4)	(30.5)
Income before taxes		**399.2**	361.3	492.3
Taxation	11	**(130.8)**	(102.8)	(162.6)
Income from continuing operations		**268.4**	258.5	329.7
Net income/(loss) from discontinued operations	12	**44.6**	7.2	(22.5)
Net income		**313.0**	265.7	307.2
Net income attributable to:				
Equity holders of parent		**265.4**	245.0	301.4
Non-controlling interests	26	**47.6**	20.7	5.8
		313.0	265.7	307.2

Earnings/(loss) per share	Notes	**$ per share**	$ per share	$ per share
Basic:				
Continuing operations		**1.20**	1.30	1.76
Discontinued operations		**0.24**	0.04	(0.12)
Net income	13	**1.45**	1.34	1.64
Diluted:				
Continuing operations		**1.16**	1.29	1.70
Discontinued operations		**0.22**	0.04	(0.11)
Net income	13	**1.38**	1.33	1.59

Consolidated Statement of Comprehensive Income

For the fiscal year ended November 30

(in $ millions)	Notes	2010	2009	2008
Net income		**313.0**	265.7	307.2
Foreign currency translation		**(69.4)**	40.5	(84.6)
Cash flow hedges:				
(Losses)/gains on cash flow hedges	34	**(40.8)**	16.4	(26.5)
Transferred to income statement on cash flow hedges	34	**16.7**	9.7	3.7
Transferred to the initial carrying amount of hedged items on cash flow hedges	34	**(0.2)**	0.2	(0.5)
Share of other comprehensive income/(loss) of associates and joint ventures	17	**(5.1)**	(1.7)	(23.7)
Actuarial losses on defined benefit pension schemes	37	**(7.2)**	(2.8)	(11.1)
Tax relating to components of other comprehensive income	11	**5.6**	8.1	(6.8)
Other comprehensive (expense)/income – net of tax		**(100.4)**	70.4	(149.5)
Total comprehensive income		**212.6**	336.1	157.7
Total comprehensive income attributable to:				
Equity holders of parent		**167.0**	313.7	153.4
Non-controlling interests		**45.6**	22.4	4.3
		212.6	336.1	157.7

Consolidated Balance Sheet

As at November 30

(in $ millions)	Notes	2010	2009	2008
Assets				
Non-current assets				
Intangible assets	15	**6.1**	9.4	3.8
Property, plant and equipment	16	**1,278.8**	821.8	907.6
Interest in associates and joint ventures	17	**215.1**	190.3	140.2
Advances and receivables	18	**62.7**	43.3	29.4
Derivative financial instruments	34	**0.7**	6.0	18.4
Retirement benefit assets	37	**–**	–	0.1
Deferred tax assets	11	**22.8**	19.3	39.8
		1,586.2	1,090.1	1,139.3
Current assets				
Inventories	19	**24.1**	22.4	38.5
Trade and other receivables	20	**382.0**	297.9	354.5
Derivative financial instruments	34	**12.1**	19.1	45.8
Assets classified as held for sale	21	**255.5**	263.6	75.5
Other accrued income and prepaid expenses	22	**242.3**	212.8	233.5
Restricted cash balances		**3.0**	19.6	11.0
Cash and cash equivalents		**484.3**	907.6	573.0
		1,403.3	1,743.0	1,331.8
Total assets		**2,989.5**	2,833.1	2,471.1
Equity				
Issued share capital	24	**389.9**	389.9	389.9
Own shares	25	**(209.2)**	(222.6)	(229.4)
Paid in surplus		**508.8**	503.9	498.7
Equity reserves	28	**110.7**	110.7	110.7
Translation reserves		**(80.2)**	(12.0)	(70.4)
Other reserves		**(90.3)**	(60.1)	(70.4)
Retained earnings		**572.8**	358.2	158.6
Equity attributable to equity holders of the parent		**1,202.5**	1,068.0	787.7
Non-controlling interests	26	**56.8**	31.2	13.7
Total equity		**1,259.3**	1,099.2	801.4
Liabilities				
Non-current liabilities				
Non-current portion of borrowings	27	**435.3**	415.8	409.2
Retirement benefit obligation	37	**28.8**	27.2	21.2
Deferred tax liabilities	11	**44.1**	49.9	56.1
Provisions	31	**12.4**	10.6	8.0
Derivative financial instruments	34	**8.7**	2.2	57.1
Other non-current liabilities	29	**10.4**	7.0	3.9
		539.7	512.7	555.5
Current liabilities				
Trade and other liabilities	30	**673.3**	624.1	651.6
Derivative financial instruments	34	**28.9**	21.9	62.6
Current tax liabilities		**109.9**	97.9	69.1
Current portion of borrowings	27	**–**	–	10.1
Liabilities directly associated with assets classified as held for sale	21	**134.5**	174.9	–
Provisions	31	**26.1**	22.6	15.2
Deferred revenue	38	**217.8**	279.8	305.6
		1,190.5	1,221.2	1,114.2
Total liabilities		**1,730.2**	1,733.9	1,669.7
Total equity and liabilities		**2,989.5**	2,833.1	2,471.1

Consolidated Statement of Changes in Equity

For the fiscal year

(in $ millions)	Issued share capital	Own shares	Paid in surplus	Equity reserves	Translation reserves	Other reserves	Retained earnings/ (accumulated deficit)	Total	Non-controlling interests	Total equity
Balance at December 1, 2007	**389.9**	**(111.2)**	**492.9**	**110.7**	**29.1**	**(21.9)**	**(88.6)**	**800.9**	**18.1**	**819.0**
Comprehensive income										
Net income	–	–	–	–	–	–	301.4	301.4	5.8	307.2
Exchange differences	–	–	–	–	(83.1)	–	–	(83.1)	(1.5)	(84.6)
Cash flow hedges	–	–	–	–	–	(23.3)	–	(23.3)	–	(23.3)
Share of other comprehensive income/(loss) of associates and joint ventures	–	–	–	–	–	(23.7)	–	(23.7)	–	(23.7)
Actuarial losses on defined benefit pension schemes	–	–	–	–	–	(11.1)	–	(11.1)	–	(11.1)
Tax relating to components of other comprehensive income	–	–	–	–	(16.4)	9.6	–	(6.8)	–	(6.8)
Total comprehensive (loss)/income	**–**	**–**	**–**	**–**	**(99.5)**	**(48.5)**	**301.4**	**153.4**	**4.3**	**157.7**
Transactions with owners										
Share based compensation	–	–	7.5	–	–	–	–	7.5	–	7.5
Tax effects	–	–	(1.7)	–	–	–	–	(1.7)	–	(1.7)
Shares acquired	–	(138.3)	–	–	–	–	–	(138.3)	–	(138.3)
Shares reissued	–	20.1	–	–	–	–	–	20.1	–	20.1
Dividends declared and paid	–	–	–	–	–	–	(38.3)	(38.3)	(8.7)	(47.0)
Loss on reissuance of own shares	–	–	–	–	–	–	(15.9)	(15.9)	–	(15.9)
Total transactions with owners	**–**	**(118.2)**	**5.8**	**–**	**–**	**–**	**(54.2)**	**(166.6)**	**(8.7)**	**(175.3)**
Balance at November 30, 2008	**389.9**	**(229.4)**	**498.7**	**110.7**	**(70.4)**	**(70.4)**	**158.6**	**787.7**	**13.7**	**801.4**
Comprehensive income										
Net income	–	–	–	–	–	–	245.0	245.0	20.7	265.7
Exchange differences	–	–	–	–	38.8	–	–	38.8	1.7	40.5
Cash flow hedges	–	–	–	–	–	26.3	–	26.3	–	26.3
Share of other comprehensive income/(loss) of associates and joint ventures	–	–	–	–	–	(1.7)	–	(1.7)	–	(1.7)
Actuarial losses on defined benefit pension schemes	–	–	–	–	–	(2.8)	–	(2.8)	–	(2.8)
Tax relating to components of other comprehensive income	–	–	–	–	19.6	(11.5)	–	8.1	–	8.1
Total comprehensive (loss)/income	**–**	**–**	**–**	**–**	**58.4**	**10.3**	**245.0**	**313.7**	**22.4**	**336.1**
Transactions with owners										
Share based compensation	–	–	3.9	–	–	–	–	3.9	–	3.9
Tax effects	–	–	1.3	–	–	–	–	1.3	–	1.3
Shares reissued	–	6.8	–	–	–	–	–	6.8	–	6.8
Dividends declared and paid	–	–	–	–	–	–	(40.2)	(40.2)	(4.9)	(45.1)
Loss on reissuance of own shares	–	–	–	–	–	–	(5.2)	(5.2)	–	(5.2)
Total transactions with owners	**–**	**6.8**	**5.2**	**–**	**–**	**–**	**(45.4)**	**(33.4)**	**(4.9)**	**(38.3)**
Balance at November 30, 2009	**389.9**	**(222.6)**	**503.9**	**110.7**	**(12.0)**	**(60.1)**	**358.2**	**1,068.0**	**31.2**	**1,099.2**

(in $ millions)	Issued share capital	Own shares	Paid in surplus	Equity reserves	Translation reserves	Other reserves	Retained earnings/ (accumulated deficit)	Total	Non-controlling interests	Total equity
Comprehensive income										
Net income	–	–	–	–	–	–	265.4	265.4	47.6	313.0
Exchange differences	–	–	–	–	(67.4)	–	–	(67.4)	(2.0)	(69.4)
Cash flow hedges	–	–	–	–	–	(24.3)	–	(24.3)	–	(24.3)
Share of other comprehensive income/ (loss) of associates and joint ventures	–	–	–	–	–	(5.1)	–	(5.1)	–	(5.1)
Actuarial losses on defined benefit pension schemes	–	–	–	–	–	(7.2)	–	(7.2)	–	(7.2)
Tax relating to components of other comprehensive income	–	–	–	–	(0.8)	6.4	–	5.6	–	5.6
Total comprehensive (loss)/income	**–**	**–**	**–**	**–**	**(68.2)**	**(30.2)**	**265.4**	**167.0**	**45.6**	**212.6**
Transactions with owners										
Share based compensation	–	–	4.4	–	–	–	–	4.4	–	4.4
Tax effects	–	–	0.5	–	–	–	–	0.5	–	0.5
Shares reissued	–	13.4	–	–	–	–	–	13.4	–	13.4
Dividends declared and paid	–	–	–	–	–	–	(42.2)	(42.2)	(20.0)	(62.2)
Loss on reissuance of own shares	–	–	–	–	–	–	(8.6)	(8.6)	–	(8.6)
Total transactions with owners	**–**	**13.4**	**4.9**	**–**	**–**	**–**	**(50.8)**	**(32.5)**	**(20.0)**	**(52.5)**
Balance at November 30, 2010	**389.9**	**(209.2)**	**508.8**	**110.7**	**(80.2)**	**(90.3)**	**572.8**	**1,202.5**	**56.8**	**1,259.3**

Paid in surplus

This reserve represents the amount exceeding the par value on issuance of shares, and is inclusive of the Group's activities based on its share based payments arising from the share option plans which are available to various staff members within the Group.

Equity reserves

This reserve represents the equity component of the convertible loan notes (refer to Note 28 'Convertible loan notes').

Translation reserve

This reserve represents the exchange differences, which arise upon the translation of foreign entities' functional currency into the Group's reporting currency.

Other reserves

Other reserves relate to:

- the net cumulative gains or losses in respect of hedging activity entered into by the Group;
- actuarial gains or losses incurred by the Group's defined benefit pension schemes; and
- the Group's share of other comprehensive losses from its associates and joint ventures.

Retained earnings

Luxembourg law requires that 5% of the Group's unconsolidated net income is allocated to a legal reserve annually, prior to declaration of dividends. This requirement continues until the reserve is 10% of its stated capital, as represented by common shares, after which no further allocations are required until further issuance of shares. The legal reserve may also be satisfied by allocation of the required amount at the issuance of shares or by a transfer from paid in surplus. The legal reserve is not distributable. The legal reserve for all outstanding common shares has been satisfied and appropriate allocations are made to the legal reserve account at the time of each issuance of new shares.

Consolidated Cash Flow Statement

For the fiscal year ended November 30

(in $ millions)	Notes	2010	2009	2008
Net cash generated from operating activities	39	**140.0**	546.1	493.1
Cash flows from investing activities:		**–**	–	–
Proceeds from sale of property, plant and equipment		**0.3**	73.6	12.2
Purchases of property, plant and equipment		**(503.9)**	(171.8)	(294.3)
Purchases of intangible assets	15	**(6.2)**	(4.6)	(0.4)
Proceeds from sale of assets classified as held for sale		**2.2**	–	–
Dividends received from associates and joint ventures		**28.3**	28.0	10.9
Investment in associates and joint ventures	17	**(14.0)**	(20.6)	–
Advances to associates and joint ventures	17	**–**	(5.0)	(15.1)
Net cash used in investing activities		**(493.3)**	(100.4)	(286.7)
Cash flows from financing activities:				
Interest paid		**(15.8)**	(11.3)	(11.3)
Proceeds from borrowings		**6.1**	2.8	6.3
Issuance cost of new borrowings		**(10.0)**	–	–
Repayments of borrowings		**(7.2)**	–	–
Own share buy-backs		**–**	–	(138.3)
Dividends paid to equity shareholders of the parent	14	**(42.2)**	(40.2)	(38.3)
Proceeds from issuance of ordinary shares		**4.6**	1.6	4.2
Dividends paid to non-controlling interests	26	**(20.0)**	(4.9)	(8.7)
Net cash used in financing activities		**(84.5)**	(52.0)	(186.1)
Net (decrease)/increase in cash and cash equivalents		**(437.8)**	393.7	20.3
Cash and cash equivalents at beginning of year		**907.6**	573.0	582.7
Effect of exchange rate changes on cash and cash equivalents		**(25.4)**	44.5	(30.0)
Decrease/(increase) in cash balances classified as assets held for sale	21	**39.9**	(103.6)	–
Cash and cash equivalents at end of year		**484.3**	907.6	573.0

Notes to the Consolidated Financial Statements

1. General information

Subsea 7 is a seabed-to-surface engineering, construction and services contractor for the offshore energy industry worldwide. It provides integrated services and plans, designs, and delivers complex projects in harsh and challenging environments. The address of the registered office is 412F, route d'Esch, L-2086 Luxembourg. The nature of the Group's operations and its principal activities are set out in Note 6 'Segment information'.

Authorisation of financial statements

Subsea 7 S.A. is a company registered in Luxembourg whose stock trades on the NASDAQ in the form of American Depository Shares and on the Oslo Stock Exchange. On February 15, 2011, Subsea 7 S.A. commenced procedures to delist from NASDAQ. For more information please refer to Note 40 'Post balance sheet events'. The Group financial statements were authorised for issue by the Board on February 23, 2011.

Presentation of financial statements

These consolidated financial statements are presented in US Dollars ($) because that is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the policies set out in Note 3 'Significant accounting policies'.

2. Adoption of new accounting standards

(i) Effective new accounting standards

The Group has adopted the following new and amended International Financial Reporting Standards and interpretations as of December 1, 2009:

a)IAS 1 Presentation of Financial Statements (revised 2007).

b)IFRS 3 Business Combinations (revised 2008) and IAS 27 Consolidated and Separate Financial Statements (revised 2008).

c) IFRS 7 Improvement Disclosures about Financial Instruments (revised 2008).

IAS 1 Presentation of Financial Statements (revised 2007)

The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes non-owner changes in equity, details of transactions with owners, with non-owner changes in equity also presented in the new statement of comprehensive income. The Group has elected to present a separate income statement and statement of comprehensive income.

IFRS 3 Business Combinations (revised 2008) and IAS 27 Consolidated and Separate Financial Statements (revised 2008)

IFRS 3 (revised 2008) introduces significant changes in the accounting for business combinations. Changes affect the valuation of non-controlling interests (previously 'minority interests'), the accounting for transaction costs, the initial recognition and subsequent measurement of contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period when an acquisition occurs and future reported results. IAS 27 (revised 2008) requires that a change in the ownership interest of a subsidiary (without a change in control) is to be accounted for as a transaction with owners in their capacity as owners. Therefore such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss in the statement of comprehensive income. Furthermore the revised standard changes the accounting for losses incurred by a partially owned subsidiary as well as the loss of control of a subsidiary. The changes in IFRS 3 (revised 2008) and IAS 27 (revised 2008) will affect future acquisitions, changes in, and loss of control of, subsidiaries and transactions with non-controlling interests.

The change in accounting policy was applied prospectively but has not materially impacted the Group in fiscal year 2010.

IFRS 7 Improvement Disclosures about Financial Instruments (revised 2008)

The revised standard enhances disclosures about fair value measurement and liquidity risk. The significant change to IFRS 7 now requires instruments measured at fair value to be disclosed by the source of the inputs in determining fair value, using the following three-level hierarchy:

a)Quoted prices (unadjusted) in active markets for identical assets and liabilities (Level 1).

b)Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2).

c) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The adoption of the following standards, amendments to standards and interpretation had no material impact on the reported income or net assets of the Group in fiscal year 2010.

2. Adoption of new accounting standards continued

	Date applicable to the Group
Improvements to IFRS – 2009	Various
IAS 23 – Borrowing Costs (Revised)	December 1, 2009
IAS 27 – Consolidated and Separate Financial Statements — Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (Amendments)	December 1, 2009
IFRIC 9 – Reassessment of Embedded Derivatives and IAS 39 Financial Instruments: Recognition and Measurement — Embedded Derivatives (Amendments)	December 1, 2009
IFRS 2 – Share-based Payment – Vesting Conditions and Cancellations (Amendments)	December 1, 2009

(ii) Accounting Standards and Interpretations issued but not yet effective

Relevant new standards, amendments and interpretations issued by the IASB and endorsed by the EU but not yet effective and not applied in these financial statements are as follows:

	Date applicable to the Group
IFRS 2 – Share-based Payment – Group Cash-settled Share-based Payment Transactions (Amendments)	December 1, 2010
IAS 32 – Financial Instruments – Presentation – Classification of Rights Issue	December 1, 2010
IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments	December 1, 2010
Improvements to IFRS – 2010	Various
IAS 24 – Related Party Disclosures	January 1, 2011
IFRIC 14 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	January 1, 2011
IFRS 9 – Financial Instruments	January 1, 2013

Management anticipates that the adoption of these standards and interpretations in future periods will not have a material impact on the financial statements of the Group.

3. Significant accounting policies

Basis of accounting

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB') and as adopted by the European Union ('EU'). They comply with Article 4 of the EU IAS Regulation.

The Consolidated Financial Statements have been prepared on the historical cost basis except for the revaluation of certain financial instruments. The principal accounting policies adopted are consistent with the annual financial statements for the year ended November 30, 2009 except where noted and are set out below.

Basis of consolidation

The Consolidated Financial Statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) up to November 30, each year. Control is assumed to exist where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

Subsidiaries

The results of subsidiaries acquired or disposed of are included in the Consolidated Income Statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to align these with the accounting policies of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in the net assets of subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholders' share of changes in equity since the date of the Combination.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence, but not control, and which is neither a subsidiary nor a joint venture. Significant influence is defined as the right to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a commercial business governed by an agreement between two or more participants, giving them joint control over the business.

Investments in associates and joint ventures are accounted for using the equity method. Under this method, the investment is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate or joint venture, less any provisions for impairment. The Consolidated Income Statement reflects the Group's share of the results of operations after tax of the associate or joint venture. Losses in excess of the Group's interest (which includes any long-term interests that, in substance, form part of the Group's net investment) are only recognised to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

Where there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share in the Consolidated Statement of Comprehensive Income. Net incomes and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the Group's interest.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from construction contracts is recognised in accordance with the Group's accounting policy on construction contracts (see below). Revenue from rendering of services is recognised when services are provided.

Service revenues

Revenues received for the provision of services under charter agreements, day-rate contracts, reimbursable/cost-plus contracts and similar contracts are recognised on an accrual basis as services are provided.

Long-term contracts

Long-term contracts are accounted for using the percentage-of-completion method. Revenue and gross profit are recognised each period based upon the advancement of the work-in-progress.

The percentage-of-completion method is calculated based on the ratio of costs incurred to date to total estimated costs, taking into account the level of completion. The percentage-of-completion method requires the Group to make reliable estimates of progress toward completion of contract revenues and contract costs. Provisions for anticipated losses are made in full in the period in which they become known. In rare circumstances where percentage-of-completion based on cost is not appropriate, the physical proportion of the contract work performed is used to measure the percentage-of-completion.

If the stage of completion is insufficient to enable a reliable estimate of gross profit to be established (typically when less than 5% completion has been achieved), revenues are recognised to the extent of contract costs incurred where it is probable that they will be recoverable.

A major portion of the Group's revenue is billed under fixed-price contracts. However, due to the nature of the services performed, variation orders and claims are commonly billed to clients in the normal course of business. Additional contract revenue arising from variation orders is recognised when it is probable that the client will approve the variation and the amount of revenue arising from the variation can be reliably measured. Revenue resulting from claims is recognised in contract revenue only when negotiations have reached an advanced stage such that it is probable that the client will accept the claim and that the amount can be measured reliably.

During the course of multi-year projects the accounting estimates may change. The effects of such changes are accounted for in the period of change and the cumulative income recognised to date is adjusted to reflect the latest estimates. Such revisions to estimates do not result in restating amounts in previous periods.

Investment income

Investment income is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dry-dock, mobilisation and decommissioning expenditure

Dry-dock expenditure incurred to maintain a vessel's classification is capitalised as a distinct component of the asset and amortised over the period until the next dry-docking is scheduled for the asset (usually 2 1/2 to 5 years). All other repair and maintenance costs are recognised in the consolidated income statement as incurred.

Mobilisation expenditures which consist of expenditure incurred prior to the deployment of a vessel are classified as prepayments and expensed over the period of the lease charter.

Decommissioning expenditures incurred to restore a leased vessel to its original or agreed condition are classified as a provision when the Group recognises it has a present obligation and a reliable estimate can be made of the amount of the obligation. When the provision is recognised the increase in the provision due to the passage of time is recognised as a finance cost.

3. Significant accounting policies continued

Leasing

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date, whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use an asset. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as Lessee

Finance leases are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Operating lease payments are recognised as an expense in the Consolidated Income Statement on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit. Initial direct costs incurred in negotiating and arranging an operating lease are aggregated and recognised on a straight-line basis over the lease term. Benefits received and receivable as an incentive to enter into an operating lease are recognised on the same basis as the related lease.

Refurbishment expenditure and improvements to leased assets are expensed in the Consolidated Income Statement unless they significantly increase the value of a leased asset under which circumstance this expenditure will be capitalised and subsequently recognised as an expense in the Consolidated Income Statement on a straight-line basis over the lease term applicable to the leased asset.

The Group as Lessor

Rental income, excluding charges for services such as insurance and maintenance, is recognised on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern in which the benefit derived from the leased asset is diminished. Costs incurred, including depreciation, in earning the lease income are recognised as an expense. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Foreign currency translation

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Functional currency is defined as the currency of the primary economic environment in which the entity operates. While this is usually the local currency, the US Dollar is designated as the functional currency of certain entities where transactions and cash flows are predominantly in US Dollars.

Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to net income or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Foreign exchange revaluations on short-term inter-company balances are recognised in the consolidated income statement. Revaluations on long-term inter-company loans are recognised in the translation reserve.

The assets and liabilities of foreign operations are translated into US Dollars at the rate of exchange ruling at the balance sheet date and their income and expenditure items are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the Consolidated Income Statement.

Borrowing costs

Interest-bearing loans and overdrafts are recorded at the proceeds received, net of direct issue costs plus accrued interest less any repayments, and subsequently stated at amortised cost.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in net income or loss in the period in which they are incurred.

Finance costs

Finance costs or charges, including premiums on settlement or redemption and direct issue costs, are accounted for on an accruals basis using the effective interest rate method.

Retirement benefit costs

The Group administers several defined contribution pension plans. Payments in respect of such schemes are charged to the income statement as they fall due.

In addition, the Group administers a small number of defined benefit pension plans. The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit actuarial valuation method, with actuarial valuations carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the period in which they occur in the consolidated statement of comprehensive income.

Past service cost is recognised immediately to the extent that the benefits are already vested, or amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligations recognised in the balance sheet represent the present value of the defined benefit obligations adjusted for unrecognised past service costs, reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service costs, plus the present value of available refunds and reductions in future contributions to the scheme.

The Group is also committed to providing lump-sum bonuses to employees upon retirement in certain countries. These retirement bonuses are unfunded, and are recorded in the financial statements at their actuarial valuation.

Taxation

Income tax

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on the taxable net income for the year. Taxable net income differs from net income as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and further excludes items that are never taxable or deductible. The tax rates and tax laws used to compute the amount of current tax payable are those that are enacted or substantively enacted by the balance sheet date. Current tax relating to items recognised directly in equity is recognised in equity and not in net income or loss.

Income tax assets or liabilities are representative of respective taxes being owed or owing to the local tax authorities and additional tax provisions which have been recognised in the computation of the Group's tax position. Full details of these positions are set out in Note 11 'Taxation'.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable net income, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable net incomes will be available against which deductible temporary differences can be utilised. Such assets or liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of other assets or liabilities in a transaction (other than in a business combination) that affects neither the taxable net income nor the accounting net income. A deferred tax liability is not recognised on taxable temporary differences associated with investments in subsidiaries, branches and associates, and interest in joint ventures except to the extent that both the investor is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable net income will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are substantially enacted and expected to apply in the period when the asset is realised or the liability is settled. Deferred tax is charged or credited to the consolidated income statement, except when it relates to items charged or credited directly in equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current income tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current income tax assets and liabilities on a net basis.

Deferred tax is recognised on unremitted earnings to the extent that profits will be distributed in the foreseeable future.

Other taxes

Other taxes which include irrecoverable value added tax, sales tax and custom duties represent the amounts receivable or payable to local tax authorities in the countries where the Group operates and are included within net operating income.

3. Significant accounting policies continued

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes major spare parts acquired and held for future use on a ship or in a plant.

Assets under construction are carried at cost, less any recognised impairment loss. Cost includes external professional fees and borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets commences when the assets are ready for their intended use.

Depreciation is calculated on a straight-line basis over the useful life of the asset as follows:

- Construction support vessels 10 to 25 years
- Operating equipment 3 to 10 years
- Buildings 20 to 33 years
- Other assets 3 to 7 years
- Land is not depreciated.

Construction support vessels are depreciated to their estimated residual value. Costs for fitting out vessels are capitalised and amortised over a period equal to the remaining useful life of the related equipment.

Residual values, useful lives and methods of depreciation are reviewed at least annually, and adjusted if appropriate.

The gains or losses arising on disposal or retirement of assets are determined as the difference between any sales proceeds and the carrying amount of the asset. These are reflected in the income statement in the year that the asset is disposed of or retired.

Assets classified as held for sale

The Group classifies assets and disposal groups as being held for sale when the following criteria are met:

- management has committed to a plan to sell the asset or disposal group;
- the asset or disposal group is available for immediate sale in its present condition;
- an active programme to locate a buyer and other actions required to complete the plan to sell the asset or disposal group has been initiated;
- the sale of the asset or disposal group is highly probable;
- transfer of the asset or disposal group is expected to qualify for recognition as a completed sale, within one year;
- the asset or disposal group is being actively marketed for sale at a price that is reasonable in relation to its current fair value; and
- actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Assets or disposal groups classified as held for sale are measured at the lower of their carrying value or fair value less costs of disposal. Non-current assets are not depreciated once they meet the criteria to be held for sale and are shown separately on the face of the consolidated balance sheet.

Discontinued operations

The Group classifies an asset or disposal group as a discontinued operation when:

- it has been either disposed of or classified as held for sale; or
- it represents a single major line of business or geographical area of operation or is part of a coordinated plan for disposal.

In the period an asset or disposal group has been disposed of, or is classified as held for sale, the results of the operation are reported as discontinued operations in the current and prior periods.

Tendering and bid costs

Costs incurred in the tendering process are expensed as incurred, except those costs which are incurred once the Group has achieved 'preferred bidder' status, when the project is considered highly probable of proceeding and a future benefit likely to occur. Subsequent costs are accumulated until the project is awarded, at which point they are included in project costs for net income recognition purposes.

Business combinations and goodwill

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant IFRSs. Changes in the fair value of contingent consideration classified as equity are not recognised.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3(2008) are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 'Income Taxes' and IAS 19 'Employee Benefits' respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with IFRS 2 'Share-based Payments'; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations', are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete, to the extent that the amounts can be reasonably calculated. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year.

Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually.

Intangible assets other than goodwill

Overview

Intangible assets acquired separately are measured at cost at date of initial acquisition. The cost of intangible assets acquired in a business combination is determined as their fair value at the date of their acquisition. Following initial recognition, intangible assets are reflected at cost less amortisation and impairment losses. Except for capitalised development costs, internally generated intangible assets are not capitalised. Development expenditure which does not meet the criteria for capitalisation is reflected in the Consolidated Income Statement in the year in which the expenditure is incurred.

Intangible assets with finite lives are amortised over their useful economic life and are assessed for impairment at least annually or whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for intangible assets with finite useful lives are reviewed at each financial year end as a minimum. Changes in the expected useful lives or the expected pattern of consumption of future economic benefits embodied in the assets are accounted for by changing the amortisation period or method, and are treated as changes in accounting estimates. The amortisation expense related to intangible assets with finite lives is recognised in the Consolidated Income Statement in the expense category consistent with the function of the intangible asset.

Research and development costs

Research costs are expensed as incurred. The Group recognises development expenditure on an individual project as an internally generated intangible asset when it can demonstrate:

- the technical feasibility of completing the asset such that it will be available for use or sale;
- the intention to complete the asset and use or sell it;
- the ability to use or sell the asset;
- how the asset will generate probable future economic benefits;
- the availability of resources to complete the asset; and
- the ability to measure the expenditure reliably during development.

3. Significant accounting policies continued

Following initial recognition of the development expenditure as an internally generated intangible asset, the asset is reported at cost less any accumulated amortisation and impairment losses.

Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment at least annually or when indicators of impairment exist.

Software

Software is measured initially at purchase cost and amortised on a straight-line basis over its useful life of three years. The charge is included in administrative expenses in the consolidated income statement.

Lease access premiums

Lease access premiums are measured initially at cost and amortised on a straight-line basis over their useful life of 18 years. The charge is included in administrative expenses in the consolidated income statement.

Other

Other intangible assets are recognised at cost and have an indefinite useful life. The asset is tested annually for impairment or when there are indicators of impairment and carried at cost less any such charges.

Impairment of non-financial assets

At each balance sheet date the Group assesses whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of the asset's or cash-generating unit's fair value less costs to sell and its value in use. Where an asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where the carrying amount of an asset exceeds its recoverable value, the asset is considered impaired and is written down to its recoverable value. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

Impairment losses of continuing operations are recognised in the Consolidated Income Statement in those expense categories consistent with the function of the impaired asset.

An assessment is made at each balance sheet date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists the Group makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Consolidated Income Statement.

The following criteria are also applied in assessing impairment of specific assets:

Goodwill

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the Combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Associates and joint ventures

At each balance sheet date the Group determines whether there is any objective evidence that the investment in an associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as being the difference between the estimated fair value of the associate or joint venture and its carrying value. The resultant amount is recognised in the Consolidated Income Statement.

Inventories

Inventories comprise materials, consumables and spares and are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for using the weighted average cost basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to conclude the sale.

Financial instruments

Overview

A financial instrument is any contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity.

Financial assets are classified into the following categories:

- financial assets at 'fair value through the profit or loss' (FVTPL);
- 'held to maturity' investments;
- 'available for sale' (AFS) financial assets; and
- 'loans and receivables'.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial liabilities and equity instruments are classified as either FVTPL or 'other financial liabilities' according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities and is recorded as the proceeds received, net of direct issue costs.

Initial recognition

All financial assets are recognised in the Group's balance sheet and subsequently derecognised on the trade date where the purchase or sale of the financial asset is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned.

Financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Initial measurement

Financial instruments are initially measured at cost plus transaction costs, with the exception of assets classified at FVTPL which are measured at fair value. Changes in the fair value of investments classified at FVTPL are included in the Consolidated Income Statement. Changes in the fair value of investments classified as AFS are recognised directly in equity, until the investment is disposed of or is determined to be impaired, at which time the cumulative gains or losses previously recognised in equity are included in the Consolidated Income Statement for the period. Investment income on investments classified at FVTPL and AFS is recognised in the Consolidated Income Statement as it accrues.

Subsequent measurement

After initial recognition, the fair values of financial instruments are measured on bid prices for assets held and offer prices for issued liabilities based on values quoted in active markets.

Impairment

At each balance sheet date the Group assesses whether any indications exist that a financial asset or group of financial assets is impaired.

Impairment losses are recorded if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The impairment is recognised through the Consolidated Income Statement.

In any subsequent period, if the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss will be reversed through the consolidated income statement if the asset is accounted for at amortised cost. Reversal of impairment of a debt instrument classified as available for sale is recognised in net income or loss while a reversal related to an equity instrument classified as available for sale is recognised in equity.

Derivatives

The Group enters into both derivative financial instruments (derivatives) and non-derivative financial instruments in order to manage its foreign currency exposures. The principal derivatives used are forward foreign currency contracts.

All derivative transactions are undertaken and maintained in order to manage the interest and foreign currency risks associated with the Group's underlying business activities and the financing of those activities.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not carried at fair value. Unrealised gains or losses are reported in the Consolidated Income Statement and are included in the Consolidated Balance Sheet with the host contract.

Changes in the fair value of derivatives that do not qualify for hedge accounting are recognised in the consolidated income statement within 'other gains and losses'. Changes in the fair value of embedded derivatives are recognised in the Consolidated Income Statement within net operating income.

3. Significant accounting policies continued

Hedge accounting

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents its assessment as to whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Changes in the carrying value of financial instruments that are designated as hedges of future cash flows (cash flow hedges) and are found to be effective are recognised directly in equity. Any portion of the derivative that is excluded from the hedging relationship, together with any ineffectiveness, is recognised immediately in 'other gains and losses' in the Consolidated Income Statement. Amounts deferred in equity in respect of cash flow hedges are subsequently recognised in the Consolidated Income Statement in the same period in which the hedged item affects net income. Where a non-financial asset or a non-financial liability results from a forecasted transaction or firm commitment being hedged, the amount deferred in equity is included in the initial measurement of that non-monetary asset or liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting. Any cumulative gains or losses relating to cash flow hedges recognised in equity are retained in equity and subsequently recognised in the Consolidated Income Statement in the same period in which the previously hedged item affects net income. If a forecasted hedged transaction is no longer expected to occur, the net cumulative gains or losses recognised in equity are transferred to the Consolidated Income Statement immediately.

Restricted cash balances

Restricted cash balances comprise funds held in a separate bank account which will be used to settle accrued taxation liabilities, and deposits made by the Group as security for certain third-party obligations. Cash balances that are subject to restrictions that expire after more than one year are classified under non-current assets.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank, cash on hand and short-term highly liquid assets with an original maturity of three months or less and readily convertible to known amounts of cash. Bank overdrafts are included within current borrowings.

Trade receivables and other receivables

The Group assesses at each balance sheet date whether any indications exist that a financial asset or group of financial assets is impaired.

In relation to trade receivables, a provision for impairment is made when there is objective evidence that the Group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced with the loss recognised in other operating income. Impaired debts are derecognised when they are assessed as uncollectible.

Loans receivable and other receivables are carried at amortised cost using the effective interest rate method. Interest income, together with gains and losses when the loans and receivables are derecognised or impaired, is recognised in the consolidated income statement.

Convertible loan notes

The component of the convertible loan notes issued by the Group that exhibits characteristics of a liability is recognised as a liability in the balance sheet, net of transaction costs. On issuance of the convertible loan notes, the fair value of the liability component is determined using a market rate for an equivalent non-convertible loan note; and this amount is classified as a financial liability measured at amortised cost until it is extinguished on conversion or redemption.

The fair value of the instrument, which is generally the net proceeds less the fair value of the liability, is allocated to the conversion option which is recognised and included in shareholders' equity, net of transaction costs. The carrying value of the conversion option is not remeasured.

Transaction costs are apportioned between the liability and equity components of the convertible loan notes based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

Treasury shares

Own equity instruments which are reacquired (treasury shares) are deducted from equity at cost. No gains or losses are recognised in the consolidated income statement on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Financial guarantee liabilities

Financial guarantee liabilities issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor (generally an associate or joint venture of the Group) fails to fulfil a commitment in accordance with the terms of a debt instrument.

Initially a financial guarantee contract is recognised as a liability at fair value, adjusted for transaction costs that are directly attributable to the issue of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the balance sheet date, and the amount initially recognised.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group is virtually certain that some or all of a provision will be reimbursed, that reimbursement is recognised as a separate asset. The expense relating to any provision is reflected in the consolidated income statement at a current pre-tax rate that reflects the risks specific to the liability. Where the provision is discounted, any increase in the provision due to the passage of time is recognised as a finance cost.

Restructuring charges

The Group accounts for restructuring charges, including statutory legal requirements to pay redundancy costs, when they can be reliably measured and there is a legal or constructive obligation. The Group recognises a provision for redundancy costs when it has a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring.

Legal claims

In the ordinary course of business the Group is subject to various claims, suits and complaints. In consultation with internal and external advisers, management will provide for a loss in the financial statements if it is probable that a liability has been incurred at the date of the consolidated financial statements and the amount of the loss can be reliably estimated.

Share-based payments

Certain employees of the Group receive part of their remuneration in the form of share options, shares and cash bonuses based on performance of the Group.

Equity-settled transactions with employees are measured at fair value at the date on which they are granted. The fair value is determined using a Black-Scholes or Monte Carlo model. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date').

The cumulative expense recognised for equity-settled transactions at each balance sheet date, until the vesting date, reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The cumulative expense also includes the estimated future charge to be borne by the employer entity in respect of social security contributions, based on the intrinsic unrealised value of the stock option using the stock price on the balance sheet date. The net income or expense for a period represents the difference in cumulative expense recognised at the beginning and end of that period.

Cash-settled share-based payments are measured at fair value on the date on which the scheme has been granted. The cost is recognised and remeasured at the balance sheet date until the liability is settled and the date of settlement with any changes in fair value recognised in the consolidated income statement.

Earnings per share

Earnings per share is computed using the weighted average number of common shares and common share equivalents outstanding during each period. The dilutive effect of outstanding options and performance shares is reflected as additional share dilution in the computation of diluted earnings per share. The convertible notes are included in the diluted earnings per share if the effect is dilutive, regardless of whether the conversion price has been met.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies which are described in Note 3 'Significant accounting policies', Management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other assumptions that the Group believes to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

Revenue recognition on long-term contracts

Substantially all of the Group's projects are accounted for using the percentage-of-completion method, which is standard for the Group's industry. Contract revenues and total cost estimates are reviewed and revised periodically as work progresses. Adjustments based on the percentage-of-completion method are reflected in contract revenues in the reporting period. To the extent that these adjustments result in a reduction or elimination of previously reported contract revenues or costs, a charge or credit is recognised against current earnings; amounts in prior periods are not restated. Such a charge or credit may be significant depending on the size of the project or the adjustment. Additional information that enhances and refines the estimating process is often obtained after the balance sheet date but before the issuance of the financial statements, which may result in an adjustment of the financial statements based on events, favourable or unfavourable occurring after the balance sheet date. However, if a condition arises after the balance sheet date which is of a non-adjusting nature the results recognised in the financial statements will not be adjusted.

4. Critical accounting judgements and key sources of estimation uncertainty continued

The percentage-of-completion method requires the Group to make reliable estimates of progress toward completion of contracts and contract revenues and contract costs. The Group believes it assesses its business risks in a manner that allows it to evaluate the outcome of projects for purposes of making reliable estimates. Often the outcome of a project is more favourable than originally expected, due to increases in scope or efficiencies achieved during execution. The Group's business risks have involved, and will continue to involve, unforeseen difficulties including weather, economic instability, labour strikes, localised civil unrest, and engineering and logistical changes, particularly in major projects. The Group does not believe its business is subject to the types of inherent hazards, conditions or external factors that raise questions about contract estimates and about the ability of either the contractor or client to perform its obligations that would indicate that the use of the percentage-of-completion method is not preferable.

Revenue recognition on variation orders and claims

A major portion of the Group's revenue is billed under fixed-price contracts. Due to the nature of the services performed, variation orders and claims are commonly billed to clients.

A variation order is an instruction by the client for a change in the scope of the work to be performed under the contract which may lead to an increase or a decrease in contract revenue based on changes in the specifications or design of an asset and changes in the duration of the contract. Additional contract revenue is recognised when it is probable that the client will approve the variation and the amount of revenue arising from the variation can be reliably measured.

A claim is an amount that may be collected as reimbursement for costs not included in the contract price. A claim may arise from delays caused by clients, errors in specifications or design, and disputed variations in contract work. The measurement of revenue arising from claims is subject to a high level of uncertainty and can be dependent on the outcome of negotiations. Therefore, claims are recognised in contract revenue only when negotiations have reached an advanced stage such that it is probable that the client will accept the claim and the amount can be measured reliably.

Property, plant and equipment

Property, plant and equipment are recorded at cost, and depreciation is recorded on a straight-line basis over the useful lives of the assets. Management uses its experience to estimate the remaining useful life and residual value of an asset, particularly when it has been upgraded.

When events or changes in circumstances indicate that the carrying value of property, plant and equipment may not be recoverable a review for impairment is carried out by management. Where the 'value in use' method is used to determine the recoverable amount of an asset, management use their judgement in determining asset utilisation, profitability, remaining life, and the discount rate when performing the calculation.

Impairment of investments in and advances to associates and joint ventures

Investments in associates and joint ventures are reviewed periodically to assess whether there is objective evidence that the carrying value of the investment is impaired. In making this assessment, the Group considers whether or not they are able to recover the carrying value of the investment.

A provision is made against non-collectibility of loans and advances made to associates and joint ventures when there is objective evidence that the Group will be unable to collect all amounts due according to the contractual terms of the agreement.

Recognition of provisions and disclosure of contingent liabilities

The Group is subject to various claims, suits and complaints involving, clients, subcontractors, employees, and tax authorities and others in the ordinary course of business. In consultation with internal and external advisers, management will recognise a provision if information available prior to issuance of the financial statements indicates that it is probable that a liability had been incurred at the balance sheet date, and the amount of the loss can be reasonably estimated. Contingent liabilities for which a possible obligation exists are disclosed but not recognised.

Where the provision relates to a large population of items, the use of an 'expected value' is appropriate to arrive at a best estimate of the obligation. The expected value takes account of all possible outcomes, using probabilities to weight the outcomes. Where there is a continuous range of possible outcomes, and each point in that range is as likely as any other, the mid-point of the range is used.

Taxation

The Group is subject to taxation in numerous jurisdictions and significant judgement is required in calculating the consolidated tax provision. There are many transactions for which the ultimate tax determination is uncertain and for which the Group makes provisions based on an assessment of internal estimates and appropriate external advice, including decisions regarding whether to recognise deferred tax assets in respect of tax losses. Where the final tax outcome of these matters is different from the amounts that were initially recorded, the difference will impact the tax charge in the period in which the outcome is determined. Full details of all judgements and other issues considered are set out in Note 11 'Taxation'.

Fair value of derivatives and other financial instruments

As described in Note 34 'Financial instruments', Management use their judgement in selecting an appropriate valuation technique for financial instruments not quoted on an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates. Details of the assumptions used and of the results of sensitivity analyses regarding these assumptions are provided in Note 34 'Financial instruments'.

Share based payments

In determining the fair value and associated cost of share based payments and other employee benefit schemes, Management use their judgement in selecting an appropriate valuation technique and assumptions regarding, amongst others, future share price volatility, risk of forfeiture and employee compensation adjustments. The final cost of each award will be determined upon vesting of the various schemes, at which point the appropriate adjustments will be made. Details of the schemes are provided in Note 36 'Share based payments'.

Defined benefit pension scheme valuations

Management utilises the services of various qualified actuaries to calculate an estimate of the defined benefit pension liability for the funded and unfunded schemes. Details of the financial and actuarial assumptions used by the qualified actuaries in determining the pension liability are provided in Note 37 'Retirement benefit obligations'.

5. Revenue

An analysis of the Group's revenue is as follows:

For the fiscal year (in $ millions)	**2010**	2009	2008
Continuing operations:			
Lump-sum contracts	**1,530.9**	1,815.5	2,228.8
Day-rate contracts	**838.1**	393.3	293.6
Continuing operations revenue	**2,369.0**	2,208.8	2,522.4
Net other operating income	**–**	–	3.4
Investment income from bank deposits	**9.8**	6.4	17.9
Other revenue	**9.8**	6.4	21.3
Discontinued operations:			
Lump-sum contracts (see Note 12)	**83.4**	114.8	281.8
Discontinued operations revenue	**83.4**	114.8	281.8
Total revenue	**2,462.2**	**2,330.0**	**2,825.5**

A portion of the Group's revenue is denominated in foreign currencies and is cash flow hedged. The amounts disclosed above for revenue include the recycling of the effective amount of the foreign currency derivatives that are used to hedge foreign currency revenue (refer to Note 34 'Financial instruments').

6. Segment information

For management and reporting purposes, the Group was organised into five geographical regions or divisions which were representative of its principal activities. In addition there was a Corporate segment which managed activities that served more than one segment. After completion of the acquisition of Subsea 7 Inc. on January 7, 2011, these segments have changed. For a description of the Group's segments after the acquisition, refer to Note 40 'Post balance sheet events'.

The chief operating decision maker was the Chief Executive Officer of the Group. He was assisted by the Chief Operating Officer, the Vice Presidents of each geographical segment and other members of the Corporate Management Team. The Vice Presidents were responsible for managing all aspects of the projects within the geographical region, from initial tender to completion. Where projects were serviced by more than one segment, the costs and associated revenues were allocated to segments on the basis of the work actually performed by each segment.

The accounting policies of the reportable segments were the same as the Group's accounting policies described in Note 3 'Significant accounting policies'. Segment profit represents net operating income/(loss) earned by each segment and included the Group's share of net income of associates and joint ventures and central administration costs, including directors' salaries.

6. Segment information continued

Business segments prior to the acquisition based on geographical segments or divisions are defined below:

Territory 1

Acergy Northern Europe and Canada (NEC)
Included activities in Northern Europe and Eastern Canada, and had offices in Aberdeen, Scotland, United Kingdom; Stavanger, Norway; St Johns, Canada; and Moscow, Russia.

Acergy Asia and Middle East (AME)
This segment included activities in Asia Pacific, India, and the Middle East and had its offices in Singapore, Beijing, China and Perth, Australia. It also included the joint venture SapuraAcergy.

Territory 2

Acergy Africa and Mediterranean (AFMED)
Included activities in Africa and Mediterranean and had its office in Suresnes, France and also operated fabrication yards in Nigeria, Angola and Gabon. It also included the associates Dalia and Oceon.

Acergy North America and Mexico (NAMEX)
Included activities in the US, Mexico, Central America and Western Canada, and had its office in Houston, Texas, US.

Acergy South America (SAM)
This segment included activities in South America and the islands of the southern Atlantic Ocean and had its office in Rio de Janeiro, Brazil and operations in Macae, Brazil.

Corporate

Acergy Corporate (CORP)
This segment included activities that served more than one segment. These included: marine assets which have global mobility including construction and flow line lay support ships, ROVs and other mobile assets that are not allocated to any one segment; management of offshore personnel; captive insurance activities; management and corporate services provided for the benefit of all of the Group's businesses. It also included the joint ventures NKT Flexibles and SHL.

The Group's discontinued operations have been shown separately from the reportable geographical business segments.

Additional information is shown in Note 12 'Discontinued operations' and Note 21 'Assets classified as held for sale'.

Summarised financial information concerning each reportable geographical business segment is as follows:

For the fiscal year ended November 30, 2010

(in $ millions)	TERRITORY 1 NEC	TERRITORY 1 AME	TERRITORY 2 AFMED	TERRITORY 2 NAMEX	TERRITORY 2 SAM	CORP	Total continuing operations	Discontinued operations[e]
Revenue[a,b,c]	**568.1**	**179.8**	**1,361.4**	**34.6**	**214.3**	**10.8**	**2,369.0**	**83.4**
Operating expenses[d]	**(423.2)**	**(99.1)**	**(954.1)**	**(22.6)**	**(177.2)**	**(24.8)**	**(1,701.0)**	**(23.7)**
Share of net income of associates and joint ventures	**–**	**28.5**	**1.8**	**–**	**–**	**44.5**	**74.8**	**–**
Depreciation, mobilisation and amortisation expenses	**(15.5)**	**(1.3)**	**(34.0)**	**–**	**(33.5)**	**(35.1)**	**(119.4)**	**–**
Reversal of impairment/(impairment) of intangible assets	**–**	**–**	**1.9**	**–**	**–**	**(7.0)**	**(5.1)**	**–**
Reversal of impairment of property, plant and equipment[f]	**–**	**–**	**1.3**	**–**	**–**	**–**	**1.3**	**–**
Research and development expense	**–**	**–**	**–**	**–**	**–**	**(5.2)**	**(5.2)**	**–**
Net operating income/(loss) from operations	**83.6**	**83.5**	**307.7**	**(0.4)**	**8.4**	**(46.7)**	**436.1**	**59.7**
Investment income from bank deposits							**9.8**	**–**
Other gains and losses							**(18.0)**	**(0.2)**
Finance costs							**(28.7)**	**–**
Income before taxes							**399.2**	**59.5**

(a) Revenue represents only external revenues earned by each segment. An analysis of inter-segment revenues has not been included as this information is not regularly provided to the chief operating decision maker.

(b) Two clients in the year ended November 30, 2010 accounted for more than 10% of the Group's revenue from continuing operations. The revenue from these clients was $428.1 million and $409.6 million and was attributable to Acergy AFMED, Acergy NEC, Acergy NAMEX and Acergy AME (refer to Note 34 'Financial Instruments').

(c) Revenue consists of $1,238.6 million for SURF activity, $887.8 million of Conventional activity, and $242.6 million of IMR/Survey activity.

(d) The amount for Acergy NAMEX includes inter-regional expenditure sharing arrangements.

(e) See Note 12 'Discontinued operations' for further information.

(f) Sonamet reversal of Impairment raised in fiscal year 2009.

For the fiscal year ended November 30, 2009

(in $ millions)	TERRITORY 1 NEC	TERRITORY 1 AME	TERRITORY 2 AFMED	TERRITORY 2 NAMEX	TERRITORY 2 SAM	CORP	Total continuing operations	Discontinued operations[e]
Revenue[a,b,c]	648.8	206.0	999.7	57.8	288.8	7.7	2,208.8	114.8
Operating expenses[d]	(519.7)	(156.9)	(746.5)	(19.1)	(224.7)	(16.9)	(1,683.8)	(99.3)
Share of net income of associates and joint ventures	0.7	9.7	1.9	–	–	36.7	49.0	–
Depreciation, mobilisation and amortisation expenses	(12.8)	(10.5)	(38.5)	(6.2)	(22.3)	(40.7)	(131.0)	(0.1)
Impairment of property, plant and equipment	–	–	(2.0)	–	–	(9.8)	(11.8)	(1.0)
Impairment of intangible assets	–	–	(2.8)	–	–	–	(2.8)	–
Research and development expense	–	–	–	–	–	(6.2)	(6.2)	–
Net operating income from operations	67.4	37.8	171.3	26.0	37.5	2.7	342.7	15.5
Investment income from bank deposits							6.4	
Other gains and losses							43.6	(1.6)
Finance costs							(31.4)	
Income before taxes							361.3	13.9

(a) Revenue represents only external revenues earned by each segment. An analysis of inter-segment revenues has not been included as this information is not regularly provided to the chief operating decision maker.

(b) Two clients in the year ended November 30, 2009 accounted for more than 10% of the Group's revenue from continuing operations. The revenue from these clients was $550.2 million and $325.4 million and was attributable to Acergy AFMED and Acergy NEC (refer to Note 34 'Financial Instruments').

(c) Revenue consists of $1,615.8 million for SURF activity, $388.2 million of Conventional activity, and $204.8 million of IMR/Survey activity.

(d) The amount for Acergy NAMEX includes inter-regional expenditure sharing arrangements.

(e) See Note 12 'Discontinued operations' for further information.

6. Segment information continued

For the fiscal year ended November 30, 2008

	TERRITORY 1		TERRITORY 2					
(in $ millions)	NEC	AME	AFMED	NAMEX	SAM	CORP	Total continuing operations	Discontinued operations[e]
Revenue[a,b,c]	843.1	180.8	1,175.9	4.4	320.1	(1.9)	2,522.4	281.8
Operating expenses[d]	(574.5)	(129.0)	(897.1)	17.2	(268.9)	(21.9)	(1,874.2)	(304.4)
Share of net income of associates and joint ventures	3.5	(15.4)	(0.3)	–	–	75.2	63.0	–
Depreciation, mobilisation and amortisation expenses	(10.2)	(6.9)	(31.6)	–	(19.2)	(42.5)	(110.4)	(8.0)
Impairment of property, plant and equipment	(1.8)	–	–	–	–	–	(1.8)	(1.0)
Reversal of impairment of property, plant and equipment	–	–	–	–	–	–	–	14.3
Research and development expense	–	–	–	–	–	(6.8)	(6.8)	–
Net operating income/(loss) from operations	192.0	14.4	183.7	10.5	22.6	37.6	460.8	(22.5)
Investment income from bank deposits							17.9	–
Other gains and losses							44.1	(1.1)
Finance costs							(30.5)	(1.0)
Income before taxes							492.3	(24.6)

(a) Revenue represents only external revenues earned by each segment. An analysis of inter-segment revenues has not been included as this information is not regularly provided to the chief operating decision maker.
(b) Two clients in the year ended November 30, 2008 accounted for more than 10% of the Group's revenue from continuing operations. The revenue from these clients was $709.9 million and $299.6 million and was attributable to Acergy AFMED and Acergy NEC.
(c) Revenue consists of $1,832.4 million for SURF activity, $442.0 million of Conventional activity, and $248.0 million of IMR/Survey activity.
(d) The amount for Acergy NAMEX includes inter-regional expenditure sharing arrangements.
(e) See Note 12 'Discontinued operations' for further information.

The disclosures required by IFRS 8 paragraph 33 in respect of geographic information are not reported here since the necessary information is not available and the cost to develop it would be excessive.

7. Net operating income

Net operating income from continuing operations includes:

For the fiscal year (in $ millions)	**2010**	2009	2008
Research and development costs recognised as an expense	**5.2**	6.2	6.8
Employee benefits	**664.6**	669.5	799.6
Pension settlement	**–**	–	(33.3)

8. Auditors' remuneration

The following table sets forth aggregate fees billed to the Group by the principal accounting firm, Deloitte S.A. and other member firms of Deloitte Touche Tohmatsu Limited (Deloitte), in each of the fiscal years 2010, 2009 and 2008:

For the fiscal year (in $ millions)	**2010**	2009	2008
Audit fees	**3.4**	3.7	4.1
Audit-related fees	**0.4**	0.5	0.9
Tax fees	**2.1**	1.4	2.1
Other fees	**0.4**	–	–
Total	**6.3**	5.6	7.1

Audit fees

Audit fees principally constitute fees billed for professional services rendered by Deloitte for the audit of the consolidated and individual statutory financial statements for each of fiscal years 2010, 2009 and 2008. The amounts include fees associated with attestation in respect of the Sarbanes-Oxley Act of 2002.

Audit-related fees

Audit-related fees constitute fees billed for assurance and related services by Deloitte that are reasonably related to the performance of the audit of the consolidated financial statements, other than the services reported above under 'Audit fees', in each of fiscal years 2010, 2009 and 2008. In fiscal year 2008, audit-related fees principally consisted of fees relating to IFRS transition advice and audits, and internal control advice, and the limited scope procedures performed in respect of the Group's quarterly financial results announcements during fiscal years 2010, 2009 and 2008.

Tax fees
Tax fees constitute fees billed for professional services rendered by Deloitte for tax compliance and tax advice in each of fiscal years 2010, 2009 and 2008. In fiscal years 2010, 2009 and 2008, tax advisory fees principally consisted of services provided to UK, Dutch, Singaporean, US and Brazilian subsidiaries, in addition to services related to consolidated Group matters.

Other fees
Other fees constitute fees billed for Combination transaction services rendered by Deloitte in fiscal year 2010.

Audit Committee Pre-Approval Policy and Procedures
The Audit Committee adopted a policy on November 18, 2002 to pre-approve all audit and non-audit services provided by the independent public accountants provided to the Group or its subsidiaries prior to the engagement of the independent public accountants with respect to such services. Prior to engagement, the Audit Committee pre-approves the independent public accountants' services within each category. The Audit Committee may delegate one or more members who are independent directors of the Board to pre-approve the engagement of the independent public accountants. If one or more members of the Audit Committee delegated to do so have pre-approved the engagement of the independent public accountants, the approval of this engagement will be placed on the agenda of the next Audit Committee meeting for review and ratification. The Audit Committee pre-approved all audit and non-audit services provided to the Group and to its subsidiaries during the periods listed above.

9. Other gains and losses

For the fiscal year (in $ millions)	**2010**	2009	2008
Gains on disposal of property, plant and equipment	**0.2**	0.4	5.4
Net foreign currency exchange (losses)/gains	**(18.2)**	43.2	39.0
Reclassification of foreign currency adjustments upon liquidation of entities	**–**	–	(0.3)
Total	**(18.0)**	43.6	44.1

10. Finance costs

For the fiscal year (in $ millions)	**2010**	2009	2008
Interest on borrowings	**11.0**	4.7	4.2
Interest on convertible loan notes (see Note 28)	**31.0**	29.5	28.4
(Reversing)/unwinding of discount on provisions (see Note 31)	**(0.3)**	0.3	0.2
Total borrowing costs	**41.7**	34.5	32.8
Less: amounts included in the cost of qualifying assets	**(13.7)**	(0.5)	(3.0)
	28.0	34.0	29.8
Interest on tax liabilities	**0.7**	(2.6)	0.7
Total	**28.7**	31.4	30.5

$11.9 million of borrowing costs included in the cost of qualifying assets during the year arose on the general borrowing pool and is calculated by applying a capitalisation rate of 7.35% (2009 and 2008: 7.35%) to expenditure on such assets.

Interest on tax liabilities for 2009 was a negative charge of $2.6 million as result of the release of the 2007 accruals made in relation to the French tax audit.

11. Taxation
Tax recognised in the consolidated income statement

For the fiscal year (in $ millions)	**2010**	2009	2008
Tax charged in the income statement:			
Current tax:			
Corporation tax on profits for the year	**157.6**	124.6	109.7
Adjustments in respect of prior years	**(1.4)**	(8.6)	3.0
Total current tax	**156.2**	116.0	112.7
Deferred tax due to origination and reversal of temporary differences	**(10.5)**	(6.5)	47.8
Total	**145.7**	109.5	160.5
Attributable to:			
Continuing operations	**130.8**	102.8	162.6
Discontinued operations	**14.9**	6.7	(2.1)
Total	**145.7**	109.5	160.5

11. Taxation continued

Tax recognised in the consolidated statement of comprehensive income

For the fiscal year (in $ millions)	**2010**	2009	2008
Tax relating to items charged/(credited) to comprehensive income:			
Current tax:			
Exchange differences	**0.8**	(19.6)	16.4
Income tax recognised directly in comprehensive income	**0.8**	(19.6)	16.4
Deferred tax:			
Net (gain)/loss on revaluation of cash flow hedges	**(6.2)**	12.3	(8.5)
Actuarial losses on defined benefit pension schemes	**(0.2)**	(0.8)	(1.1)
Deferred tax recognised directly in comprehensive income	**(6.4)**	11.5	(9.6)
Total	**(5.6)**	(8.1)	6.8

Tax recognised in the consolidated statement of changes in equity

For the fiscal year (in $ millions)	**2010**	2009	2008
Deferred tax:			
Share based payments	**(0.5)**	(1.3)	1.7
Total	**(0.5)**	(1.3)	1.7

Reconciliation of the total tax charge

As at November 30, 2010, the Company was a 1929 Luxembourg Holding Company. Luxembourg tax law provides for a special tax regime for 1929 Holding Companies and consequently the Company was subject to de minimis tax in Luxembourg. On January 1, 2011, the 1929 regime ceased to apply and the Company became a normally taxed Luxembourg company. Income taxes have been provided based on the tax laws and rates in the countries where business operations have been established and earn income. The Group's tax charge is determined by applying the statutory tax rate to the net income earned in each of the jurisdictions in which the Group operates, taking account of permanent differences between book and tax net incomes.

The Group's tax charge has been reconciled to a tax rate for the fiscal year 2010 of 28% (2009: 28%; 2008: 28%), being the expected blended statutory rate taking into consideration the jurisdictions in which the Group operates.

For the fiscal year (in $ millions)	**2010**	2009	2008
Income before taxes on continuing operations	**399.2**	361.3	492.3
Tax at the blended statutory tax rate of 28% (2009: 28%, 2008: 28%)	**111.8**	101.2	137.8
Effects of:			
Benefit of Tonnage tax regime (see below)	**(7.0)**	(6.0)	(7.5)
Different tax rates of subsidiaries operating in other jurisdictions (tax rate differences)	**13.6**	10.6	11.6
Share based payments	**–**	0.6	5.3
Adjustments related to prior years	**(1.4)**	(8.0)	3.0
Movement in non-provided deferred tax	**1.5**	(16.0)	(4.1)
Net incomes not subject to tax	**(0.3)**	(9.0)	4.3
Tax effect of share of net income of associates and joint ventures	**(6.7)**	(0.1)	(4.1)
Withholding taxes	**19.2**	26.5	16.2
Expenses not deductible for tax purposes	**–**	–	0.3
Other permanent differences	**0.1**	3.0	(0.2)
Tax charge in the income statement	**130.8**	102.8	162.6

Deferred tax

Analysis of the movements in net deferred tax balance during the year:

For the fiscal year (in $ millions)	**2010**	2009	2008
At December 1	**(30.6)**	(16.3)	24.3
Credited/(charged) to:			
– Consolidated income statement	**10.5**	6.5	(47.8)
– Consolidated statement of comprehensive income	**6.4**	(11.5)	9.6
– Consolidated statement of changes in equity	**0.5**	1.3	(1.7)
Transfer to current tax	**(8.6)**	(9.1)	–
Exchange differences	**0.5**	(1.5)	(0.7)
At November 30	**(21.3)**	(30.6)	(16.3)

Deferred tax assets and liabilities in respect of continuing operations, before offset of balances within countries, are as follows:

As at November 30, 2010

(in $ millions)	**Deferred tax asset**	**Deferred tax liability**	**Net recognised deferred tax asset/(liability)**	**Amount credited/ (charged) in income statement**
Property, plant and equipment	**2.3**	**(15.9)**	**(13.6)**	**(7.1)**
Accrued expenses	**27.6**	**(28.7)**	**(1.1)**	**20.7**
Share based payments	**4.6**	**–**	**4.6**	**1.8**
Convertible loan notes	**–**	**(17.7)**	**(17.7)**	**–**
Tax losses	**6.5**	**–**	**6.5**	**(4.9)**
Total	**41.0**	**(62.3)**	**(21.3)**	**10.5**

As at November 30, 2009

(in $ millions)	Deferred tax asset	Deferred tax liability	Net recognised deferred tax asset/(liability)	Amount credited/ (charged) in income statement
Property, plant and equipment	2.5	(9.0)	(6.5)	5.4
Accrued expenses	14.2	(34.2)	(20.0)	(5.9)
Share based payments	2.2	–	2.2	0.4
Convertible loan notes	–	(17.7)	(17.7)	–
Tax losses	11.4	–	11.4	6.6
Total	30.3	(60.9)	(30.6)	6.5

As at November 30, 2008

(in $ millions)	Deferred tax asset	Deferred tax liability	Net recognised deferred tax asset/(liability)	Amount credited/ (charged) in income statement
Property, plant and equipment	1.1	(13.0)	(11.9)	5.4
Accrued expenses	44.3	(36.3)	8.0	(49.9)
Share based payments	0.5	–	0.5	(3.4)
Convertible loan notes	–	(17.7)	(17.7)	–
Tax losses	4.8	–	4.8	0.1
Total	50.7	(67.0)	(16.3)	(47.8)

Deferred tax is analysed in the Consolidated Balance Sheet, after offset of balances within countries, as:

For the fiscal year (in $ millions)	**2010**	2009	2008
Deferred tax assets	**22.8**	19.3	39.8
Deferred tax liabilities	**(44.1)**	(49.9)	(56.1)
Total	**(21.3)**	(30.6)	(16.3)

11. Taxation continued

At the balance sheet date, the Group has tax losses of $128.4 million (2009: $148.0 million) available for offset against future taxable profits. A deferred tax asset has been recognised in respect of $23.2 million (2009: $40.7 million) of such losses. No deferred tax asset has been recognised in respect of the remaining $105.2 million (2009: $107.3 million) due to the uncertainty of future taxable profits. In addition the Group has unrecognised deferred tax assets of approximately $46.8 million (2009: $40.0 million) in respect of other temporary differences.

Net operating losses (NOLs) including Internal Revenue Code (IRC) s.163j in the US

NOLs to carry forward in various countries will expire as follows:

For the fiscal year (in $ millions)	**2010**	2009	2008
Within five years	**2.5**	2.4	0.1
16 to 20 years	**54.6**	55.5	82.7
Without time limit	**71.3**	90.1	111.8
Total	**128.4**	148.0	194.6

The majority of NOLs are concentrated in the US where the ability to carry forward NOLs is subject to a limitation as a consequence of Stolt Nielsen S.A. (SNSA) having sold its remaining stock in the Company in 2005. As at November 30, 2010, it is considered likely that, subject to future profitability, the Group will be able to access US NOLs arising both before and after the date of the change of control of $54.7 million (2009: $55.5 million). In addition to the US NOLs the Group has IRC s.163j suspended interest deductions of $45.3 million (2009: $45.5 million). However, with a history of incurring losses for tax purposes in the US, none of the NOLs and IRC s.163j suspended interest deductions in the US have been recognised as a deferred tax asset. It should be noted that on completion of the Combination with Subsea 7 Inc. it is considered likely that there will be another change of control event which will further restrict the Group's ability to utilise the NOLs in the US.

Tonnage tax regime

The tax charge reflects a net benefit in fiscal year 2010 of $7.0 million (2009: $6.0 million) as a result of being taxable under the current UK Tonnage tax regime, as compared to the UK tax that would be payable had an election to join the Tonnage tax regime not been made.

Tax contingencies and provisions

Operations are carried out in several countries, through subsidiaries and branches of subsidiaries, and are subject to the jurisdiction of a significant number of taxing authorities. Furthermore, the offshore mobile nature of the Group's operations means that the Group routinely has to deal with complex transfer pricing, permanent establishment and other similar international tax issues as well as competing tax systems where tax treaties may not exist.

In the ordinary course of events operations will be subject to audit, enquiry and possible re-assessment by different tax authorities. Management provides taxes for the amounts that it considers probable of being payable as a result of these audits and for which a reasonable estimate may be made. Management also separately considers whether taxes payable in relation to filings not yet subject to audit may be higher than the amounts stated in the filed tax return, and makes additional provisions for probable risks if appropriate. As forecasting the ultimate outcome includes some uncertainty, the risk exists that adjustments will be recognised to the Group's tax provisions in later years as and when these and other matters are finalised with the appropriate tax authorities.

In 2010, operations in various countries were subject to enquiries, audits and disputes, including, but not limited to, those in Angola, Australia, Brazil, Canada, Congo, Denmark, France, Gabon, Indonesia, Nigeria, the UK and US. These audits are all at various stages of completion. The Group's operating entities in these countries have co-operated fully with the relevant tax authorities while seeking to defend their tax positions.

The tax audit in France, which commenced in February 2007 and continued into fiscal year 2010, has been resolved closing all years up to November 30, 2006.

Each year management completes a detailed review of uncertain tax positions across the Group and makes provisions based on the probability of the liability arising. The principal risks that arise for the Group are in respect of permanent establishment, transfer pricing and other similar international tax issues. In common with other international groups, the conflict between the Group's global operating model and the jurisdictional approach of taxing authorities often leads to uncertainty on tax positions.

As a result of the above, in the fiscal year 2010, the Group recorded a net tax increase of $6.4 million (2009: $10.2 million) in respect of ongoing tax audits and in respect of the Group's review of its uncertain tax positions. The charge arises both from adjustments that the Group has agreed with the relevant tax authorities and re-estimates that it has made.

Whilst the Group has made the incremental provisions noted in the preceding paragraph, reflecting its view of the most likely outcomes, it is possible that the ultimate resolution of these matters could result in tax charges that are materially higher or lower than the amount provided.

12. Discontinued operations

On November 27, 2008, the Group entered into an agreement with Saipem (Portugal) Comercio Maritimo S.U. Lda to dispose of *Acergy Piper*, a semi-submersible pipelay barge, for $78.0 million. The disposal was driven by a desire to continue to focus the Group on its core operations. The disposal was completed on January 9, 2009.

Acergy Piper was the Group's sole operating unit in the Trunklines market which involved the offshore market installation of large-diameter pipelines used to carry oil and gas over large distances. The disposal of the barge therefore represents the Group's discontinuance of this operation.

In 2010, the Group continued to generate revenues through the Trunklines operation due to additional related work on the Mexilhao Project that does not require *Acergy Piper*. This project was complete as at November 30, 2010.

The results of the discontinued operations, which have been included in the Consolidated Income Statement, were as follows:

For the fiscal year (in $ millions)	**2010**	2009	2008
Revenue	**83.4**	114.8	281.8
Expenses[(a)]	**(23.9)**	(99.9)	(320.7)
Impairment (charge)/reversal	**–**	(1.0)	14.3
Income/(loss) before tax	**59.5**	13.9	(24.6)
Taxation (charge)/credit on discontinued operations	**(14.9)**	(6.7)	2.1
Net income/(loss) from discontinued operations	**44.6**	7.2	(22.5)

(a) Includes operating expenses, administrative expenses, finance costs and other gains and losses.

The impact on the segments of the discontinued operations which have been included in the Consolidated Income Statement were as follows:

	2010			
For the fiscal year (in $ millions)	**NEC**	**SAM**	**CORP**	**Total discontinued operations**
Revenue	**–**	**83.4**	**–**	**83.4**
Expenses[(a)]	**–**	**(23.9)**	**–**	**(23.9)**
Income before tax	**–**	**59.5**	**–**	**59.5**
Taxation charge on discontinued operations	**–**	**(14.9)**	**–**	**(14.9)**
Net income/(loss) from discontinued operations	**–**	**44.6**	**–**	**44.6**

(a) Includes operating expenses, administrative expenses, finance costs and other gains and losses.

	2009			
For the fiscal year (in $ millions)	NEC	SAM	CORP	Total discontinued operations
Revenue	–	114.8	–	114.8
Expenses[(a)]	–	(97.4)	(2.5)	(99.9)
Impairment charge	–	–	(1.0)	(1.0)
Income/(loss) before tax	–	17.4	(3.5)	13.9
Taxation charge on discontinued operations	–	(6.7)	–	(6.7)
Net income/(loss) from discontinued operations	–	10.7	(3.5)	7.2

(a) Includes operating expenses, administrative expenses, finance costs and other gains and losses.

	2008			
For the fiscal year (in $ millions)	NEC	SAM	CORP	Total discontinued operations
Revenue	5.6	275.9	0.3	281.8
Expenses[(a)]	(36.0)	(284.4)	(0.3)	(320.7)
Impairment reversal	14.3	–	–	14.3
Loss before tax	(16.1)	(8.5)	–	(24.6)
Taxation credit on discontinued operations	2.1	–	–	2.1
Net loss from discontinued operations	(14.0)	(8.5)	–	(22.5)

(a) Includes operating expenses, administrative expenses, finance costs and other gains and losses.

Discontinued operations generated $23.2 million (2009: $18.7 million, 2008: used $5.6 million) of the Group's net operating cash flows, and generated $0.1 million (2009: $Nil, 2008: $1.4 million) in respect of investing activities.

13. Earnings per share

Basic earnings per share

Basic earnings per share amounts are calculated by dividing the net income attributable to equity holders of the parent for continuing and discontinued operations by the weighted average number of common shares in issue during the fiscal year excluding ordinary shares purchased by the Company and held as treasury shares (Note 25 'Own shares') as follows:

For the fiscal year	**2010 $ per share**	2009 $ per share	2008 $ per share
Basic earnings per share:			
From continuing operations	**1.20**	1.30	1.76
From discontinued operations	**0.24**	0.04	(0.12)
Total basic earnings per share	**1.45**	1.34	1.64

The earnings and weighted average number of common shares used in the calculation of basic earnings per share are as follows:

For the fiscal year (in $ millions)	**2010**	2009	2008
Net income for the year from continuing operations	**220.8**	237.8	323.9
Net income/(loss) from discontinued operations (see Note 12)	**44.6**	7.2	(22.5)
Net income attributable to equity holders of the parent	**265.4**	245.0	301.4

	2010 Number of shares	2009 Number of shares	2008 Number of shares
Weighted average number of common shares for the purpose of basic earnings per share	**183,500,710**	182,956,010	184,142,708

Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: convertible loan notes and share options. The convertible loan notes are assumed to have been converted into ordinary shares and the net profit is adjusted to eliminate the interest expense less the tax effect. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

For the fiscal year	**2010 $ per share**	2009 $ per share	2008 $ per share
Diluted earnings per share:			
From continuing operations	**1.16**	1.29	1.70
From discontinued operations	**0.22**	0.04	(0.11)
Total diluted earnings per share	**1.38**	1.33	1.59

The earnings and weighted average number of common shares used in the calculation of diluted earnings per share are as follows:

For the fiscal year (in $ millions)	**2010**	2009	2008
Net income for the year from continuing operations	**220.8**	237.8	323.9
Interest on convertible loan notes less amounts capitalised to qualifying assets	**19.0**	–	28.4
Net income/(loss) for the year from discontinued operations (see Note 12)	**44.6**	7.2	(22.5)
Earnings used in the calculation of diluted earnings per share	**284.4**	245.0	329.8

	2010 Number of shares	2009 Number of shares	2008 Number of shares
Weighted average number of common shares used in the calculation of basic earnings per share	**183,500,710**	182,956,010	184,142,708
Convertible loan notes	**22,184,506**	–	21,258,503
Share options	**1,020,820**	835,150	2,134,846
Weighted average number of common shares used in the calculation of diluted earnings per share	**206,706,036**	183,791,160	207,536,057

In fiscal year 2009 the potential common shares of 22,016,733 for the convertible loan notes were excluded from the weighted average number of common shares as their effect was anti-dilutive.

In fiscal year 2010 1,552,625 shares relating to share option plans (2009: 2,810,948 and 2008: 1,923,234 shares) that could potentially dilute the weighted average earnings per share, were excluded from the calculation of diluted earnings per share due to being anti-dilutive for the period.

For potential dilutive effects of post-balance sheet events refer to Note 40 'Post balance sheet events'.

14. Dividends

In light of the development of the combined business and the Group's investment opportunities, the Board has proposed not to pay a dividend for the 2010 fiscal year. The Board is reviewing methods of balancing the optimal use of cash in light of the opportunities available.

The final dividend for the fiscal year ended November 30, 2009 of $0.23 per share and a total of $42.2 million was paid in June 2010.

15. Intangible assets

For the fiscal year (in $ millions)	Software	Lease access premiums	Other intangibles	Total
Cost:				
At December 1, 2008	–	4.7	0.9	5.6
Reclassified from property, plant and equipment (see Note 16)	19.3	–	–	19.3
Additions	6.3	–	0.1	6.4
Exchange differences	1.9	–	–	1.9
Reclassified as held for sale (see Note 21)	–	(4.7)	(0.1)	(4.8)
At November 30, 2009	27.5	–	0.9	28.4
Additions	6.2	–	–	6.2
Exchange differences	(1.6)	–	–	(1.6)
At November 30, 2010	**32.1**	**–**	**0.9**	**33.0**
Amortisation:				
At December 1, 2008	–	1.8	–	1.8
Reclassified from property, plant and equipment (see Note 16)	15.6	–	–	15.6
Charge for the year	1.9	0.1	–	2.0
Exchange differences	1.5	–	–	1.5
Impairment	–	2.8	–	2.8
Reclassified as held for sale (see Note 21)	–	(4.7)	–	(4.7)
At November 30, 2009	19.0	–	–	19.0
Charge for the year	1.6	–	–	1.6
Exchange differences	(0.7)	–	–	(0.7)
Impairment[(a)]	7.0	–	–	7.0
At November 30, 2010	**26.9**	**–**	**–**	**26.9**
Carrying amount:				
At November 30, 2009	8.5	–	0.9	9.4
At November 30, 2010	**5.2**	**–**	**0.9**	**6.1**

(a) Software development costs with a carrying value of $7.0 million, with doubtful future economic benefits following the announcement of the acquisition of Subsea 7 Inc., were impaired during the year.

16. Property, plant and equipment

For the fiscal year (in $ millions)	Construction support vessels	Operating equipment	Land and buildings	Other assets	Total
Cost:					
At December 1, 2008	665.2	695.7	26.2	49.6	1,436.7
Reclassified as intangible assets (see Note 15)	–	(11.8)	–	(7.5)	(19.3)
Additions	53.2	60.6	13.1	4.7	131.6
Exchange differences	9.8	13.5	1.4	2.8	27.5
Disposals	(1.2)	(9.9)	(0.1)	(0.8)	(12.0)
Reclassified as held for sale	–	(94.3)	(34.7)	(3.3)	(132.3)
Transfers	9.1	4.8	(3.8)	(10.1)	–
At November 30, 2009	736.1	658.6	2.1	35.4	1,432.2
Additions	472.6	115.0	0.4	4.8	592.8
Exchange differences	(3.4)	(11.2)	(0.1)	(2.4)	(17.1)
Disposals	(22.8)	(9.0)	(2.1)	(2.6)	(36.5)
Transfers	83.6	(98.3)	7.2	7.5	–
At November 30, 2010	**1,266.1**	**655.1**	**7.5**	**42.7**	**1,971.4**
Accumulated depreciation:					
At December 1, 2008	266.4	228.5	8.0	26.2	529.1
Reclassified as intangible assets (see Note 15)	–	(11.8)	–	(3.8)	(15.6)
Charge for the year	47.5	69.7	0.4	7.0	124.6
Exchange differences	2.9	6.6	1.0	2.2	12.7
Impairment	–	12.2	0.6	–	12.8
Eliminated on disposals	(2.4)	(8.4)	(0.1)	(0.6)	(11.5)
Reclassified as held for sale	–	(29.7)	(9.0)	(3.0)	(41.7)
Transfers	1.9	(1.2)	1.7	(2.4)	–
At November 30, 2009	316.3	265.9	2.6	25.6	610.4
Charge for the year	56.2	52.7	0.7	6.6	116.2
Exchange differences	(1.6)	(5.5)	–	(1.7)	(8.8)
Eliminated on disposals	(14.4)	(7.8)	(0.5)	(2.5)	(25.2)
Transfers	42.5	(43.9)	(0.7)	2.1	–
At November 30, 2010	**399.0**	**261.4**	**2.1**	**30.1**	**692.6**
Carrying amount:					
At November 30, 2009	419.8	392.7	(0.5)	9.8	821.8
At November 30, 2010	**867.1**	**393.7**	**5.4**	**12.6**	**1,278.8**

Borealis is an asset under construction. The amount capitalised in 2010 was $295.9 million (2009 $Nil).

In fiscal year 2010 there were no impairment charges to operations in respect of property, plant and equipment.

In fiscal year 2009 impairment charges were charged to operations in respect of property, plant and equipment assets of $12.8 million. The impairments were due to:

- Under-utilised operating equipment – $9.8 million: A pipeline end handling system ($4.0 million) and a reel drive system ($5.8 million) were identified to be under-utilised with no anticipated utilisation for 2010 onwards. In the fourth quarter of 2009 an impairment charge of $9.8 million was recorded to reduce the net book value of the asset to $Nil.
- Operating equipment – $1.0 million: the equipment represents four generators and generating sets which were purchased for *Acergy Piper*. Following the classification of *Acergy Piper* as an asset held for sale in the fourth quarter of 2008, an impairment charge of $1.0 million was recorded to reduce the net book value to $2.0 million as it was anticipated the generators would be under-utilised in the future. Due to continued under-utilisation a further impairment charge of $1.0 million was recorded to reduce the net book value to $1.0 million at November 30, 2009.
- Prior to the classification of the Sonamet subsidiaries as assets held for sale (refer to Note 21 ‘Assets classified as held for sale’), an impairment of $2.0 million was recorded.

17. Interest in associates and joint ventures

Investment in associates and joint ventures

As at November 30 (in $ millions)	Year End	Country/Place of Registration	Acergy Business Segment		Ownership %	2010	2009
Dalia[(a)]	December 31	France	AFMED	Associate	17.5	**2.1**	3.6
Oceon	December 31	Nigeria	AFMED	Associate	40	**–**	–
SapuraAcergy	January 31	Malaysia	AME	Joint Venture	50	**15.6**	–
SHL	December 31	Cyprus/ Netherlands	CORP	Joint Venture	50	**102.8**	77.6
NKT Flexibles	December 31	Denmark	CORP	Joint Venture	49	**94.6**	109.1
Total						**215.1**	190.3

(a) Subsea 7 owns 17.5% and has a significant influence in Dalia. Subsea 7 has a veto on decision-making as decisions require unanimous agreement.

The movement in the balance of equity investments, including long-term advances during the fiscal years 2010 and 2009 was as follows:

For the fiscal year (in $ millions)	2010	2009
At December 1	**190.3**	140.2
Share of net income of associates and joint ventures	**74.8**	49.0
Dividends distributed to the Group	**(30.2)**	(28.0)
Increase in investment	**14.0**	20.6
Reclassification of negative equity balance	**(12.1)**	(7.7)
Change in fair value of derivative instruments	**(5.1)**	(1.7)
Exchange differences	**(16.6)**	17.9
At November 30	**215.1**	190.3

Share of net income of associates and joint ventures:

For the fiscal year (in $ millions)	2010	2009	2008
Dalia	**1.4**	2.9	0.6
Oceon	**0.4**	(0.9)	(0.9)
Acergy/Subsea 7	**–**	0.6	3.5
SapuraAcergy	**28.5**	9.7	(15.4)
SHL	**30.8**	15.0	29.6
NKT Flexibles	**13.7**	21.7	45.6
Total	**74.8**	49.0	63.0

No long-lived asset impairment charges were recorded by the Group's associates and joint ventures during fiscal years 2010, 2009, and 2008.

Taxation in respect of the NKT Flexibles joint venture, which has a legal status of a partnership, has been included in the results of the relevant subsidiaries, which hold the investments in the joint venture. Undistributed reserves of all other joint ventures will not be taxed on distribution.

Dividends distributed to the Group

In fiscal year 2010 the Group received a total of $30.2 million dividends from three joint ventures (SHL, NKT Flexibles and Dalia). $14.0 million of the SHL dividend was used to increase the Group's investment in this venture.

In fiscal year 2009 the Group received a total of $28.0 million dividends from three joint ventures (Acergy/Subsea 7, SHL and Dalia). $20.6 million of the SHL dividend was used to increase the Group's investment in this venture.

17. Interest in associates and joint ventures continued

Increase in investment

In fiscal year 2010 the Group invested an additional $14.0 million (2009: $20.6 million) to increase its investment in SHL. The Group has additional commitments to the SHL and SapuraAcergy joint ventures as described in Note 34 'Commitments and contingent liabilities'.

A cash advance of $Nil (2009: $5.0 million) was provided to SapuraAcergy during the year.

Significant restrictions

All dividends paid by SHL prior to the delivery of the new vessel *Oleg Strashnov*, expected in the first half of 2011, are reinvested into the joint venture.

SapuraAcergy is regulated by the central bank of Malaysia in respect of the repatriation of funds. Dividends are not subject to withholding taxes.

Capital commitments

SHL has entered into a ship building contract for the heavy lift vessel, *Oleg Strashnov*, amounting to €286.0 million ($363.0 million). As at November 30, 2010 instalments representing 85% of the contract value had been paid (2009: 65%). The investment is financed by a Revolving Credit and Guarantee Facility comprising €140 million ($178.0 million) and $180 million available for cash drawings and $33 million available for the issuance of guarantees.

Reclassification of negative equity balance

The Group accrues losses in excess of the investment value when it is committed to providing ongoing financial support to the joint venture.

The Group's share of any net liabilities of joint ventures is offset against long-term funding provided to that joint venture. Any additional share of net liabilities is classified as other non-current liabilities. In fiscal year 2010 a reversal of $11.6 million (2009: reversal of $8.4 million) was recorded against long-term funding, relating to SapuraAcergy losses previously offset against funding. A reversal of $0.5 million (2009: reclassification of $0.7 million) was recorded against other non-current liabilities relating to Oceon losses previously offset against liabilities.

Impact of currency translation

This arises from the translation of investments in the equity of joint ventures which have a functional currency other than the US dollar, and relates mainly to NKT Flexibles.

Summarised financial information

Summarised financial information for associates and joint ventures, representing 100% of the respective amounts included in their financial statements including IFRS adjustments, is as follows:

Aggregated financial data for associates and joint ventures

For the fiscal year (in $ millions)	**2010**	2009	2008
Revenue	**880.5**	616.8	757.7
Operating expenses	**(542.9)**	(330.0)	(524.5)
Gross profit	**337.6**	286.8	233.2
Other income	**14.9**	6.2	64.8
Other expenses	**(153.5)**	(161.2)	(139.3)
Net income	**199.0**	131.8	158.7

Aggregated balance sheet data for associates and joint ventures

As at November 30 (in $ millions)	**2010**	2009	2008
Current assets	**725.2**	656.2	516.3
Non-current assets	**864.1**	786.9	593.1
Total assets	**1,589.3**	1,443.1	1,109.4
Current liabilities	**460.1**	508.5	341.4
Non-current liabilities	**610.4**	504.5	442.3
Total liabilities	**1,070.5**	1,013.0	783.7

Transactions with associates and joint ventures

Certain contractual services are conducted with joint ventures for commercial reasons.

In fiscal year 2010 the income statement data for the joint ventures presented above includes general and administrative charges of $13.9 million (2009: $38.0 million, 2008: $47.4 million).

In fiscal year 2010, joint ventures received $17.0 million (2009: $15.5 million, 2008: $28.2 million) in respect of goods and services provided.

The Group's balance sheet included:

As at November 30 (in $ millions)	2010	2009
Non-current amounts due from associates and joint ventures	**43.2**	32.7
Trade receivables with associates and joint ventures	**23.5**	46.1
Allowance for doubtful debts	**(1.0)**	(2.1)
Net trade receivables	**22.5**	44.0
Trade payables with associates and joint ventures	**–**	0.2
Net receivables with associates and joint ventures	**65.7**	76.9

For guarantee arrangements with joint ventures see Note 27 'Borrowings'.

18. Advances and receivables

As at November 30 (in $ millions)	2010	2009
Non-current amounts due from associates and joint ventures (see Note 17)	**43.2**	32.7
Capitalised fees for long-term loan facilities	**7.3**	2.8
Deposits held by third parties	**4.8**	0.4
Prepaid expenses	**7.4**	7.4
Total	**62.7**	43.3

The fees for the loan facilities (refer to Note 27 'Borrowings') are deferred and expensed over the periods for which each loan facility is held.

Prepaid expenses are incurred in the normal course of business and represent expenditure which will be recognised in a period exceeding twelve months.

19. Inventories

As at November 30 (in $ millions)	2010	2009	2008
Materials and spares	**13.8**	13.2	25.4
Consumables	**10.3**	9.2	13.1
Total	**24.1**	22.4	38.5
Total amount of inventory charged to income statement	**22.9**	44.6	60.6
Write-down on inventory charged to income statement	**0.5**	0.2	3.3

The inventories include a provision for obsolescence as at November 30, 2010 of $4.1 million (2009: $3.1 million, 2008: $3.5 million). During the fiscal year 2010 $Nil (2009: $0.2 million, 2008: $2.0 million) of the provision for obsolescence was reversed due to slow moving items which were subsequently consumed during the fiscal year.

There are no inventories pledged as security for liabilities.

20. Trade and other receivables

As at November 30 (in $ millions)	2010	2009	2008
Trade receivables (see Note 34)	**248.7**	202.0	298.7
Allowance for doubtful debts	**(1.5)**	(0.4)	(1.1)
Net trade receivables	**247.2**	201.6	297.6
Current amounts due from associates and joint ventures (see Note 17)	**22.5**	44.0	22.8
Advances to suppliers	**9.9**	8.0	8.6
Other taxes receivable	**47.1**	18.0	14.2
Other receivables	**55.3**	26.3	11.3
Total	**382.0**	297.9	354.5

The average credit period taken during 2010 was 45 days (2009: 37 days).

Details of how the Group manages its credit risk and further analysis of the trade receivables balance can be found in Note 34 'Financial instruments'.

Other taxes receivable are for sales tax, withholding tax, social security and other indirect taxes.

20. Trade and other receivables continued

Other receivables include amounts receivable from employees and insurance claims. Included in 2010 is the insurance claim in respect of the fire on *Acergy Falcon*.

For the fiscal year (in $ millions)	**2010**	2009	2008
At December 1	**(0.4)**	(1.1)	(2.2)
Movement in provision	**(1.1)**	–	0.7
Expense for the year	**–**	0.7	0.4
At November 30	**(1.5)**	(0.4)	(1.1)

21. Assets classified as held for sale

Assets held for sale as at November 30, 2010 were:

- Investments in Sonamet and Sonacergy: On July 23, 2009, the Group entered into a sale agreement to dispose of 19% of its ownership interest in each of Sonamet Industrial, S.A ('Sonamet') and Sonacergy – Servicos E Construcoes Petroliferas Lda (Zona Franca Da Madeira) ('Sonacergy'), in Acergy AFMED. Sonamet operates a fabrication yard for clients, including Subsea 7, operating in the offshore oil and gas industry in Angola. Sonacergy provides overseas logistics services and support to Sonamet. The disposal of a 19% interest in each of Sonamet and Sonacergy will result in a reduction of the 55% ownership interest the Group held in each at November 30, 2010, to 36% at which point the investment will be equity accounted. The finalisation of this sale is conditional upon the completion of certain conditions precedent, none of which are in the control of Subsea 7, which were still outstanding at November 30, 2010. There is no indication that the sale will not proceed as anticipated and the Group expects completion during 2011. The Group believes continued disclosure as an asset held for sale is appropriate.

  At November 30, 2009 the carrying value of the net assets of Sonamet and Sonacergy was assessed for impairment and determined to be greater than the fair value less costs to sell. Therefore an impairment charge of $4.8 million was recognised in the income statement in net operating income.

  At November 30, 2010 a decrease in the net asset value of assets held for sale resulted in a reversal of $3.2 million of the impairment charge recognised in 2009. This reversal has been recognised in the income statement in net operating income.

- *Acergy Piper*: An impairment charge of $1.0 million was recognised in 2009 in net income from discontinued operations, in respect of equipment in Acergy NEC relating to, but not included in, the sale of *Acergy Piper* in January 2009.

Assets held for sale as at November 30, 2009 included:

- Balikpapan: land, buildings and office equipment in Acergy AME. The sale was completed during November 2010.
- Concrete products: sale of business assets in Acergy NAMEX. The sale was completed during February 2010.

At November 30, 2010 the major classes of assets and liabilities comprising the 100% interest of the operations classified as held for sale were as follows:

As at November 30 (in $ millions)	**2010**	2009
Property, plant and equipment	**127.5**	91.7
Goodwill and other intangible assets	**1.9**	–
Advances and receivables	**–**	1.1
Inventories	**14.2**	14.0
Trade and other receivables	**45.9**	34.3
Other accrued income and prepaid expenses	**2.3**	18.9
Cash and cash equivalents	**63.7**	103.6
Total assets classified as held for sale	**255.5**	263.6
Non-current portion of borrowings	**12.8**	12.1
Trade and other payables	**79.4**	80.3
Current portion of borrowings	**4.7**	6.3
Current tax liabilities	**2.1**	–
Deferred revenue	**35.5**	76.2
Total liabilities associated with assets classified as held for sale	**134.5**	174.9
Net assets of disposal groups	**121.0**	88.7

$15 million loan facility

On May 26, 2008 Sonamet entered into a $15.0 million loan facility with BAI-Banco African de Investimentos S.A. for the construction of facilities at the company's Lobito yard. After an initial 20 months repayment grace period the loan is repayable in equal instalments over 66 months, with a final maturity of July 26, 2015. The loan carries interest at six months LIBOR plus 2% per year, but subject to a minimum rate of 7% and a maximum rate of 8%. The facility is not guaranteed by Subsea 7 S.A. nor any of its other subsidiaries. As at November 30, 2010 $12.8 million (2009: $8.9 million) was drawn on this facility and there are no covenants over this facility.

Other facilities

A $4.7 million (2009: $9.5 million) unsecured loan provided by Sonangol to Sonamet bearing interest at a fixed rate of 2.75% per year and is repayable in annual instalments for a remaining period of one year as at November 30, 2010.

Other guarantee arrangements

There is also an unsecured local line in Maderia for the sole use of Sonacergy. The line is with Banco Espirito Santo S.A. for $8.5 million. The bonds under this facility were issued to guarantee the project performance of the subsidiary to third parties in the normal course of business. The amount issued under this facility as at November 30, 2010 was $8.5 million (2009: $8.5 million).

The allocation of assets and liabilities held for sale by segment is as follows:

As at November 30 (in $ millions)	**2010 Assets**	**2010 Liabilities**	2009 Assets	2009 Liabilities
Acergy AFMED	**254.5**	**134.5**	261.4	174.9
Acergy AME	**–**	**–**	1.1	–
Acergy NEC	**1.0**	**–**	1.0	–
Acergy NAMEX	**–**	**–**	0.1	–
Total assets and liabilities held for sale	**255.5**	**134.5**	263.6	174.9

22. Other accrued income and prepaid expenses

As at November 30 (in $ millions)	**2010**	2009
Amounts due from contract clients (see Note 23)	**112.1**	144.4
Unbilled revenue	**96.3**	54.7
Prepaid expenses	**33.9**	13.7
Total	**242.3**	212.8

Unbilled revenue relates to completed work other than lump-sum construction contracts, which has not yet been billed to customers.

Prepaid expenses are incurred in the normal course of business and represent expenditure which has been deferred and which will be recognised within the next fiscal year.

23. Construction contracts

As at November 30 (in $ millions)	**2010**	2009
Contracts in progress at balance sheet date:		
Amounts due from contract clients included in other accrued income and prepaid expenses (see Note 22)	**112.1**	144.4
Deferred revenue recognised under construction contracts (see Note 38)	**(198.4)**	(241.2)
Total	**(86.3)**	(96.8)
Contract costs incurred plus recognised net profits less recognised losses to date	**2,656.8**	3,535.0
Less: progress billings	**(2,743.1)**	(3,631.8)
Total	**(86.3)**	(96.8)

As at November 30, 2010 retentions held by customers for contract work amounted to $3.1 million (2009: $13.0 million). Advances received from customers for contract work amounted to $19.4 million (2009: $38.6 million) (refer to Note 38 'Deferred revenue').

As at November 30, 2010 a total of $10.1 million (2009: $7.9 million) was recorded for losses expected at completion.

24. Issued share capital

Authorised shares

As at November 30	2010 Number of shares	2010 in $ millions	2009 Number of shares	2009 in $ millions
Authorised common shares, $2.00 par value	**450,000,000**	**900.0**	230,000,000	460.0

At the Extraordinary General Meeting of shareholders held on November 9, 2010 the Articles of Incorporation were amended to increase the authorised share capital from 230 million to 450 million common shares effective immediately.

Issued shares

As at November 30	2010 Number of shares	2010 in $ millions	2009 Number of shares	2009 in $ millions
Fully paid and issued common shares	**194,953,972**	**389.9**	194,953,972	389.9
The issued common shares consist of:				
Common shares excluding own shares (see below)	**183,939,210**	**367.9**	183,207,042	366.4
Own shares (see Note 25)	**11,014,762**	**22.0**	11,746,930	23.5
Total	**194,953,972**	**389.9**	194,953,972	389.9

The Company has one class of ordinary shares which carry no right to fixed income.

The common shares (excluding own shares) outstanding are as follows:

For the fiscal year	2010 Number of shares	2009 Number of shares
Balance at December 1	**183,207,042**	182,816,093
Own shares reissued (see Note 25)	**732,168**	390,949
Balance at November 30	**183,939,210**	183,207,042

25. Own shares

The summary of 'own shares' represents the purchase of the Company's own common shares at the market price on the date of purchase and the movements are shown in the table below:

For the fiscal year	2010 Number of shares	2010 in $ millions	2009 Number of shares	2009 in $ millions
Balance at December 1	**11,746,930**	**222.6**	12,137,879	229.4
Number of shares reissued[(a)]	**(732,168)**	**(13.4)**	(390,949)	(6.8)
Balance at November 30	**11,014,762**	**209.2**	11,746,930	222.6
Consisting of:				
Common shares held as treasury shares	–		10,867,809	
Common shares held as treasury shares by an indirect wholly-owned subsidiary	11,014,762		879,121	
Total	**11,014,762**		11,746,930	

(a) Delivered from the treasury shares held.

As of November 30, 2010, Acergy S.A. (now Subsea 7 S.A.) owned 10,431,762 common shares indirectly (as treasury shares), representing 5.35% of the total number of issued shares. These shares were owned as treasury shares through Subsea 7's indirect subsidiary Acergy Investing Limited. A further 583,000 common shares were held by an employee benefit trust to satisfy performance shares under the Group's 2009 Long-term Incentive Plan. No shares were repurchased during fiscal year 2010 (2009: Nil).

26. Non-controlling interests

For the fiscal year (in $ millions)	**2010**	2009
At December 1	**31.2**	13.7
Share of net income for the year	**47.6**	20.7
Dividends	**(20.0)**	(4.9)
Foreign currency exchange rate changes	**(2.0)**	1.7
At November 30	**56.8**	31.2

Subsea 7's respective interest in subsidiaries which are not wholly owned is as follows:

	2010 %	2009 %
Sonamet – Industrial SA	**55.0**	55.0
Sonacergy – Servicos E Construcoes Petroliferas Lda	**55.0**	55.0
Pelagic Nigeria Limited	**80.0**	80.0
Offshore Installer Nigeria Limited	**60.0**	60.0
Acergy Havila Limited	**50.0**	50.0
Globestar Engineering Company (Nigeria) Limited	**96.2**	96.2

27. Borrowings

Borrowings consist of:

As at November 30 (in $ millions)	**2010**	2009
$500 million 2.25% convertible loan notes due 2013 (see Note 28)	**435.3**	415.6
Other	**–**	0.2
Total	**435.3**	415.8
Consisting of:		
Non-current portion of borrowings	**435.3**	415.8
Current portion of borrowings	**–**	–
Total	**435.3**	415.8

Commitment fees for any unused lines of credit expensed during fiscal year 2010 were $1.6 million (2009: $0.7 million). The weighted average interest rate paid on the $1 billion multi-currency revolving credit and guarantee facility was nil%.

Facilities

The $1 billion multi-currency revolving credit and guarantee facility

On August 10, 2010 Acergy S.A. (now Subsea 7 S.A.) executed a $1 billion multi-currency revolving credit and guarantee facility with a number of banks. The facility can be used in full for the issuance of guarantees, or for a combination of guarantees and cash drawings subject to a $500 million sub-limit for cash drawings. The $1 billion facility is guaranteed by Subsea 7 S.A. (formerly Acergy S.A.), Class 3 Shipping Limited, Acergy Shipping Limited and Subsea 7 Treasury (UK) Limited (formerly Acergy Treasury Limited). Final maturity will be August 10, 2015. However, in accordance with the terms of the agreement, performance guarantees can be issued with up to 78 months duration up to one month prior to the final maturity date of the facility, subject to the Group providing cash cover for any guarantees outstanding following the final maturity date.

The $1 billion facility contains financial covenants in respect of leverage, interest coverage and gearing ratios. The requirements of the financial covenants must be met on a consolidated basis on the last day of each quarterly interval. In addition to the financial covenants, the facility contains affirmative covenants, negative pledges and events of defaults which are customary for facilities of this nature and consistent with past practice. Such covenants specifically limit mergers or transfers, incurrence of other indebtedness, class 1 acquisitions, loans outside the Group and change of business. On September 28, 2010 the banks consented to retain their commitment under the $1 billion facility following the proposed Combination with Subsea 7 Inc. Debt existing within the Subsea 7 Inc. group on the date of the Acquisition will be managed within the terms and conditions of the $1 billion facility.

27. Borrowings continued

The $1 billion facility also contains events of default provisions which include payment defaults (subject to a three day grace period), breach of financial covenants, breach of other obligations, breach of representations and warranties, insolvency, illegality, unenforceability, conditions subsequent, curtailment of business, claims against an obligor's assets, appropriation of an obligor's assets, cross-defaults to other indebtedness in excess of $10 million, failure to maintain exchange listing, material adverse change, auditor's qualification, repudiation and material litigation.

Interest on the $1 billion facility is payable at LIBOR plus a margin which is linked to the Group's leverage, measured as the ratio of net debt to EBITDA, and which may range from 1.75% to 2.75% per year. The fee applicable for guarantees is linked to the same ratio of net debt to EBITDA and may range from 1.75% to 2.75% per year in respect of financial guarantees and 0.88% to 1.38% in respect of performance guarantees. The margin and guarantee fee are reset quarterly in line with changes in Subsea 7's leverage.

As part of the terms of the $1 billion facility, the $400 million amended and restated revolving credit and guarantee facility and the $200 million multi-currency revolving guarantee facility in place up to August 10, 2010 were cancelled and any amounts utilised on that date were transferred to the $1 billion facility.

The NOK 977.5 million Loan and Guarantee Facility (the 'NOK 977.5 million facility')

Acergy Havila Limited is a 50/50 joint venture between Acergy (Gibraltar) Limited (wholly owned by Subsea 7 S.A.) and Havila Shipping Pte Ltd. (wholly owned by Havila Shipping ASA). On October 14, 2008 the Company completed a loan and guarantee facility for post-delivery financing of up to NOK 977.5 million ($157.6 million) for the purchase of a dive support vessel to be owned by the joint venture, when it is delivered in 2011. The final termination date of the facility is no later than February 28, 2021.

The NOK 977.5 million facility contains the financial covenant that the joint venture's current assets exceed current liabilities. This requirement must be met at the last day of each quarterly interval of each year. The facility also contains vessel covenants customary to a facility of this nature.

In addition to the above covenants, the facility also contains events of default which include payment defaults (subject to a three day grace period), breach of the financial covenant, breach of other obligations, breach of representations, insolvency, illegality, repudiation, material adverse effect, cross-defaults to other indebtedness in excess of $2.5 million for Acergy Havila Limited and in excess of $5.0 million for Subsea 7 S.A. and failure by Subsea 7 S.A. to maintain exchange listing. The facility also contains negative pledges with respect to accounts receivable and cash.

Security on the facility is provided by a first priority mortgage on the vessel. A charter guarantee has been provided by Subsea 7 S.A. In the event of an event of default occurring this turns into a several guarantee to be shared 50/50 by Subsea 7 S.A. and Havila Shipping ASA.

The facility's commitment fee is set at a rate of 0.40%. Upon delivery of the vessel loan interest will be payable at NIBOR plus a margin of 1.65%, and guarantee fee of 1.65%.

Utilisation of the $1 billion facility (2009: $400 million and $200 million facilities) and the NOK 977.5 million facility

As at November 30 (in $ millions)	**2010 Utilised**	**2010 Unutilised**	**2010 Total**	2009 Utilised	2009 Unutilised	2009 Total
Cash loans	**–**	**509.3**	**509.3**	–	179.6	179.6
Guarantee facilities	**330.3**	**318.0**	**648.3**	505.6	63.3	568.9
Total	**330.3**	**827.3**	**1,157.6**	505.6	242.9	748.5

Bank overdraft and short-term lines of credit

The overdraft facilities consist of $35.5 million (2009: $36.1 million) of which $nil (2009: $nil) were drawn as at November 30, 2010.

Other facilities

In addition to the amounts available under the $1 billion facility, the Group has a $30.0 million (2009: $30.0 million) bank guarantee facility with Credit Industriel et Commercial Bank of which $9.0 million (2009: $8.0 million) was utilised as at November 30, 2010.

There are three unsecured local lines of credit in Nigeria for the sole use of Globestar Engineering Company (Nigeria) Limited, being $13.3 million with United Bank of Africa plc, $9.9 million with First Bank of Nigeria plc, and $6.6 million with Zenith Bank plc. The bonds under these facilities were issued to guarantee the project performance of the subsidiary to third parties in the normal course of business. The total amount issued under these facilities as at November 30, 2010 was $7.7 million (2009: $0.7 million).

The Group had past arrangements with a number of financial institutions to issue bank guarantees on its behalf. As at November 30, 2010, the aggregate amount of guarantees issued under these old facilities was $14.4 million (2009: $14.5 billion). There was no availability for further issuances under these facilities.

Guarantee arrangements with joint ventures

SapuraAcergy Assets Pte Limited ('SAPL'), previously known as Nautical Vessels Pte Limited, is a 50/50-owned joint venture between Nautical Essence Sdn. Bhd. (wholly owned by SapuraCrest Petroleum Berhad) and Acergy (Gibraltar) Limited (wholly owned by Subsea 7 S.A.).

In 2007 the respective parent companies issued a Charter Guarantee guaranteeing the charter payments from the charterer of Sapura 3000, SapuraAcergy Sdn. Bhd. vessel to the vessel owner, SAPL. The limit of the guarantee is, at any time the sum of the outstanding amounts under the $240 million Facility Agreement of SAPL less $100 million. Any call under the guarantee will not result in a lump sum payment being made, but the guarantors, severally, will have to service the debt by way of charter payments due from the charterer to the ship owner until the termination date of the loan, which is February 2, 2015.

SapuraAcergy Sdn. Bhd. ('SASB') is a 50/50-owned joint venture between Nautical Essence Sdn. Bhd. (wholly owned by SapuraCrest Petroleum Berhad) and Acergy (Gibraltar) Limited (wholly owned by Subsea 7 S.A.). SASB has entered into a $181.3 million multi-currency facility for the financing of the Gumusut Project. Both Subsea 7 S.A. and SapuraCrest Petroleum Berhad have issued several guarantees for 50% of the financing respectively. The facility consists of $44.0 million available for the issuance of bank guarantees, $60.0 million available for letters of credit, and two revolving credit facilities for $57.3 million and $20.0 million respectively. At November 30, 2010 the amount available for bank guarantees was fully drawn, $16.8 million was drawn under the letter of credit facility and $12.0 million was drawn under the $20.0 million revolving credit facility. There were no drawings under the $57.3 million revolving credit facility.

28. Convertible loan notes

On October 11, 2006 Acergy S.A. (now Subsea 7 S.A.) issued a $500.0 million in aggregate principal amount of 2.25% convertible loan notes due 2013. The issuance was completed on October 11, 2006 with the receipt of net proceeds after deduction of issuance related costs of $490.8 million. The issuance costs of $9.2 million have been split between the liability and equity components.

The convertible loan notes have an annual interest rate of 2.25% payable semi-annually in arrears on April 11 and October 11 of each year up to and including fiscal year 2013. They were issued at 100% of their principal amount and unless previously redeemed, converted or cancelled will mature on October 11, 2013 at 100% of their principal amount. The convertible loan notes are admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange.

The noteholders were granted an option which allows them to convert the convertible loan notes into common shares with an initial conversion price of $24.05 per share equivalent to 20,790,021 common shares, or at the date of issue approximately 10.7% of Acergy S.A.'s (now Subsea 7 S.A) issued share capital (excluding treasury shares held as at October 11, 2006). All $500.0 million of notes remain outstanding as at November 30, 2010 with a conversion price at that date of $22.37 (2009: $22.71) per share following the payment of the dividends since issuance, equivalent to 22,351,363 (2009: 22,016,733) common shares, or approximately 12.2% (2009:11.3%) of the Group's issued share capital as of November 30, 2010. The conversion price will continue to be adjusted in line with its terms and conditions including payment of dividends.

There is also an option for the Company to call the convertible loan notes after October 25, 2010, if the price of the common shares exceeds 130% of the then prevailing conversion price over the above specified period.

The following is a summary of certain other terms and conditions that apply to the Group convertible loan notes:

- the convertible loan notes are unsecured but contain a negative pledge provision which restricts encumbrances or security interests on current and future property or assets to ensure that the convertible notes will rank equally with other debt issuance;
- a cross default provision subject to a minimum threshold of $10.0 million and other events of default in connection with non-payment of the convertible loan notes;
- various undertakings in connection with the term of any further issuance of common shares, continuance of the listing of the shares and the convertible loan notes on recognised stock exchanges; and
- provisions for the adjustment of the conversion price in certain circumstances.

There were no conversions of these convertible loan notes as of November 30, 2010 (2009: Nil).

28. Convertible loan notes continued

The net proceeds received from the issue of the convertible loan notes have been split between the liability element and an equity component, representing the fair value of the embedded option to convert the liability into equity of the Group, as follows:

(in $ millions)	
Principal value of convertible loan notes issued	500.0
Proceeds of issue (net of apportioned transaction costs)	490.8
Liability component at date of issue	(362.4)
Equity component	128.4
Deferred tax	(17.7)
Transfer to equity reserve	110.7

The liability component is as follows:

For the fiscal year (in $ millions)	**2010**	2009
Liability component at December 1	**415.6**	397.4
Interest charged (see Note 10)	**31.0**	29.5
Interest paid	**(11.3)**	(11.3)
Liability component at November 30	**435.3**	415.6

The interest charged in the year is calculated by applying an effective rate of 7.35%. The liability component is measured at amortised cost. The difference between the carrying amount of the liability component at the date of issue and the amount reported in the balance sheet at November 30, 2010 represents the effective interest rate less interest paid to that date.

29. Other non-current liabilities

As at November 30 (in $ millions)	**2010**	2009
Amounts due to non-controlling shareholders of subsidiaries	**3.9**	1.4
Accrued salaries and benefits	**5.3**	3.4
Other	**1.2**	2.2
Total	**10.4**	7.0

30. Trade and other liabilities

As at November 30 (in $ millions)	**2010**	2009
Invoice accruals	**320.7**	244.6
Trade payables	**167.7**	169.7
Accrued salaries and benefits	**147.0**	143.0
Withholding taxes	**15.7**	22.3
Interest on taxes owed	**–**	9.1
Interest and dividends payable	**0.6**	1.7
Other taxes payable	**1.5**	2.7
Other current liabilities	**20.1**	31.0
Total	**673.3**	624.1

The average credit period for purchases is 71 days (2009: 84 days).

31. Provisions

For the fiscal year (in $ millions)	Legal	Decommissioning	Restructuring	Other	Total
At December 1, 2008	9.3	5.4	–	8.5	23.2
Additional provision in the year	1.4	8.4	–	7.2	17.0
Utilisation of provision	(0.5)	(1.0)	–	(3.4)	(4.9)
Unused amounts reversed during the year	(1.9)	–	–	(1.5)	(3.4)
(Reversing)/unwinding of discount rate (see Note 10)	–	0.3	–	–	0.3
Exchange differences	0.5	–	–	0.5	1.0
At November 30, 2009	8.8	13.1	–	11.3	33.2
Additional provision in the year	1.8	2.0	13.0	12.7	29.5
Utilisation of provision	(1.4)	(7.5)	–	(3.7)	(12.6)
Unused amounts reversed during the year	–	(5.2)	–	(5.8)	(11.0)
(Reversing)/unwinding of discount rate (see Note 10)	–	(0.3)	–	–	(0.3)
Exchange differences	(0.2)	–	–	(0.1)	(0.3)
At November 30, 2010	**9.0**	**2.1**	**13.0**	**14.4**	**38.5**

As at November 30 (in $ millions)	**2010**	2009
Consists of:		
Non-current provisions	**12.4**	10.6
Current provisions	**26.1**	22.6
Total	**38.5**	33.2

The legal provision comprises a number of claims made against the Group. These include employee disputes, personal injury cases and lease disputes, where the timing of resolution is uncertain and the liability has been estimated by the Group's legal advisors.

The decommissioning provision is in relation to the obligation to remove items of property, plant and equipment from Skandi Acergy at the end of its charter period. The related costs to the provision are expected to be incurred post fiscal year 2011.

The restructuring provision has arisen as a result of preparing the Group for the acquisition which completed on January 7, 2011. It is anticipated that the provision will be utilised in full by the end of fiscal year 2011.

The other provisions mainly relate to tax claims (see Note 11 'Taxation').

32. Commitments and contingent liabilities

Commitments

These consist of:

- Commitment to purchase of property, plant and equipment from external suppliers as at November 30, 2010 for $299.4 million (2009: $181.6 million) of which $147.6 million (2009: $Nil) relates to the construction of Borealis.
- Commitment to purchase of intangible software from external suppliers as at November 30, 2010 for $Nil (2009: $12.6 million).
- Operating lease commitments as indicated in Note 33 'Operating lease arrangements'.
- A loan facility to the joint venture Seaway Heavy Lifting (SHL) of an amount up to $10 million.

Contingent liabilities

During 2009 the Group's Brazilian business was audited and formally assessed for ICMS tax (import duty) by the Brazilian tax authorities (Secretaria Fazenda Estado Rio de Janeiro). The amount assessed including penalties and interest as at November 30, 2010 amounted to BRL 136.0 million ($79.2 million). At November 30, 2009 the amount assessed including penalties and interest amounted to BRL 107.6 million ($61.7 million). The Group intends to challenge this assessment and will revert to the courts if necessary. No provision has been made for any payment as the Group does not believe that likelihood of payment is probable.

In the course of business, the Group becomes involved in contract disputes from time to time due to the nature of its activities as a contracting business involved in several long-term projects at any given time. The Group records provisions to cover the expected risk of loss to the extent that negative outcomes are likely and reliable estimates can be made. However, the final outcomes of these contract disputes are subject to uncertainties as to whether or not they develop into a formal legal action and therefore the resulting liabilities may exceed the liability it anticipates.

Furthermore, the Group is involved in legal proceedings from time to time incidental to the ordinary conduct of its business. Litigation is subject to many uncertainties, and the outcome of individual matters is not predictable with assurance. It is reasonably possible that the final resolution of any litigation could require the Group to make additional expenditures in excess of reserves that it may establish. In the ordinary course of business, various claims, suits and complaints have been filed against the Group in addition to the ones specifically referred to above. Although the final resolution of any such other matters could have a material effect on its operating results for a particular reporting period, the Group believes that they should not materially affect its consolidated financial position.

33. Operating lease arrangements

The Group as lessee

For the fiscal year (in $ millions)	**2010**	2009	2008
Minimum lease payments under operating leases recognised in operating expenses for the year	**77.2**	129.4	130.9

The total operating lease commitments as at November 30, 2010 were $372.8 million (2009: $530.0 million). These consisted of charter hire obligations towards certain construction support, diving support, survey and inspection ships of $189.7 million (2009: $304.9 million). The remaining obligations related to office facilities and equipment as at November 30, 2010 of $183.1 million (2009: $225.1 million).

The Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

As at November 30 (in $ millions)	**2010**	2009
Within one year	**68.2**	109.9
Years two to five inclusive	**223.3**	309.9
After five years	**81.3**	110.2
Total	**372.8**	530.0

The following renewal options have been excluded from the outstanding commitments:

- *Acergy Viking* – ten renewal options consisting of two options for two years and eight options for one year; with purchase options after eight, eleven, fourteen and seventeen years;
- *Skandi Acergy* – four renewal options consisting of two options for two years each and two options for one year each.

The Group as sub-lessor

Income from sub-leases earned during the year was $8.0 million (2009: $47.2 million) and relates to shipping charters and property.

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments:

As at November 30 (in $ millions)	**2010**	2009
Within one year	**9.0**	107.5
Years two to five inclusive	**3.3**	319.1
Total	**12.3**	426.6

The Group as lessor

For contracts that meet the definition of leases, the rental income earned during the fiscal year 2010 was $182.5 million (2009: $79.7 million) and related to shipping charters. Pertinacia and Polar Queen, which were both leased in 2009 and acquired in 2010, have been assigned to new long-term shipping charters.

The Group had contracted with its lessees for the following future minimum lease receipts:

As at November 30 (in $ millions)	**2010**	2009
Within one year	**185.0**	59.5
Years two to five inclusive	**364.6**	–
Total	**549.6**	59.5

34. Financial instruments

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 3 'Significant accounting policies'.

Financial risk management objectives

The Group monitors and manages the financial risks relating to its operations through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (consisting of currency risk and fair value interest rate risk), credit risk and liquidity risk.

The Group seeks to minimise the effects of these risks by using financial instruments to hedge these risk exposures. The use of financial instruments is governed by the Group's policies approved by the Board, which provide written policies on foreign exchange risk, interest rate risk, credit risk, the use of non-derivative financial instruments, and the investment of excess liquidity.

The Group reviews compliance with policies and exposure limits on a continuous basis and it does not enter into or trade financial instruments for speculative purposes.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see below) and interest rates (see below). The Group enters into a variety of derivative financial instruments to manage its exposure to foreign currency risks, including forward foreign exchange contracts to hedge the exchange rate risk arising on future revenues, operating costs and capital expenditure.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk in the current year.

Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

The Group's reporting currency is the US Dollar. The majority of net operating expenses and income are denominated in the functional currency of the individual subsidiaries operating in different regions, namely:

- Acergy AFMED – US Dollar, Euro and Nigerian Naira;
- Acergy NEC – US Dollar, British Pound Sterling, Norwegian Krone and Canadian Dollar;
- Acergy NAMEX – US Dollar;
- Acergy SAM – Brazilian Real and US Dollar; and
- Acergy AME – US Dollar and Australian Dollar.

34. Financial instruments continued

The Group does not use derivative instruments to hedge the exposure to exchange rate fluctuations from its net investments in foreign subsidiaries, primarily in the United Kingdom, Norway, France and Brazil, and from its share of the local currency earnings in its operations in Acergy AFMED, Acergy NEC, and Acergy SAM.

The Group conducts operations in many countries and, as a result, is exposed to currency fluctuations through generation of revenue and expenditure in the normal course of business. Hence, exposures to exchange rate fluctuations arise. The Group's currency rate exposure policy prescribes the range of allowable hedging activity. The Group primarily uses forward foreign exchange contracts to hedge capital expenditures and operational non-functional currency exposures on a continuing basis for periods consistent with its committed exposures.

The carrying amounts of the Group's primary foreign currency denominated monetary assets and monetary liabilities, including foreign exchange derivatives, receivables and borrowings issued in a currency different from the functional currency of the issuer, and inter-company foreign currency denominated receivables, payables, and loans at the balance sheet date are as follows:

	Assets		Liabilities	
As at November 30 (in $ millions)	**2010**	2009	**2010**	2009
British Pound Sterling	**198.4**	255.9	**370.2**	316.8
Euro	**384.2**	866.9	**456.0**	829.2
Norwegian Krone	**83.2**	143.9	**57.7**	39.7
US Dollar	**544.4**	748.4	**1,092.5**	650.8

Foreign currency sensitivity analysis

The Group operates in various geographical locations and is exposed to a number of currencies dependent upon the functional currency of individual subsidiaries as indicated in the foreign currency risk section above.

The Group considers that its principal currency exposure is to movements in the US Dollar against other currencies on the basis that the US Dollar is the Group's reporting currency, the functional currency of many of its subsidiaries and the transaction currency of a significant volume of the Group's cash flows. The Group has performed sensitivity analyses to indicate how profit or loss and equity would have been affected by changes in the exchange rate between the US Dollar and other currencies in which the Group transacts. The analysis is based on a strengthening of the US Dollar by 10% against each of the other currencies in which the Group has significant assets and liabilities at the end of each respective period. A movement of 10% reflects a reasonably possible sensitivity when compared to historical movements over a three to five year timeframe.

The Group analysis of the impact on profit and loss in each year is based on monetary assets and liabilities in the balance sheet at the end of each respective year.

The Group analysis of the impact on equity includes the profit and loss movements from above in addition to the impacts on the translation reserve in respect of inter-company balances that form part of the net investment in a foreign operation and the hedging reserve in respect of designated hedges.

The sensitivity analysis includes the impact of exchange rate movements on foreign currency derivatives. The amounts disclosed have not been adjusted for the impact of taxation.

Based on the above, a 10% increase in the US Dollar exchange rate against other currencies in which the Group transacts would reduce net foreign currency exchange losses reported in other gains and losses by $23.6 million (2009: loss $12.3 million). The impact on equity would be a decrease in reported net assets of $40.9 million (2009: reduction $8.6 million). The higher foreign currency exchange rate sensitivity in profit in 2010 compared with 2009 is attributable primarily to reclassification of certain monetary items forming part of the net investment in foreign operations, and therefore an equity exposure, at the previous Balance Sheet date. Equity is more sensitive in 2010 primarily due to large value hedging instruments in respect of future US Dollar revenues in an Acergy AFMED Euro functional entity.

Forward foreign exchange contracts

The Group enters into primarily standard forward foreign exchange contracts with maturities of up to five years, to manage the risk associated with transactions when there is a minimum level of exposure risk. These transactions consist of highly probable cash flow exposure relating to operating income and expenditure and capital expenditure.

The following table details the forward foreign currency contracts outstanding as at the balance sheet date:

As at November 30, 2010

	Foreign Currency Value By Contract Maturity				US Dollar Fair Value By Contract Maturity	
	Buy		Sell		Maturity	
(in millions)	< 1 Year	1-5 Years	< 1 Year	1-5 Years	< 1 Year	1-5 Years
Australian Dollar	–	–	1.3	–	–	–
Brazilian Real	9.6	0.8	–	–	0.7	–
British Pound Sterling	10.1	5.2	48.5	–	(1.5)	0.3
Canadian Dollar	32.8	–	–	–	(0.2)	–
Danish Krone	40.2	–	24.0	–	(0.4)	–
Euro	195.1	–	18.7	–	(7.5)	
Norwegian Krone	150.1	265.4	219.3	–	(1.1)	(2.6)
Singapore Dollar	–	–	2.8	–	–	–
US Dollar	96.1	30.8	290.3	421.1	(6.2)	(6.3)
Total					(16.2)	(8.6)

As at November 30, 2009

	Foreign Currency Value By Contract Maturity				US Dollar Fair Value By Contract Maturity	
	Buy		Sell		Maturity	
(in millions)	< 1 Year	1-5 Years	< 1 Year	1-5 Years	< 1 Year	1-5 Years
Brazilian Real	11.1	–	–	–	1.8	–
British Pound Sterling	37.8	6.8	91.8	–	(3.6)	(1.3)
Danish Krone	31.5	–	47.2	–	(0.3)	–
Euro	254.4	19.6	12.7	–	4.2	0.3
New Zealand Dollar	–	–	4.7	–	–	–
Norwegian Krone	138.2	403.5	–	–	1.2	2.6
Singapore Dollar	13.3	–	–	–	–	–
US Dollar	177.0	32.2	211.2	98.1	(5.5)	1.6
Total					(2.2)	3.2

Hedge accounting

The following table details the outstanding forward foreign exchange currency contracts which are designated as hedging instruments as at reporting date:

As at November 30, 2010

	Foreign Currency Value By Contract Maturity				US Dollar Fair Value By Contract Maturity	
	Buy		Sell		Maturity	
(in millions)	< 1 Year	1-5 Years	< 1 Year	1-5 Years	< 1 Year	1-5 Years
Cash flow hedges:						
British Pound Sterling	5.0	5.3	–	–	0.3	0.2
Danish Krone	–	–	–	–	–	–
Euro	21.5	–	18.7	–	(3.5)	–
Norwegian Krone	150.1	265.4	–	–	(1.0)	(2.6)
US Dollar	40.1	30.8	285.3	421.1	(9.0)	(6.3)
Total					(13.2)	(8.7)

34. Financial instruments continued

As at November 30, 2009

	Foreign Currency Value By Contract Maturity				US Dollar Fair Value By Contract Maturity	
	Buy		Sell		Maturity	
(in millions)	< 1 Year	1-5 Years	< 1 Year	1-5 Years	< 1 Year	1-5 Years
Cash flow hedges:						
British Pound Sterling	3.7	–	–	–	(0.2)	–
Danish Krone	31.5	–	42.7	–	(0.3)	–
Euro	11.6	–	–	–	0.5	–
Norwegian Krone	138.2	403.5	–	–	1.2	2.6
US Dollar	110.6	19.2	178.5	94.4	(2.7)	2.2
Total					(1.5)	4.8

The Group earns revenue in currencies other than the functional currency of the contracting entity; at the reporting date the main such transactions are US Dollar revenues for customer contracts in the Acergy AFMED region. The Consolidated Income Statement is impacted when the services are performed by the Group and the related receivable is consequently recognised. The hedging reserve balance at November 30, 2010 is a loss of $22.9 million (2009: loss of $3.6 million) arising on hedges maturing on or before February 28, 2014. There is no significant difference between the period of cash flow and that of consolidated income statement impact.

The Group incurs operating expenses in currencies other than the functional currency of the operating entity; at the reporting date the main such transactions are a NOK vessel charter and 'one-off' project expenses in US Dollars (primarily for projects in the Acergy AFMED region). The Consolidated Income Statement is impacted when the supplier performs the underlying service and the related liability is consequently recognised. The hedging reserve balance at November 30, 2010 is a gain of $7.1 million (2009: gain of $5.9 million) arising on hedges maturing on or before February 28, 2014. There is no material difference between the period of the Consolidated Cash Flow statement and that of the Consolidated Income Statement impact.

The Group invests capital expenditure amounts in respect of fixed assets which are in currencies other than the functional currency of the asset owning entity. The Group's policy is to adjust, at initial recognition, the carrying amount of the fixed asset. The impact on the income statement is in accordance with the depreciation schedule of the related fixed assets. The hedging reserve balance at November 30, 2010 is a gain of $0.1 million (2009: gain of $0.1 million) arising on hedges maturing on or before April 13, 2011. The impact on the Consolidated Income Statement is expected to occur linearly within the 15 years to November 30, 2025.

The effectiveness of foreign exchange hedges

The Group documents its assessment of whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item. The Group assesses the effectiveness of foreign exchange hedges based on changes in fair value attributable to changes in spot prices; changes in fair value due to changes in the difference between the spot price and the forward price are excluded from the assessment of ineffectiveness and are recognised directly in the Consolidated Income Statement.

The cumulative effective portion of changes in the fair value of derivatives is deferred in equity within 'other reserves' as hedging reserves. The resulting cumulative gains or losses will be recycled to the Consolidated Income Statement upon the recognition of the underlying transaction or the discontinuance of a hedging relationship. Movements in respect of effective hedges are detailed in the Consolidated Statement of Recognised Income and Expense.

The gains or losses relating to the ineffective portion of cash flow hedges is recognised in the Consolidated Income Statement and amounted to a gain of $0.1 million (2009: loss of $0.1 million).

The hedging reserve represents hedging gains and losses recognised on the effective portion of cash flow hedges as follows:

For the fiscal year (in $ million)	**2010**	2009
As at December 1	**2.4**	(11.6)
Gains/(losses) on the effective portion of derivatives deferred to equity:		
hedges on capital expenditure	**0.3**	0.5
hedges on revenue	**(38.4)**	30.8
hedges of operating expenses	**(2.7)**	(14.9)
income tax gains/(losses) recognised in equity	**6.2**	(12.3)
Cumulative deferred (gains)/losses transferred to Consolidated income statement (see below):		
hedges on revenue	**12.9**	10.2
hedges of operating expenses	**3.8**	(0.5)
Cumulative deferred gains/(losses) transferred to initial carrying amount:		
hedges on capital expenditure	**(0.2)**	0.2
Balance at November 30	**(15.7)**	2.4

Cumulative gains/(losses) transferred from the hedging reserve to the Consolidated income statement

For the fiscal year (in $ millions)	**2010**	2009
Cumulative deferred (losses) recognised in revenue	**(10.8)**	(12.4)
Cumulative deferred (losses)/gains recognised in operating expenses	**(3.2)**	2.0
Cumulative deferred (losses)/gains recognised in other gains and losses	**(2.7)**	0.7
Total	**(16.7)**	(9.7)

Transfers to the Consolidated Income Statement in respect of forecast transactions no longer expected to occur was $Nil (2009: $Nil).

Interest rate risk management

The Group places surplus funds on the money markets to generate an investment return for short durations only, ensuring a high level of liquidity and reducing the credit risk associated with the deposits. Changes in the interest rates associated with these deposits will impact the return generated.

The Group borrows funds at fixed and variable interest rates and has certain revolving credit and guarantee facilities (refer to Note 27 'Borrowings').

The Group's exposure to interest rates on financial assets and financial liabilities is detailed in the liquidity risk management section of this Note.

Interest rate sensitivity analysis

Interest on the facilities discussed in Note 27 'Borrowings' is payable at LIBOR plus a margin which is linked to the ratio of net debt to EBITDA and ranges from 0.8% to 1.9% per year. As at November 30, 2010 the Group had significant cash deposits leaving it in net cash position at a margin of 0.8% and it would have required a significant reduction in EBITDA during fiscal year 2010 to move the Group to the highest threshold.

The Group's income and equity balances are not significantly impacted by changes to interest rates.

Credit risk management

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables, derivative instruments and the granting of financial guarantees. Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Group only invests with institutions that are rated the equivalent of investment grade and above, except for an insignificant amount of cash held at a lower than investment grade institution. This information is supplied by independent rating agencies. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually. In respect of its clients and suppliers the Group uses credit ratings as well as other publicly available financial information and its own trading records to rate its major counterparties.

Net trade receivables (refer to Note 20 'Trade and other receivables') consist of a large number of clients, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable. The following table places clients in three debtor categories of outstanding balances as at November 30:

As at November 30

Trade debtor category	**2010 Debtor category percentage**	2009 Debtor category percentage
National oil and gas companies	**5%**	21%
International oil and gas companies	**75%**	61%
Independent oil and gas companies	**20%**	18%
Total	**100%**	100%

National oil and gas companies are either partially or fully owned by or directly controlled by the government of any one country whereas both international and independent oil and gas companies have a majority of public or private ownership. International oil and gas companies are generally greater in size and scope than independent oil and gas companies although distinction between them ultimately relates to the way the company describes itself.

34. Financial instruments continued

The following table details the maturity analysis for trade receivables.

As at November 30, 2010

(in $ millions)	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total
Trade receivables	**156.9**	**72.3**	**18.0**	**–**	**–**	**247.2**
Trade receivables considered impaired	**–**	**–**	**–**	**1.5**	**–**	**1.5**
Total trade receivables	**156.9**	**72.3**	**18.0**	**1.5**	**–**	**248.7**

As at November 30, 2009

(in $ millions)	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total
Trade receivables	165.5	14.4	21.7	–	–	201.6
Trade receivables considered impaired	–	–	–	0.4	–	0.4
Total trade receivables	165.5	14.4	21.7	0.4	–	202.0

Trade receivables balances beyond the one month ageing category in the table above are considered past due but not impaired. The credit quality of these amounts is considered sound. Trade receivables considered impaired are balances which are past due and considered not collectable.

The maximum exposure of the Group to credit-related loss of financial instruments is the aggregate of the carrying values of the cash and cash equivalents, debtors, and derivative assets accounts.

Concentration of credit risk

The Group depends on certain significant clients. During fiscal year 2010 two clients (2009: two clients) contributed to more than 10% of the Group's revenue from continuing operations. The contribution from these clients was $837.7 million or 35% (2009: $875.6 million or 40%). The amounts of the receivables balance of the Group's five major clients as at November 30 are shown in the table below:

As at November 30 (in $ millions) Counterparty	**2010**
Client A	**119.6**
Client B	**37.8**
Client C	**13.5**
Client D	**13.2**
Client E	**11.0**

As at November 30 (in $ millions) Counterparty	2009
Client F	50.6
Client G	35.8
Client H	25.7
Client I	24.0
Client J	23.7

The client mix for outstanding accounts receivable balances in 2010 is not the same as 2009.

The Group does not have any significant credit risk exposure to any single counterparty as at November 30, 2010. The Group defines counterparties as having similar characteristics if they are related entities.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are primarily banks with high credit-ratings assigned by international credit-rating agencies. At year end, an insignificant amount of cash was held at a low credit-rating bank.

The table below shows the carrying value of amounts on deposit at the balance sheet date using the Standard and Poor's credit rating.

As at November 30 (in $ millions) Counterparty	**2010 Carrying amount**	2009 Carrying amount
Counterparties rated AAA	**–**	206.8
Counterparties rated AA- to AA+	**153.5**	232.1
Counterparties rated A- to A+	**43.5**	157.8
Counterparties rated BBB + or below	**12.0**	–

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining what it believes are adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in Note 27 'Borrowings' is a listing of undrawn facilities that the Group has at its disposal.

Liquidity and interest risk tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities.

The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table consists of the principal cash flows:

As at November 30, 2010

(in $ millions)	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total
Trade payables	**103.1**	**41.8**	**22.0**	**0.8**	**–**	**167.7**
Convertible loan notes	**–**	**–**	**11.3**	**522.5**	**–**	**533.8**

As at November 30, 2009

(in $ millions)	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total
Trade payables	54.7	109.5	5.5	–	–	169.7
Convertible loan notes	–	–	11.3	533.7	–	545.0

The following table details the Group's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted net cash outflows/(inflows) on the derivative instruments that settle on a net basis and the undiscounted gross outflows and (inflows) on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the balance sheet date.

As at November 30, 2010

(in $ millions)	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total
Net settled						
Foreign exchange forward contracts	**–**	**0.2**	**1.3**	**–**	**–**	**1.5**
Gross settled						
Foreign exchange forward contract payments	**276.4**	**135.4**	**335.0**	**413.0**	**–**	**1,159.8**
Foreign exchange forward contract receipts	**(270.4)**	**(127.3)**	**(322.7)**	**(406.7)**	**–**	**(1,127.1)**
Total	**6.0**	**8.3**	**13.6**	**6.3**	**–**	**34.2**

As at November 30, 2009

(in $ millions)	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total
Net settled						
Foreign exchange forward contracts	1.4	4.6	0.2	0.5	–	6.7
Gross settled						
Foreign exchange forward contract payments	93.1	199.3	126.8	93.7	–	512.9
Foreign exchange forward contract receipts	(91.8)	(190.2)	(121.4)	(91.3)	–	(494.7)
Total	2.7	13.7	5.6	2.9	–	24.9

Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contract;
- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices;
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments;

34. Financial instruments continued

- the fair value of derivative instruments is calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives; and
- the fair value of financial guarantee contracts is determined using option pricing models where the main assumptions are the probability of default by the specified counterparty extrapolated from market-based credit information and the amount of loss, given the default. Except as detailed in the following table, the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values:

As at November 30 (in $ millions)	**2010 Carrying amount**	**2010 Fair value**	2009 Carrying amount	2009 Fair value
Financial assets:				
Financial assets at FVTPL:				
Cash and cash equivalents	**484.3**	**484.3**	907.6	907.6
Restricted cash deposits	**3.0**	**3.0**	19.6	19.6
Fair value through profit or loss	**8.9**	**8.9**	11.0	11.0
Derivative instruments in designated hedge accounting relationships	**3.9**	**3.9**	14.1	14.1
Loans and receivables:				
Net trade receivables (see Note 20)	**247.2**	**247.2**	201.6	201.6
Employee loans	**1.2**	**1.2**	1.7	1.7
Financial liabilities:				
Financial liabilities at FVTPL:				
Fair value through profit or loss	**11.8**	**11.8**	13.3	13.3
Derivative instruments in designated hedge accounting relationships	**25.8**	**25.8**	10.8	10.8
Loans and receivables:				
Borrowings – Other debt (including current portion)	**–**	**–**	0.2	0.2
Borrowings – Convertible notes	**435.3**	**470.5**	415.6	438.7

Risk exposure and responses

Fair value As at November 30 (in $ millions)	**2010 Quoted market price (Level 1)**	**2010 Valuation technique – market observation inputs (Level 2)**	**2010 Valuation technique – non market observable inputs (Level 3)**	2009 Quoted market price (Level 1)	2009 Valuation technique – market observation inputs (Level 2)	2009 Valuation technique – non market observable inputs (Level 3)
Financial assets:						
Fair value through profit or loss	**–**	**8.9**	**–**	–	11.0	–
Derivative instruments in designated hedge accounting relationships	**–**	**3.9**	**–**	–	14.1	–
Financial liabilities:						
Fair value through profit or loss	**–**	**11.8**	**–**	–	13.3	–
Derivative instruments in designated hedge accounting relationships	**–**	**25.8**	**–**	–	10.8	–

Assumptions used in determining fair value of financial assets and liabilities

Restricted cash deposits

The carrying amounts of restricted cash deposits approximate their fair value which is based on actual deposits held with financial institutions.

Net trade receivables

The fair value of trade receivables is based on their carrying value which is representative of outstanding debtor amounts owing and includes taking into consideration any amounts of possible doubtful debt.

Employee loans

The carrying amounts of employee loans approximate their fair value. The value of these debts is based on actual amounts to be repaid in the future.

Borrowings – Convertible loan notes

The fair value of the liability component of convertible loan notes is determined assuming redemption on October 11, 2013 and using the market interest rate available to the Group as at the Balance Sheet date.

Forward foreign exchange contracts

The fair value of outstanding financial instruments (as indicated above in the table as FVTPL and derivative instruments) is calculated, using appropriate market information and valuation methodologies. In some cases, judgement is required to develop the estimates of fair values, thus the estimates provided herein are not necessarily indicative of the amounts that could be realised in a current market exchange.

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes borrowings disclosed in Note 27, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

The group monitors capital on the basis of debt service ratio (net debt/Adjusted EBITDA) and debt volume (net debt/enterprise value). Net debt is calculated by the principal value of convertible note borrowings plus deferred revenue and operating lease arrangements, less cash and cash equivalents. Enterprise value is the market capitalisation plus net debt.

Debt service

As at November 30 (in $ millions)	**2010**	2009
Principal value of convertible loan note borrowings (Note 28)	**500.0**	500.0
Deferred revenue (Note 38)	**217.8**	279.8
Operating lease arrangements (Note 33)	**372.8**	530.0
Cash and cash equivalents	**(484.3)**	(907.6)
Net debt	**606.3**	402.2
Adjusted EBITDA	**619.0**	504.9
Debt service ratio	**0.98x**	0.80x

Debt volume

As at November 30 (in $ millions)	**2010**	2009
Net debt (as above)	**606.3**	402.2
Enterprise value	**4,378.9**	3,234.7
Debt volume	**14%**	12%

35. Related party transactions

Key management personnel

Key management personnel include the Board, the Vice Presidents of each of the five business segments or divisions and other members of the Group's Corporate Management Team. The remuneration of these personnel is determined by the Compensation Committee having regard to the performance of individuals and market trends.

The remuneration of key management personnel during the year was as follows:

For the fiscal year (in $ millions)	**2010**	2009	2008
Salaries and other short-term employee benefits	**12.6**	12.1	12.4
Termination benefits	**2.0**	–	–
Share based payment	**3.4**	1.8	0.8
Post-employment benefits	**0.5**	1.6	0.8
Other long-term benefits	**3.1**	0.3	0.4
Total	**21.6**	15.8	14.4

Transactions with key management personnel

The global support centre was relocated during fiscal year 2008 from Sunbury-on-Thames to Hammersmith in the United Kingdom. One of the key management personnel received relocation assistance which took the form of a $0.1 million reimbursement of professional fees and associated relocation costs, $0.1 million mortgage assistance and a guaranteed receipt of the market value of a property in Sunbury-on-Thames from the date of announcement of the relocation. The property was sold to a third party in the third quarter of fiscal year 2008 resulting in a loss of less than $0.1 million.

During the fourth quarter of fiscal year 2008 share options were exercised by one member of the key management personnel. The Group paid $0.3 million of payroll taxes associated with this exercise which was subsequently reimbursed on December 1, 2008. The amount is therefore considered to be a loan to a related party as at November 30, 2008.

During fiscal year 2008, 352,500 share options were granted to key management personnel. On December 1, 2008 options granted in the fiscal year 2008 to the non-executive directors were cancelled as part of the Group's continuous effort of improving corporate governance procedures.

35. Related party transactions continued

During fiscal year 2010, key management personnel were awarded the rights to 465,000 shares under the 2009 Long-Term Incentive Plan. Refer to Note 36 – 'Share based payments' for details.

Loans and trade receivables with related parties

As disclosed in Note 17 'Interest in associates and joint ventures', the Group has provided loans to associates and joint venture entities at rates comparable to the average commercial rate of interest amounting to $43.2 million (2009: $32.7 million) and trade receivables of $22.5 million (2009: $44.0 million).

There were no loans to key management personnel in 2010 (2009: nil).

Employee loans consisting primarily of salary and travel advances to employees in furtherance of the Group's business amounted to $2.3 million (2009: $1.7 million).

Trading transactions

During the year, the Group entered into transactions with joint ventures and associates which are reported in Note 17 'Interest in associates and joint ventures' and are made on terms equivalent to those that prevail in arm's length transactions and are made only if such terms can be substantiated.

36. Share based payments

Equity-settled share option plan

The Group operates a share option plan which was approved in April 2003 (the '2003 Plan'). This plan includes an additional option plan for key directors and employees resident in France as a sub-plan (the 'French Plan'), and additional options which are granted under the Senior Management Incentive Plan (SMIP). A Compensation Committee appointed by the Board administers these plans. Options are awarded at the discretion of the Compensation Committee to directors and key employees.

Under the 2003 Plan options up to but not exceeding 6.3 million common shares can be granted. Following shareholder approval at the Extraordinary General Meeting held on December 18, 2008, the 2003 Plan was expanded to cover up to 8.7 million shares. This plan replaced the previous plan (the '1993 Plan'). Any options granted under the French Plan are included as part of this limit. Other than options granted under the SMIP, options under the 2003 Plan (and therefore also under the French Plan) may be granted, exercisable for periods of up to ten years, at an exercise price not less than the fair market value per share at the time the option is granted. Such options vest 25% on the first anniversary of the grant date, with an additional 25% vesting on each subsequent anniversary. The cost of these non-performance share options are therefore recognised using the graded vesting attribution method. Share option exercises are satisfied by either issuing new shares or reissuing treasury shares. Furthermore, options are generally forfeited if the option holder leaves the Group under any circumstances other than due to the option holder's death, disability or retirement before his or her options are exercised.

In fiscal year 2010 no common share options were granted (2009: nil common share options), and no options were granted under the French Plan (2009: nil options).

2009 Long-Term Incentive Plan

The 2009 Long-Term Incentive Plan ('2009 LTIP') was approved by the Company's shareholders at the Extraordinary General Meeting on December 17, 2009. The 2009 LTIP is an essential component of the Company's compensation policy, and was designed to place the Company on a par with competitors in terms of recruitment and retention abilities. The 2009 LTIP provides for whole share awards, which vest after three years, based on the performance conditions set out below:

Performance conditions are based on relative Total Shareholder Return ('TSR') against a specified comparator group of 13 companies determined over a three year period. This comparator group included Subsea 7 Inc., which ceased to form part of the comparator group upon Completion. The Company would have to deliver TSR above the median for any awards to vest. At the median level, only 30% of the maximum award would vest. The maximum award would only be achieved if the Company achieved top decile TSR (i.e. if, when added to the comparator group, the Company was first or second, in terms of TSR performance). In addition, individual award caps have been introduced. No senior executive or other employee may be granted shares under the 2009 LTIP in a single calendar year that have an aggregate fair market value in excess of 150%, in the case of senior executives, or 100%, in the case of other employees, of his or her annual base salary as of the first day of said year. Additionally, a holding requirement for senior executives has been introduced. Senior executives must hold 50% of all awards that vest until they have built up a shareholding of 1.5 x salary, which must be maintained.

The first tranche of awards under the 2009 LTIP was made on April 8, 2010. Awards were made over 970,000 performance shares, subject to the 2009 LTIP's performance conditions, in conjunction with which 583,000 were transferred to an Employee Benefit Trust at the closing share price on the Oslo Stock Exchange on April 9, 2010 from Treasury Shares previously held indirectly by Acergy Investing Limited. The fair market value per share on the date of the award was $19.83. The 2009 LTIP currently covers approximately 100 senior managers and key employees. Grants are determined by the Company's Compensation Committee, which is responsible for operating and administering the plan. The 2009 LTIP has a five-year term with awards being made annually. The aggregate number of shares subject to all awards which may be granted in any calendar year is limited to 0.5% of issued and outstanding share capital on January 1 of each such calendar year.

Senior Management Incentive Plan

As a condition to a bonding facility agreement which was finalised in 2004, there was a requirement to put in place a Key Staff Retention Plan, now called the Senior Management Incentive Plan ('SMIP'), in order to secure the services of certain senior executives. The SMIP provided for deferred compensation as a combination of cash and performance-based share options, linked to the attainment of a number of strategic objectives for each of the fiscal years 2004, 2005, and 2006. The objectives fixed in the plan, and agreed by the Compensation Committee, included targets for net profit, management team retention, bonding lines, internal controls over accounting and audit activities, business growth and restructuring. During the fiscal year 2007 the Compensation Committee determined that 98.3% of the objectives had been met and therefore the performance-based share options vested on February 28, 2007 and the cash compensation was paid. No compensation was awarded for fiscal year 2008 and no further awards will be made under this plan. The options under the SMIP are exercisable until ten years after their date of grant.

Special Incentive Plan 2009

Subsequent to November 30, 2009, but prior to the adoption of the 2009 Long-Term Incentive Plan, described above, and as an interim measure, the Company put in place the Special Incentive Plan 2009 ('SIP 2009'), a cash-settled incentive plan designed to provide awards to selected executives and key employees, thus further aligning their interests with those of shareholders. Awards under the SIP 2009 are in the form of a cash bonus, payable in April 2012, of between zero and twelve months' base salary, dependent on the Company's average share price as quoted on NASDAQ between January 1, 2012 and March 31, 2012. If the average share price over that period is $8.75 or less, no cash bonus will be payable. If the average share price over that period is $35.00 or more, a cash bonus equal to twelve months' base salary will be payable. If the average share price over that period is between $8.75 and $35.00, a cash bonus equal to between zero and twelve months' base salary will be payable, calculated on a straight-line basis pro rata to the share price. Awards under the SIP 2009 are capped at the equivalent of twelve months' base salary. No other performance criteria apply.

Restricted Share Plan

In March 2008 the Board approved and adopted a restricted share plan to provide a retention incentive to selected senior executives. The plan stipulates that the number of free shares (without any cash compensation) that may be awarded under the plan may not exceed an average of 350,000 common shares over a three year period. During the three year restricted plan period, participants not permitted to sell or transfer shares but will be entitled to dividends which will be held by the Company until the restricted period lapses during fiscal year 2011. In April 2008, 65,000 restricted shares were issued to selected senior executives as part of the retention incentive of the plan. These shares had a fair value of $22.23, representing the market price on the date of issue. No further restricted shares have been issued under the Restricted Share Plan.

2010 Long Term Incentive Plan

During fiscal year 2010 the Board approved and adopted a Long Term Incentive Plan ('Cash Plan') for selected employees as a cash bonus. The cash settlement is based on the share price movement over the specified three year vesting period to April 2013 for the nominal allocated number of shares to each employee. No shares have been held under this scheme. The cash bonus is capped at 6 months of the employees' salary or 12 months of the employees' salary depending on their employee rank.

2010 Executive Deferred Incentive Scheme

During fiscal year 2010 the Board approved and adopted a new deferred incentive scheme for selected senior employees. The scheme enabled executives to defer, on a voluntary basis, up to 50% of their annual bonus into the shares of the Company which will be matched in cash at the end of the three year period, subject to performance conditions. The value of the bonus deferred was used to purchase 44,015 shares based on a prevailing share price on April 16, 2010 of $19.69. Participants who continue to be employed by the Group and hold the shares until March 31, 2013 will receive a cash payment consisting of two elements. There will be a guaranteed payment of 50% of the gross amount deferred and a variable element of up to 100% of the gross amount deferred, but conditional upon reaching target Total Shareholder Return over the three year period to March 2013.

2009 Executive Deferred Incentive Scheme

During fiscal year 2009 the Board approved and adopted a deferred incentive scheme for selected senior executives. The scheme enabled the executives to defer, on a voluntary basis, up to 50% of their annual bonus into shares of the Company, which will be matched in cash at the end of the three year period, subject to performance conditions. The value of the bonus deferred was used to purchase 58,374 shares based upon the prevailing share price on April 17, 2009 which was $7.64. The matched element is conditional upon achieving target Total Shareholder Return over the three years to March 2012 and is conditional on the shares being held for three years.

36. Share based payments continued

2008 Executive Deferred Incentive Scheme

During fiscal year 2008 the Board approved and adopted a deferred incentive scheme for selected senior executives including stipulating the number of shares that may be awarded. The scheme enabled the executives to defer, on a voluntary basis, up to 50% of their annual bonus into shares of the Company which will be matched in shares at the end of three years subject to performance conditions. The value of the bonus deferred was used to purchase 17,797 shares based upon the prevailing share price on March 31, 2008 which was $21.35. The matched element was conditional upon the growth of earnings per share over the three years to November 30, 2010. The 2008 Executive Deferred Incentive Scheme did not meet the required performance conditions; therefore no matched shares were issued under this scheme.

Option activity including the SMIP, are as follows:

For the fiscal year	**Number of options 2010**	**Weighted average exercise price in $ 2010**	Number of options 2009	Weighted average exercise price in $ 2009	Number of options 2008	Weighted average exercise price in $ 2008
Outstanding at December 1	**3,777,494**	**13.28**	4,517,312	12.51	5,115,696	8.64
Granted	**–**	**–**	–	–	1,052,500	22.67
Exercised	**(732,168)**	**6.57**	(389,824)	4.18	(1,088,952)	3.83
Forfeited	**(201,061)**	**13.41**	(269,494)	14.49	(228,339)	16.28
Expired	**(76,424)**	**10.56**	(80,500)	10.05	(333,593)	11.23
Outstanding at November 30	**2,767,841**	**15.00**	3,777,494	13.28	4,517,312	12.51
Exercisable at the end of the period	**2,349,093**	**13.59**	2,864,725	10.65	2,686,308	8.29

The weighted average fair value of options granted during the 2010 fiscal year was Nil (2009: Nil).

The weighted average exercise market price at exercise date of options exercised during the 2010 fiscal year was $18.85 (2009: $10.71).

The fair value of each option granted under the 2003 Plan is estimated as of the date of grant using the Black-Scholes option pricing model with weighted average assumptions as follows:

For the fiscal year	**2010**	2009	2008
Weighted average share price (in $)	**–**	–	22.67
Weighted average exercise price (in $)	**–**	–	22.67
Expected volatility	**–**	–	55.9%
Expected life	**–**	–	5 years
Risk free rate	**–**	–	2.5%
Expected dividends (in $)	**–**	–	0.21

The expected life of an option is determined by taking into consideration the vesting period of options, the observed historical pattern of share option exercises, the effect of non-transferability and exercise restrictions. The expected volatility over the expected term of the options is estimated from the Group's historical volatility. For fiscal year 2008 the expected dividend took into account the expected dividends over the four year vesting period assuming a growth rate of 5% over the $0.21 dividend declared during the year.

The fair value of each share granted under the Equity Plan is estimated as of the grant date using the Monte Carlo pricing model with weighted average assumptions as follows:

For the fiscal year	**2010**
Weighted average share price (in $)	**10.46**
Expected volatility	**51.4%**
Expected life	**3 years**
Risk free rate	**2.7%**
Expected dividends (in $)	**0.22**

The expected life of the share is the vesting period on which the shares will be issued after the vesting period is complete, provided the performance criteria is met. The expected volatility over the expected term is estimated from the Company's historical volatility. For the fiscal year 2010 the expected dividend took into account the expected dividends over the three year vesting period assuming growth of 5% over the dividend yield of 2.6%.

The following table summarises information about share options outstanding as at November 30, 2010:

	Options outstanding		
Common shares (range of exercise prices)	**Options outstanding**	**Weighted average remaining contractual life (in years)**	**Weighted average exercise price (in $)**
$17.01 – 26.16	1,537,625	6.69	21.25
$10.01 – 17.00	524,833	4.42	10.79
$3.01 – 10.00	337,858	3.48	5.82
$1.19 – 3.00	367,525	2.97	2.04
Total	2,767,841	5.37	15.00

There are no shares vested under the Equity Plan and all remain outstanding.

The following table summarises the compensation expense recognised during the year:

For the fiscal year (in $ millions)	**2010**	2009	2008
Expense arising from equity-settled share based payment transactions	**5.8**	5.0	3.8
Expense arising from cash-settled share based payment transactions	**5.3**	0.2	0.1
Total	**11.1**	5.2	3.9

Recognised cash-settled share based payment liability

The carrying amount of the liability relating to the cash-settled share-based payment at November 30, 2010 is $4.9m (2009: $0.2m). No cash awards vested during the period ended November 30, 2010 (2009: Nil).

37. Retirement benefit obligations

The Group operates both defined contribution and defined benefit pension plans, depending on location, covering certain qualifying employees.

Contributions under the defined contribution pension plans are determined as a percentage of gross salary. The expense relating to these plans for fiscal year 2010 was $20.4 million (2009: $21.7 million, 2008: $24.2 million).

The Group operates both funded and unfunded defined benefit pension plans. The benefits under the defined benefit pension plans are based on years of service and salary levels at retirement age. Plan assets of the funded schemes primarily comprise marketable securities.

The amount included in the balance sheet arising from the Group's obligations in respect of its defined benefit retirement benefit schemes is as follows:

For the fiscal year (in $ millions)	**2010**	2009
Present value of defined benefit obligations	**52.6**	49.9
Fair value of plan assets in defined scheme	**(36.6)**	(36.9)
Deficit in defined scheme	**16.0**	13.0
Present value of unfunded defined benefit obligation	**11.3**	11.7
Past service cost not yet recognised in balance sheet	**1.5**	2.5
Net liability recognised in the balance sheet	**28.8**	27.2

37. Retirement benefit obligations continued

The following table provides a reconciliation of the retirement benefit obligations:

	Norway		United Kingdom		France		Total	
For the fiscal year (in $ millions)	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
Change in present value of defined benefit obligation:								
At December 1	**26.4**	16.1	**25.2**	19.1	**10.0**	7.6	**61.6**	42.8
Service costs	**0.8**	1.0	**0.3**	0.3	**0.6**	0.7	**1.7**	2.0
Interest cost	**1.0**	0.8	**1.3**	1.4	**0.5**	0.5	**2.8**	2.7
Actuarial losses/(gains)	**4.2**	5.0	**(0.2)**	4.6	**1.8**	0.4	**5.8**	10.0
Benefits paid	**(0.8)**	(0.9)	**(0.8)**	(1.6)	**(0.8)**	(0.6)	**(2.4)**	(3.1)
Norwegian national insurance	**0.5**	0.1	**–**	–	**–**	–	**0.5**	0.1
Other	**(0.8)**	–	**–**	–	**–**	–	**(0.8)**	–
Exchange differences	**(2.5)**	4.3	**(1.4)**	1.4	**(1.4)**	1.4	**(5.3)**	7.1
At November 30	**28.8**	26.4	**24.4**	25.2	**10.7**	10.0	**63.9**	61.6
Change in fair value of plan assets:								
At December 1	**20.7**	12.6	**16.2**	12.2	**–**	–	**36.9**	24.8
Estimated return on plan assets	**1.1**	0.8	**1.2**	1.0	**–**	–	**2.3**	1.8
Actuarial (losses)/gains	**(1.9)**	4.7	**0.5**	2.5	**–**	–	**(1.4)**	7.2
Members' contribution	**1.4**	–	**1.0**	1.2	**–**	–	**2.4**	1.2
Company contributions	**–**	0.5	**–**	–	**–**	–	**–**	0.5
Benefits paid	**(0.7)**	(0.8)	**(0.8)**	(1.6)	**–**	–	**(1.5)**	(2.4)
Other	**0.7**	(0.2)	**–**	–	**–**	–	**0.7**	(0.2)
Exchange differences	**(1.9)**	3.1	**(0.9)**	0.9	**–**	–	**(2.8)**	4.0
At November 30	**19.4**	20.7	**17.2**	16.2	**–**	–	**36.6**	36.9
Funded status	**(9.4)**	(5.7)	**(7.2)**	(9.0)	**(10.7)**	(10.0)	**(27.3)**	(24.7)
Past service costs not yet recognised in Balance Sheet	**–**	–	**–**	–	**–**	–	**(1.5)**	(2.5)
Overall status	**–**	–	**–**	–	**–**	–	**(28.8)**	(27.2)

Included within the defined benefit obligation are amounts arising from plans which are unfunded. The unfunded plans are the French plan and one Norwegian plan with an obligation of $0.6 million (2009: $1.6 million).

The expected return on scheme assets has been determined after considering the expected return on each of the main asset classes separately, and then taking a weighted average by asset value.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Year ended November 30, 2010

(in %)	Norway	United Kingdom	France	Total – weighted average
Key assumptions used:				
Pension increase	**0.5 – 3.8**	**3.1**	**–**	**2.8**
Discount rate	**3.2**	**5.5**	**4.0**	**4.2**
Expected return on scheme assets	**4.6**	**7.7**	**–**	**6.1**
Rate of compensation increase	**4.0**	**4.9**	**4.5**	**4.4**

Year ended November 30, 2009

(in %)	Norway	United Kingdom	France	Total – weighted average
Key assumptions used:				
Pension increase	1.3 – 4.0	3.0	–	3.0
Discount rate	4.4	5.4	5.3	4.9
Expected return on scheme assets	5.6	7.5	–	6.4
Rate of compensation increase	4.3	4.8	4.9	4.6

Year ended November 30, 2008

(in %)	Norway	United Kingdom	France	Total – weighted average
Key assumptions used:				
Pension increase	2.0 – 4.25	3.0	–	3.2
Discount rate	4.3	7.0	6.0	5.8
Expected return on scheme assets	6.3	7.6	–	6.9
Rate of compensation increase	4.5	4.3	4.9	4.5

Assumptions regarding future mortality experience are set based on advice in accordance with published statistics and experience.
The average life expectancy in years of a pensioner retiring at the scheme retirement age was as follows:

			As at balance sheet date		20 years post balance sheet date	
Retirement Benefit Scheme	Retirement Age	Sex	**2010**	2009	**2010**	2009
Norway Sailor scheme	60 years	Male	**23.5**	23.3	**25.5**	25.3
		Female	**26.3**	26.1	**28.5**	28.3
Norway Office scheme	67 years	Male	**17.7**	17.5	**19.5**	19.3
		Female	**20.1**	19.9	**22.2**	22.0
United Kingdom scheme	65 years	Male	**21.0**	20.9	**22.9**	22.8
		Female	**23.6**	23.5	**25.5**	25.4
France scheme	65 years	Male	**18.9**	18.9	**22.9**	22.9
		Female	**22.7**	22.7	**27.2**	27.2

37. Retirement benefit obligations continued

Amounts recognised in the Consolidated Income Statement within operating expenses and administrative expenses in respect of these defined benefit schemes are as follows:

Year ended November 30, 2010

(in $ millions)	Norway	United Kingdom	France	Total
Service cost	**0.8**	**0.3**	**0.6**	**1.7**
Interest cost	**1.0**	**1.3**	**0.4**	**2.7**
Expected return on plan assets	**(1.1)**	**(1.2)**	**–**	**(2.3)**
Past service cost	**(1.9)**	**–**	**(0.8)**	**(2.7)**
Norwegian national insurance and other expenses	**0.1**	**–**	**–**	**0.1**
Total	**(1.1)**	**0.4**	**0.2**	**(0.5)**

Year ended November 30, 2009

(in $ millions)	Norway	United Kingdom	France	Total
Service cost	1.0	0.3	0.7	2.0
Interest cost	0.8	1.4	0.5	2.7
Expected return on plan assets	(0.8)	(1.0)	–	(1.8)
Past service cost	–	–	(0.8)	(0.8)
Norwegian national insurance and other expenses	0.1	–	–	0.1
Total	1.1	0.7	0.4	2.2

Year ended November 30, 2008

(in $ millions)	Norway	United Kingdom	France	Total
Service cost	8.3	0.2	0.7	9.2
Interest cost	2.6	1.3	0.4	4.3
Expected return on plan assets	(1.8)	(1.2)	–	(3.0)
Past service cost	–	–	(0.7)	(0.7)
Settlement	(33.3)	–	–	(33.3)
Norwegian national insurance and other expenses	1.3	–	–	1.3
Total	(22.9)	0.3	0.4	(22.2)

The estimated amounts of contributions expected to be paid to schemes during fiscal year 2011 is $1.6 million.

Actuarial gains and losses have been reported in the Statement of Comprehensive Income. The net cumulative amount after tax of actuarial losses recognised in the Statement of Comprehensive Income is $43.7 million (2009: $37.2 million, 2008: $35.2 million), after tax effects of $12.1 million (2009: $11.8 million, 2008: $11.0 million).

The actual return on scheme assets was $0.9 million (2009: actual return of $9.0 million).

The major categories of plan assets at November 30, 2010 for each category are as follows:

As at November 30, 2010

(in $ millions)	Norway	United Kingdom	Total
Equity instruments	**2.4**	**4.6**	**7.0**
Bonds	**9.3**	**7.7**	**17.0**
Real estate	**3.7**	**–**	**3.7**
Derivative Investments	**4.1**	**4.6**	**8.7**
Other assets	**–**	**0.2**	**0.2**
Total	**19.5**	**17.1**	**36.6**

As at November 30, 2009

(in $ millions)	Norway	United Kingdom	Total
Equity instruments	2.0	12.5	14.5
Bonds	11.4	3.8	15.2
Real estate	3.6	–	3.6
Other assets	3.8	(0.2)	3.6
Total	20.8	16.1	36.9

As at November 30, 2008

(in $ millions)	Norway	United Kingdom	Total
Equity instruments	0.8	8.7	9.5
Bonds	7.7	3.4	11.1
Real estate	2.1	–	2.1
Other assets	2.0	0.1	2.1
Total	12.6	12.2	24.8

The overall expected rate of return is a weighted average of the expected returns of the various categories of plan assets held. This takes into account the evaluation of the plans assets, the plans proposed asset allocation, historical trends and experience and current and expected market conditions.

Experience adjustments are the actual gains/losses that arise because of differences between the actual assumptions made at the beginning of the period and the actual experience during the period.

The history of experience adjustments is as follows:

For the fiscal year (in $ millions)	**2010**	2009	2008	2007
Present value of defined benefit obligations	**63.9**	61.6	42.8	110.2
Fair value of scheme assets	**(36.6)**	(36.9)	(24.8)	(62.2)
Deficit in the scheme	**27.3**	24.7	18.0	48.0
Experience adjustments on scheme liabilities	**(5.8)**	(10.0)	(1.3)	4.8
Experience adjustments on scheme assets	**1.4**	(7.2)	(8.7)	(0.1)
Net experience adjustment	**(4.4)**	(17.2)	(10.0)	4.7

38. Deferred revenue

Revenue deferred relating to the Group's obligations are as indicated:

As at November 30 (in $ millions)	**2010**	2009
Construction contracts (see Note 22)	**198.4**	241.2
Advances received from clients (see below)	**19.4**	38.6
Total	**217.8**	279.8

Construction contracts are the gross amount due to clients for contract work billed prior to progress of work performed. This is adjusted for estimated losses at completion.

Advances received from clients are amounts received before the related work is performed.

Advances received from clients are recognised as follows:

For the fiscal year (in $ millions)	**2010**	2009
Balance at December 1	**38.6**	59.8
Revenue deferred in respect of advances received	**3.6**	19.2
Revenue recognised on discharge of obligation	**(22.8)**	(32.1)
Less: assets classified as held for sale	**–**	(8.3)
Balance at November 30	**19.4**	38.6

39. Cash flow from operating activities

For the fiscal year November 30 (in $ millions)	Notes	**2010**	2009	2008
Cash flow from operating activities:				
Net income		**313.0**	265.7	307.2
Adjustments for:				
Depreciation of property, plant and equipment	16	**116.2**	124.6	115.8
Net (reversal of impairment)/impairment of property, plant and equipment	17	**(1.3)**	12.8	(11.5)
Amortisation of intangible assets	15	**1.6**	2.0	0.2
Net impairment of intangible assets		**5.1**	2.8	–
Share in net income of associates and joint ventures	17	**(74.8)**	(49.0)	(63.0)
Mobilisation costs		**1.6**	4.5	2.4
Share based payments and retirement obligations		**9.5**	5.2	3.9
Finance costs		**28.7**	29.5	28.4
Inventories (written off)/written back		**(0.5)**	0.3	0.9
Taxation		**145.7**	109.5	160.5
Losses/(gains) on disposal of property, plant and equipment		**–**	1.1	(5.4)
Foreign exchange (gain)/loss		**(82.1)**	28.6	(45.5)
Foreign currency on liquidation of entities		**–**	–	0.3
		462.7	537.6	494.2
Changes in operating assets and liabilities, net of acquisitions:				
(Increase)/decrease in inventories		**(1.6)**	2.4	(10.8)
(Increase)/decrease in trade and other receivables		**(120.6)**	94.8	(59.0)
Increase in accrued salaries and benefits		**11.3**	10.5	2.3
(Decrease)/increase in trade and other liabilities		**(56.2)**	(53.3)	294.9
Net realised mark-to-market hedging transactions		**(18.2)**	14.0	(14.9)
		(185.3)	68.4	212.5
Income taxes paid		**(137.4)**	(59.9)	(213.6)
Net cash generated from operating activities		**140.0**	546.1	493.1

40. Post balance sheet events

Following shareholder approval of the proposed Articles of Incorporation at the Combination Extraordinary General Meeting on November 9, 2010, the fiscal year which started on December 1, 2010 will end on December 31, 2011. Thereafter, future fiscal years shall commence on January 1 and end on December 31.

At an Extraordinary General Meeting of Shareholders held on December 20, 2010, Mr. Long was appointed as an Independent Director of Subsea 7 S.A., effective upon completion of the Acquisition. Mr. Long's appointment became effective on January 7, 2011.

On December 21, 2010 the UK Office of Fair Trading ('OFT') announced that it was considering undertakings from Acergy S.A. and Subsea 7 Inc. in lieu of referring the proposed merger to the UK Competition Commission. This followed the submission of a notification to the OFT regarding the proposed merger on September 23, 2010. The undertakings under consideration are the divestiture of one rigid pipelay vessel; *Acergy Falcon* and potentially one diving support vessel. The OFT's announcement followed prior unconditional clearances received from the relevant authorities in the US, Norway and Australia. Competition clearance is still being sought in Brazil.

The Luxembourg tax law which provided for a special tax regime for 1929 Holding Companies expired on December 31, 2010. As of January 1, 2011, the 1929 regime ceased to exist and Subsea 7 S.A. became an ordinary taxable Luxembourg company.

Post balance sheet events following the Acquisition

The acquisition by Acergy S.A. of Subsea 7 Inc. was completed on January 7, 2011 after closing of the Oslo Børs. The Company issued 156,839,759 new shares to the Subsea 7 Inc. shareholders in consideration for the issue to the Company of all Subsea 7 Inc. shares, at which point, the shares of Subsea 7 Inc. were delisted. The fair value of the newly issued shares was $25.19 per share, resulting in an aggregate consideration of $3.95 billion.

Upon completion the Company's name changed to Subsea 7 S.A. and the restated Articles of Incorporation approved by Acergy S.A.'s shareholders on November 9, 2010 and the appointment of the Board became effective. The first day of trading in the shares of the new Company, Subsea 7 S.A., was January 10, 2011.

The revenue for the combined Group for fiscal year 2010 as though the acquisition had been effected as at December 1, 2009 would have been $4.4 billion.

The process of fair valuing the assets and liabilities of Subsea 7 Inc. was not completed by February 23, 2011, the date of this Report. As a result, the initial accounting for the acquisition is not complete. The Group is therefore not able to disclose the following information regarding the acquisition:

- the gross contractual amount, fair value amount, or any estimated contractual cash flows that are not expected to be collected in respect of the receivables acquired;
- the amounts recognised as of the acquisition date for each major class of assets and liabilities acquired;
- the existence of or the values relating to any contingent liabilities recognised in accordance with IAS 37 on acquisition;
- the amount of goodwill acquired and the amount of goodwill that is expected to be deductible for tax purposes; and
- the net income for the combined Group for fiscal year 2010 as though the acquisition had been effected as at December 1, 2009.

The goodwill arising from the acquisition is attributable to the added client base and vessel fleet, in addition to synergies expected from combining operations arising from the creation of the combined Group.

Acquisition-related costs of $15.1 million and restructuring costs of $12.7 million have been included in administration expenses in the Consolidated Income Statement of Subsea 7 for fiscal year 2010.

Change of segments

Following completion, Subsea 7 has changed its reporting segments. For management and reporting purposes, Subsea 7 is organised into four territories, which are representative of its principal activities. In addition, there is the corporate segment (Corporate) which includes all activities that serve more than one region. These include the activities of the SHL and NKT joint ventures. Also included are: management of offshore personnel; captive insurance activities; and management and corporate services provided for the benefit of the whole Group, including design engineering, finance and legal departments. All assets are allocated to a territory; including vessels which have global mobility which were previously attributed to the 'Acergy Corporate' segment.

Below is a summary of the Segmental Reporting for fiscal year 2011:

- North Sea, Mediterranean & Canada (NSMC)
- Africa & Gulf of Mexico (AFGoM)
- Brazil (BRAZIL)
- Asia Pacific & Middle East (APME); including SapuraAcergy
- Corporate (CORP); including NKT Flexibles and SHL

Other post balance sheet events

Subsea 7 S.A. announced the award of a five year Frame Agreement, plus two one year options by Statoil ASA in the Norwegian and North Seas starting mid 2011. The estimated contract value of this Frame Agreement is $260 million. As a result of this contract award, Subsea 7 has entered into an eight year contract with Eidesvik Offshore ASA for the provision of a new IMR vessel, which is expected to be delivered in the fourth quarter of 2012.

On February 15, 2011 the Company announced its intention to apply for voluntary delisting from NASDAQ and to deregister and terminate its reporting obligations under the Securities and Exchange Act of 1934. Delisting is expected to be effective on March 7, 2011.

On February 21, 2011, Subsea 7 Inc. cancelled the outstanding commitments under its revolving credit facilities with DnB NOR Bank ASA ($50.0 million), HSBC Bank plc ($50.0 million) and Bank of Scotland plc ($50.0 million). Subsea 7 Inc. has no loan facilities available at the date of this report.

On February 16, 2011 a NOK 920 million loan agreement with Eksportfinans ASA was executed. This facility utilised the guarantee element of the NOK 977.5 million facility, and will be used to part finance the Seven Havila (formerly Havila) which was delivered on February 23, 2011.

In late February 2011 the Group was informed by its 49% owned subsidiary NKT Flexibles that steel delivered by one of its suppliers in the period 2006-2010 may not have been within the agreed product specifications despite evidence of certification. The issue is currently being investigated and at this stage it is not possible to determine any potential economic or other consequences for NKT Flexibles or the Group.

Special Note Regarding Forward Looking Statements

Certain statements made in this Report and some of the documents incorporated by reference in this Report may include 'forward-looking statements' within the meaning of Section 27A of the Securities Act of 1933, as amended (the 'Securities Act'), and Section 21E of the US Securities Exchange Act of 1934, as amended (the 'Exchange Act'). These statements relate to our expectations, beliefs, intentions or strategies regarding the future. These statements may be identified by the use of words such as 'anticipate', 'believe', 'estimate', 'expect', 'intend', 'may', 'plan', 'project', 'should', 'seek', and similar expressions.

These statements include, but are not limited to, statements as to:

- the impact of the Combination of Subsea 7 S.A. (formerly Acergy S.A.) and Subsea 7 Inc., including the expected benefits and synergies from the Combination and the impact the integration process, on the future operation of the Group;
- the impact of the current economic climate on our clients' behaviour, government regulations and our business and competitive position;
- the expected execution and amount of projects in our backlog;
- our outlook for 2011, including anticipated contract awards, execution and activity levels, the size and complexity of new projects and expected revenue and margins;
- the expected completion date, estimated progress to completion, and estimated revenue on our projects;
- the utilisation of our assets, including the expected date of delivery and intended use of certain vessels;
- the expected growth in the industry in which we operate and our ability for growth over the medium and long-term, including trends in the markets in which we operate;
- the expected demand for our products and services and factors affecting such demand;
- our intention to maintain the focus on improving our control environment;
- the expected amount and timing of any future dividend payments;
- the sufficiency of our expected sources of cash and effectiveness of our liquidity risk management framework;
- our planned capital expenditure, equity investments and resources for such future expenditure;
- our reliance on and the expected relationship with certain clients, including negotiations regarding claims and variation costs;
- the extent of our obligations under certain commitments and contingent liabilities;
- the expected date and value of hedging transactions and financial instruments and future contractual obligations arising therefrom;
- our business and financial strategies, including certain cost-reduction initiatives, and the expected impact thereof;
- the adequacy of our insurance policies and indemnity arrangements;
- the future level of activity expected in our joint ventures, the access to cash held by our joint ventures, and the potential liability for failure of our joint venture partners to fulfil their obligations;
- foreign currency fluctuations;
- changes or developments of different government regulations and the potential or expected effect on us or our clients, including our ability to operate under different tax regimes, adapt to changes in such tax regimes and ability to defend our tax positions in potential or ongoing investigations or audits;
- our critical accounting policies and their effectiveness;
- expected corporate reporting, reporting dates, meeting dates and other communications with shareholders;
- anticipated future compliance with debt covenants;
- our intention to delist from NASDAQ and deregister and terminate our reporting obligations under the Securities Exchange Act of 1934, the timing and effectiveness of notices and filings to be made in connection with the delisting and deregistration process and the expected benefits therefrom; and
- our ability to obtain funding from various sources and our expected use of cash and credit facilities.

The forward looking statements that we make reflect our current views and assumptions with respect to future events and are subject to risks and uncertainties. Actual and future results and trends could differ materially from those set forth in such statements due to various factors, including those discussed in this Report under 'Risks and Uncertainties', 'Financial review' and the quantitative and qualitative information disclosures about Market Risk contained in Note 34 'Financial instruments' to the Consolidated Financial Statements. The following factors, and others which are discussed in our public filings with the US Securities and Exchange Commission (the 'SEC') including this Report, are among those that may cause actual and future results and trends to differ materially from our forward-looking statements: (i) our ability to deliver fixed price projects in accordance with client expectations and the parameters of our bids and avoid cost overruns; (ii) our ability to collect receivables, negotiate variation orders and collect the related revenue; (iii) our ability to recover costs on significant projects; (iv) capital expenditures by oil and gas companies; (v) the current global economic situation and level of oil and gas prices; (vi) delays or cancellation of projects included in our Backlog; (vii) competition in the markets and businesses in which we operate; (viii) prevailing prices for our products and services; (ix) the loss of, or deterioration in our relationship with, any significant clients; (x) the outcome of legal proceedings or governmental inquiries; (xi) uncertainties inherent in operating internationally, including economic, political and social instability, boycotts or embargoes, labour unrest, changes in foreign governmental regulations, corruption and currency fluctuations; (xii) liability to third parties for the failure of our joint venture partners to fulfil their obligations; (xiii) changes in, or our failure to comply with, applicable laws and regulations; (xiv) cost and availability of supplies and raw materials; (xv) operating hazards, including spills, environmental damage, personal or property damage and business interruptions caused by adverse weather; (xvi) equipment or mechanical failures which could increase costs, impair revenue and result in penalties for failure to meet project completion requirements; (xvii) the timely delivery of vessels on order and the timely completion of ship conversion programmes; (xviii) the impact of accounting for projects on a 'percentage-of-completion' basis, which could reduce or eliminate reported profits; (xix) our ability to keep pace with technological changes; (xx) the effectiveness of our disclosure controls and procedures and internal control over financial reporting; (xxi) other factors which are described from time to time in our public filings with the SEC; (xxii) actions by regulatory authorities or other third parties; (xxiii) the impact of required divestitures or other conditions or restrictions imposed or arising out of the antitrust reviews in the UK and Brazil and (xxiv) unanticipated costs and difficulties related to the integration of Acergy S.A. and Subsea 7 Inc. and our ability to achieve benefits therefrom.

Many of these factors are beyond our ability to control or predict. Given these uncertainties, you should not place undue reliance on the forward-looking statements. We undertake no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Selected Financial Data

Basis of presentation

In this Report, the terms 'we', 'us', 'our', 'Group', 'Company' and 'Subsea 7' refer to Subsea 7 S.A. and, unless the context otherwise requires, its consolidated subsidiaries. References to Subsea 7 activities by years refer to fiscal years ended November 30. The Group's common shares are traded on NASDAQ in the form of American Depositary Shares ('ADSs') (each ADS representing one common share) under the ticker symbol 'SUBC' and are listed on Oslo Børs under the ticker symbol 'SUBC'.

The selected consolidated financial data set forth below is for the five years ended, and as at, November 30, 2010, 2009, 2008, 2007 and 2006. The information for the three years ended, and as at, November 30, 2010, 2009 and 2008 is derived from the audited Consolidated Financial Statements included in this Report and prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. The information for the year ended, and as at November 30, 2007 has been derived from our audited Consolidated Financial Statements for that period and the year ended, and as at November 30, 2006 is derived from unaudited financial information and is prepared in accordance with US GAAP and is re-presented to reflect the 'discontinued operations' of Acergy Piper. Since the disposal of Acergy Piper, a semi-submersible pipelay barge and the Group's sole Trunkline business asset, which was completed on January 9, 2009, the results of the Trunkline business are required to be reported as 'discontinued operations' in all periods presented. For fiscal years 2010, 2009, 2008 and 2007 this has been reported in accordance with IFRS. To report the discontinued operations for fiscal year 2006 required a re-presentation of the prior financial results as reported under US GAAP. All financial data in this Report, unless otherwise stated, reflects the operations of Acergy S.A. (now Subsea 7 S.A.) prior to the Combination with Subsea 7 Inc. and does not reflect the operations of the combined Group on a pro forma basis.

Additional Information

The financial information for Acergy (now Subsea 7) presented below is summarised and should be read together with the Consolidated Financial Statements.

For the fiscal year (in $ millions, except share data)	**2010**	2009	2008	2007	2006
	IFRS	IFRS	IFRS	IFRS	US GAAP
Consolidated Income Statement data:					
Continuing operations:					
Revenue	**2,369.0**	2,208.8	2,522.4	2,406.3	1,933.3
Operating expenses	**(1,701.0)**	(1,683.8)	(1,874.2)	(1,859.1)	(1,539.3)
Gross profit	**668.0**	525.0	648.2	547.2	394.0
Administrative expenses	**(306.7)**	(231.3)	(253.8)	(227.6)	(140.8)
Net other operating income/(expense)	**–**	–	3.4	0.4	(1.5)
Share of net income of associates and joint ventures	**74.8**	49.0	63.0	31.5	–
Net operating income from continuing operations	**436.1**	342.7	460.8	351.5	251.7
Investment income from bank deposits	**9.8**	6.4	17.9	30.8	18.8
Other gains and losses	**(18.0)**	43.6	44.1	0.6	0.5
Finance costs	**(28.7)**	(31.4)	(30.5)	(39.0)	(4.2)
Income before taxes	**399.2**	361.3	492.3	343.9	266.8
Taxation	**(130.8)**	(102.8)	(162.6)	(215.1)	(65.6)
Income from continuing operations	**268.4**	258.5	329.7	128.8	201.2
Net income/(loss) from discontinued operations	**44.6**	7.2	(22.5)	5.7	42.8
Net income	**313.0**	265.7	307.2	134.5	244.0
Net income attributable to:					
Equity holders of parent	**265.4**	245.0	301.4	127.3	236.7
Non-controlling interests	**47.6**	20.7	5.8	7.2	7.3
	313.0	265.7	307.2	134.5	244.0

Earnings/(loss) per share	**$ per share**	$ per share	$ per share	$ per share	$ per share
Basic:					
Continuing operations	**1.20**	1.30	1.76	0.65	1.01
Discontinued operations	**0.24**	0.04	(0.12)	0.03	0.22
Net income	**1.45**	1.34	1.64	0.68	1.23
Diluted:					
Continuing operations	**1.16**	1.29	1.70	0.63	0.97
Discontinued operations	**0.22**	0.04	(0.11)	0.03	0.21
Net income	**1.38**	1.33	1.59	0.66	1.18

For the fiscal year (in $ millions)	2010	2009	2008	2007	2006
	IFRS	IFRS	IFRS	IFRS	US GAAP
Consolidated Cash Flow Statement data:					
Net cash generated from operating activities	**140.0**	546.1	493.1	251.3	38.2
Net cash used in investing activities	**(493.3)**	(100.4)	(286.7)	(220.8)	(117.3)
Net cash (used in)/provided by financing activities	**(84.5)**	(52.0)	(186.1)	(190.0)	468.8
Net (decrease)/increase in cash and cash equivalents	**(437.8)**	393.7	20.3	(159.5)	389.7
Other financial data:					
Depreciation, mobilisation and amortisation expense from continuing operations	**(119.6)**	(131.0)	(110.4)	(86.1)	(53.4)
Impairment of intangible assets from continuing operations	**(5.1)**	(2.8)	–	–	–
Impairment of property, plant and equipment from continuing operations	**–**	(11.8)	(1.8)	(0.3)	(2.1)
Net reversal of impairment of property, plant and equipment from discontinued operations	**–**	–	13.3	–	–

As at November 30 (in $ millions, except for per share data)	2010	2009	2008	2007	2006
	IFRS	IFRS	IFRS	IFRS	US GAAP
Consolidated Balance Sheet data:					
Non-current assets	**1,586.2**	1,090.1	1,139.3	1,025.1	828.5
Current assets	**1,403.3**	1,743.0	1,331.8	1,401.7	1,380.7
Total assets	**2,989.5**	2,833.1	2,471.1	2,426.8	2,209.2
Non-current liabilities	**539.7**	512.7	555.5	507.6	596.6
Current liabilities	**1,190.5**	1,221.2	1,114.2	1,100.2	912.9
Total liabilities	**1,730.2**	1,733.9	1,669.7	1,607.8	1,509.5
Total equity and liabilities	**2,989.5**	2,833.1	2,471.1	2,426.8	2,209.2
Total borrowings	**435.3**	415.8	419.3	389.8	507.1
Deferred tax assets	**22.8**	19.3	39.8	59.9	31.0
Deferred tax liabilities	**44.1**	49.9	56.1	35.6	13.5
Total equity	**1,259.3**	1,099.2	801.4	819.0	699.7
Issued share capital, excluding own shares but including paid in surplus	**898.7**	893.8	888.6	882.8	878.8
Issued share capital, including own shares and paid in surplus	**689.5**	671.2	659.2	771.6	846.5
Dividend per share (declared and paid)	**0.23**	0.22	0.21	0.20	–

Further details of these selected financial data can be found in the Consolidated Financial Statements and notes thereto on pages 81 to 141.

Adjusted EBITDA and Adjusted EBITDA Margins

The Group calculates adjusted earnings before interest, income taxation, depreciation and amortisation ('Adjusted EBITDA') from continuing operations as net income from continuing operations plus finance costs, other gains and losses, taxation, depreciation and amortisation and adjusted to exclude investment income and impairment of property, plant and equipment and intangibles. Adjusted EBITDA margin from continuing operations is defined as Adjusted EBITDA divided by revenue from continuing operations. Adjusted EBITDA for discontinued operations is calculated as per the methodology outlined above. Adjusted EBITDA for total operations is the total of continuing operations and discontinued operations.

Adjusted EBITDA is a non-IFRS measure that represents EBITDA before additional specific items that are considered to hinder comparison of the Group's performance either year-on-year or with other businesses. The additional specific items excluded from Adjusted EBITDA are other gains and losses and impairment of property, plant and equipment and intangibles. These items are excluded from Adjusted EBITDA because they are individually or collectively material items that are not considered representative of the performance of the businesses during the periods presented. Other gains and losses principally relate to disposals of property, plant and equipment and net foreign exchange gains or losses. Impairments of property, plant and equipment represent the excess of the assets' carrying amount that is expected to be recovered from their use in the future.

The Adjusted EBITDA measures and Adjusted EBITDA margins have not been prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB') nor as adopted for use in the European Union ('EU'). These measures exclude items that can have a significant effect on the Group's profit or loss and therefore should not be considered as an alternative to, or more meaningful than, net income (as determined in accordance with IFRS), as a measure of the Group's operating results or cash flows from operations (as determined in accordance with IFRS) or as a measure of the Group's liquidity.

Management believes that Adjusted EBITDA and Adjusted EBITDA margin from continuing operations are important indicators of the operational strength and the performance of the business. These non-IFRS measures provide management with a meaningful comparison amongst its various regions, as they eliminate the effects of financing and depreciation. Management believes that the presentation of Adjusted EBITDA from continuing operations is also useful as it is similar to measures used by companies within Subsea 7's peer group and therefore believes it to be a helpful calculation for those evaluating companies within Subsea 7's industry. Adjusted EBITDA margin from continuing operations may also be a useful ratio to compare performance to its competitors and is widely used by shareholders and analysts following the Group's performance. Notwithstanding the foregoing, Adjusted EBITDA and Adjusted EBITDA margin from continuing operations as presented by the Group may not be comparable to similarly titled measures reported by other companies.

Adjusted EBITDA reconciliation for Acergy (now Subsea 7)

For the fiscal year ended	**2010**			2009			2008		
	Continuing	**Discontinued**	**Total Operations**	Continuing	Discontinued	Total Operations	Continuing	Discontinued	Total Operations
Net income	**268.4**	**44.6**	**313.0**	258.5	7.2	265.7	329.7	(22.5)	307.2
Depreciation and amortisation	**119.4**	**–**	**119.4**	131.0	0.1	131.1	110.4	8.0	118.4
Impairments	**3.8**	**–**	**3.8**	14.6	1.0	15.6	1.8	(13.3)	(11.5)
Investment income	**(9.8)**	**–**	**(9.8)**	(6.4)	–	(6.4)	(17.9)	–	(17.9)
Other gains and losses	**18.0**	**0.2**	**18.2**	(43.6)	1.6	(42.0)	(44.1)	1.1	(43.0)
Finance costs	**28.7**	**–**	**28.7**	31.4	–	31.4	30.5	1.0	31.5
Taxation	**130.8**	**14.9**	**145.7**	102.8	6.7	109.5	162.6	(2.1)	160.5
Adjusted EBITDA	**559.3**	**59.7**	**619.0**	488.3	16.6	504.9	573.0	(27.8)	545.2
Revenue	**2,369.0**	**83.4**	**2,452.4**	2,208.8	114.8	2,323.6	2,522.4	281.8	2,804.2
Adjusted EBITDA margin	**23.6%**	**71.6%**	**25.2%**	22.1%	14.5%	21.7%	22.7%	(9.9%)	19.4%

Other Information

Significant subsidiaries

Significant subsidiaries (excluding joint ventures) for Acergy (now Subsea 7) as at November 30, 2010 are set out in the table below.

Company name	Country of incorporation	Percentage of ownership
Acergy Shipping Limited	Isle of Man	100%
Subsea 7 Contracting (Norway) AS	Norway	100%
Subsea 7 West Africa SAS	France	100%
Subsea 7 Angola S.A.	France	100%
Class 3 Shipping Limited	Bermuda	100%

In addition, the Group has interests in a number of joint ventures, which are described in the 'Financial Review – Investments in Associates and Joint Ventures' on page 76.

Subsequent to the Combination with Subsea 7 Inc., on January 7, 2011, the information below has been updated to reflect the new combined Group.

Risks and insurance

The Group's operations are subject to all the risks normally associated with offshore development and operations and could result in damage to or loss of property, suspension of operations or injury or death to employees or third parties. The Group believes it insures assets at appropriate levels, subject to self-insured deductibles. Such assets include all capital items such as vessels, major equipment and land-based property. The determination of the appropriate level of insurance coverage is made on an individual asset basis taking into account several factors, including the age, market value, cash flow value and replacement value of the asset in hand.

The Group's operations are conducted in hazardous environments where accidents involving catastrophic damage or loss of life could result, and litigation arising from such an event may result in the Group being named a defendant in lawsuits asserting large claims. The Group insures itself against liability arising from its operations, including loss of or damage to third-party property, death or injury to employees and/or third parties, statutory workers' compensation protection and pollution. However, there can be no assurance that the amount of insurance the Group carries is sufficient to protect fully in all events and a successful liability claim for which it is under-insured or uninsured could have a material adverse effect. The Group is exposed to substantial hazards, risks and delays that are inherent in the offshore services business for which liabilities may potentially exceed its insurance coverage and contractual indemnity provisions.

Government regulations

The Group is subject to international conventions and governmental regulations that strictly regulate various aspects of its operations. The maritime laws and the health and safety regulations of the jurisdictions in which the Group operates govern operations in these areas. A system of management policies and procedures, which describes all business processes, is designed to meet best practice and covers all legislative requirements in the jurisdictions in which the Group operates. In addition, the guidelines set by the International Marine Contractor Association are closely followed.

The International Maritime Organisation has made the regulations of the International Safety Management ('ISM') Code mandatory. The ISM Code provides an international standard for the safe management and operation of vessels, pollution prevention and certain crew and ship or barge certifications. The Group believes that it is in compliance with these standards to the extent they are applicable to its operations.

Compliance with current health, environmental, safety and other laws and regulations is a normal part of the business. These laws change frequently and the Group incurs costs to maintain compliance with such laws. Although these costs have not had a material impact on its financial condition or results of operations in recent years, there can be no assurance that they will not have such an impact in the future. Moreover, although the Group's objective is to maintain compliance with all such laws and regulations that are applicable to the Group, there can be no assurance that all material costs, liabilities and penalties imposed as a result of governmental regulation are avoided in the future.

In addition, the Group is required by various governmental and other regulatory agencies, to obtain certain permits, licenses and certificates with respect to its equipment and operations. The permits, licences and certificates required in its operations depend upon a number of factors but are normally of a type required of all operators in a given jurisdiction. The Group believes that it has or can readily obtain almost all permits, licenses and certificates necessary to conduct its operations.

Some countries require that the Group enters into joint venture or similar business arrangements with local individuals or businesses in order to conduct business in such countries.

The Group's operations are affected from time to time and to varying degrees by political developments and federal and local laws and regulations. In particular, oil and gas production operations and economics are affected by price control, tax and other laws relating to the petroleum industry, by changes in such laws and by constantly changing administrative regulations. Such developments may directly or indirectly affect the operations of the Group and those of its clients.

In April 2010, the Deepwater Horizon rig engaged in deepwater drilling operations at the Macondo well in the US Gulf of Mexico sank after a blowout, resulting in the discharge of substantial amounts of oil into the US Gulf of Mexico. Subsequently, the US Department of Interior imposed a temporary drilling moratorium on offshore deepwater drilling operations and took other regulatory actions to suspend drilling in the US Gulf of Mexico. The Group has not experienced a material impact on its operations as a result of the Macondo incident. However, this incident may result in further regulation or restriction of offshore oil and gas exploration and development activity in the US Gulf of Mexico and elsewhere. Furthermore, the imposition of a moratorium on exploration or development in certain region could negatively affect the economics of currently planned activity in these areas and demand for the Group's services, which may affect the business and operations of the Group.

The Group conducts business in certain countries known to experience governmental corruption. Although it is committed to conducting business in a legal and ethical manner in compliance with local and international statutory requirements and standards applicable to its business, there is a risk that employees or representatives may take actions that violate either the US Foreign Corrupt Practices Act, the UK Bribery Act or other legislation promulgated pursuant to the 1997 OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions or other applicable laws and regulations. Such violations could result in monetary or other penalties against the Company or its subsidiaries and could damage its reputation and, therefore, its ability to do business. See 'Risk Factors – Financial and Compliance Risks'.

Inspection by a classification society and dry-docking

The hull and machinery of most of the Group's vessels must be 'classed' by a classification society authorised by its country of registry. The classification society certifies that the vessel is safe and seaworthy in accordance with the classification rules as well as with applicable rules and regulations of the country of registry of the vessel and the international conventions of which that country is a member. Those of the Group's vessels that do not require to be so 'classed' comply with applicable regulations.

Each classed vessel is inspected by a surveyor of the classification society. A visual inspection is carried out annually to ascertain the general condition of the vessel or relevant items. Intermediate surveys are carried out at the second or third annual survey. This intermediate survey includes a visual inspection of the hull structure, machinery and electrical installations and equipment. Renewal surveys, which involve a major inspection of the hull structure, machinery installations and equipment, are carried out at five-year intervals. A classed vessel is also required to be dry-docked at least once every five years for inspection of the underwater parts of the vessel, and depending on age and class notation, at an intermediate stage between the second and third years. For example, Seven Atlantic will be docked every five years whereas Seven Pelican will be docked every two to three years, and in fiscal year 2008 Acergy Polaris was dry-docked for seven months for its 30 year reclassification. Should any non-compliance be found, the classification society surveyor will issue its report as to appropriate repairs, which must be made by the vessel owner within the time limit prescribed. Insurance underwriters make it a condition of insurance coverage that a classed vessel is 'in class'. All the Group's vessels met that condition as at November 30, 2010.

Employees

The Group's workforce varies based on the workload at any particular time. The following table presents the breakdown of permanent and temporary employees by region as at November 30, 2010, 2009 and 2008 respectively:

As at November 30	**2010 Permanent**	**2010 Temporary**	2009 Permanent	2009 Temporary	2008 Permanent	2008 Temporary
Acergy AFMED	**1,773**	**1,600**	1,384	1,408	1,578	1,133
Acergy NEC	**634**	**66**	703	43	815	122
Acergy NAMEX	**87**	**1**	111	–	166	10
Acergy SAM	**754**	**25**	765	19	680	51
Acergy AME	**147**	**9**	165	94	228	109
Acergy CORP[(b)]	**1,347**	**747**	1,279	414	1,185	367
Total	**4,742**	**2,448[(a)]**	4,407	1,978	4,652	1,792

(a) The average number of temporary employees for fiscal year 2010 was 2,307.

(b) Acergy CORP incorporates the majority of Offshore Resources including personnel based onshore directly supporting the vessel and crewing management.

A significant number of employees are represented by labour unions. As part of the normal course of business, a number of union agreements came up for annual renegotiation at their formal contractual end during 2010. The Group believes that it maintains a good relationship with all employees and their unions. In addition, many workers, including most divers, are hired on a contract basis and are available on short notice.

The increase in personnel is due to the success in gaining a number of key contracts by Acergy AFMED, particularly in West Africa. The use of temporary personnel provides the Group with appropriate flexibility to manage the workforce levels as the sector continues to face challenging short-term market conditions.

Other regions have sustained stable or reduced headcount in order to continue the management of costs and also reflecting the global distribution of projects.

Following the Combination on January 7, 2011, the new combined Group Subsea 7 S.A. had 8,346 permanent and 4,146 temporary employees, which are distributed as shown in the following table, which reflects the Group's new segments:

As at January 7	**2011 Permanent**	**2011 Temporary**
Africa and Gulf of Mexico	**2,101**	**1,646**
Asia Pacific and Middle East	**302**	**170**
Brazil	**1,811**	**88**
North Sea, Mediterranean and Canada	**1,929**	**520**
Corporate including Offshore Resources	**2,203**	**1,722**
Total	**8,346**	**4,146**

Supplies and raw materials

In general, the Group does not manufacture the components used in the offshore services that it provides, but rather procures and installs equipment manufactured or fabricated by others. The Group fabricates structures using components and equipment it procures, and this work is performed at its fabrication yard located in Warri, Nigeria and Sonamet's yard in Lobito, Angola. When reel lay or bundles are used the Group fabricates pipes onshore at its spool bases in Vigra, Norway, Port Isabel, US, Ubu, Brazil, Luanda, Angola, and at its bundle fabrication in Wick, Scotland.

To the extent that the Group is exposed to raw materials or commodity related price risk, in respect of EPIC and/or lump sum contracts, dry-dock requirements or the cost of completion of vessels, the Group seeks to minimise the impact of price variations through contractual terms with clients and/or through the use of hedging or future contracts.

The procurement of goods and services represents a significant proportion of annual operating costs and has a direct impact on overall financial performance. When procuring supplies and raw materials the Group's goal is therefore to take the following principles into consideration:

- In placing a commitment with a supplier or subcontractor, the Group tries to secure the best commercial and operational arrangement, taking into account the costs, payment terms and risks, such as technical, quality, health, safety and environmental management, reliability, lead times and confidence of supply;
- The Group operates as one organisation and leverages, whenever it can, knowledge, relationships, networks and buying power;
- The procurement process is executed in accordance with its policies and procedures and adheres to the Code of Conduct; and
- The Group actively develops and manages relationships with suppliers and subcontractors. The Group believes that strong relationships with vendors are key to gaining a competitive advantage as well as ensuring that their delivery goals are aligned with the needs of the business.

Marketing

Marketing of the Group's services is performed through the regional offices. The Group's marketing strategy is focused on ensuring that the Group is invited to bid on all projects that are consistent with the Group's strategy, and where competitive advantage on the basis of the ship ownership, fabrication capacity, engineering excellence or technological specialisation exists. The Group uses its industry know-how and relationships with clients to ensure the Group is aware of all projects in the markets that fit these criteria.

Most of the Group's work is obtained through a competitive tendering process. When a target project is identified by the marketing team, the decision to prepare and submit a competitive bid is taken by regional and corporate management.

Clients

The level of construction services required by any particular client depends on the size of that client's capital expenditure budget devoted to construction plans in a particular year. Consequently, clients that account for a significant portion of contract revenue in one fiscal year may represent an immaterial portion of contract revenue in subsequent fiscal years.

The business typically involves a relatively concentrated number of significant projects in any year. Consequently, the Group expects that a limited number of clients will account for significant portions of revenue in any year.

In fiscal year 2010, the Group had 32 clients worldwide, of which 24 were major national and international oil and gas companies. Total, ExxonMobil and Petrobras accounted for 18%, 17% and 9% of the revenue from continuing operations respectively in fiscal year 2010, while in fiscal year 2009, Total, ExxonMobil and Petrobras accounted for 4%, 25% and 7% of the revenue from continuing operations respectively. During fiscal years 2010 and 2009, the ten largest clients accounted for 79% and 75% respectively of revenue from continuing operations, and over that period seven clients, Total, ExxonMobil, Petrobras, Angola LNG, Statoil, Chevron and Dong Energy consistently numbered among the ten largest clients. For further details, see Note 20 'Trade and other receivables' and Note 34 'Financial instruments' to the Consolidated Financial Statements.

Since the Combination with Subsea 7 Inc., the Group has a wider client base largely due to the i-Tech and Veripos divisions. However, the business is expected to remain concentrated on a small number of significant projects with a limited number of clients accounting for a significant portion of revenue in any year.

Competition

The demand for OECM services is driven by the global nature of the oil and gas markets and most market participants operate on a worldwide basis. Consequently, the OECM industry remains highly competitive.

The contract price is one of the primary factors in determining which qualified contractor with available equipment will be awarded a contract. Clients also consider other criteria in their evaluations, such as the availability and technical capabilities of equipment and personnel, efficiency, condition of equipment, safety record and reputation. Furthermore, a local presence and a guaranteed minimum percentage of local content is a legal requirement in certain countries, and an important factor with significant political value in others. Notwithstanding this, the global nature of the OECM market allows for the manpower and equipment to be relocated to other locations across the globe, which allows for competition from a worldwide supplier base. The supply-side of the OECM market comprises many companies of different sizes, including several large global companies, but also numerous mid-size local and regional companies.

Subsea 7 is one of the leading seabed-to-surface engineering, construction and services contractors, capable of providing a wide range of offshore project services on a worldwide basis in the major offshore oil and gas producing regions. Other global competitors in the OECM market include: Allseas, Global Industries, Heerema, Helix, J Ray McDermott, Saipem, Seastream and Technip. Subsea 7 faces strong competition from these offshore contractors. It also faces competition from smaller regional competitors and less integrated providers of offshore services. A number of contractors as well as ship owners have placed orders for additional vessels capable of working in the OECM market which might cause an excess of supply and the demand for services may be adversely affected. It is expected that any increase in demand may be met quickly by new vessels being deployed in the future.

Health, safety, environmental and security management

The Group conducts business in accordance with a well-defined set of processes, which comply with the International Management Code for the Safe Operation of Ships and for Pollution Prevention. Its Health, Safety, Environmental and Security philosophy is based on the international standards of OHSAS 18001 for occupational health and safety, ISO 14001 for environmental management and international best practice, government and industry standards for security. This 'Management System' is supported by management's commitment, personal accountability, training, fairness and the measurement and analysis of performance measures. The Management System is designed to ensure that the employees and everyone the Group works with remains safe and healthy, that it effectively manages its environmental aspects and limits the damage to or loss of property and equipment. Each manager is responsible for taking the necessary steps to create and maintain a culture of continuous improvement.

The Management System also provides the necessary instructions, procedures and guidelines encompassing all areas of the Group's operations to assure the quality of services to clients. The Group maintains a stringent quality assurance programme throughout the organisation in accordance with ISO 9001 2000, an international standard established by the International Organisation for Standardisation to certify quality assurance systems. The Group has introduced tools and processes to further drive the total quality management process across the organisation. Each segment has dedicated professional health, safety, environmental and quality assurance staff who are responsible for overseeing and supporting the projects in that particular segment.

Intellectual property

The Group holds a number of patents, trademarks, software and other intellectual property to support its engineering and operational activities.

As at November 30, 2010, 87 patents were in force in 15 countries, and the Group currently has a portfolio of 185 additional developments under patent application. A limited number of patents are held in common with other industrial partners. The Group also conducts some of its operations under licensing agreements allowing it to make use of specific techniques or equipment patented by third parties. The Group does not consider that any one patent or technology represents a significant percentage of revenue.

On January 7, 2011 the Group obtained an additional 3 trademarks and 24 patents in 4 countries and a portfolio of 73 additional developments under patent application through the combination with Subsea 7 Inc. Of these, a limited number of patents are held in common with other industrial partners.

The Group's research and development programmes are focused on the requirements of clients, who are constantly seeking to develop oil and gas reserves in deeper waters, and on increasing the efficiency of offshore equipment and operations. The Group runs research and development programmes aimed at developing new technologies and extending existing technologies for the installation, repair and maintenance of offshore structures, particularly underwater pipelines and risers. The Group's research and development activities are typically carried out internally using both dedicated research personnel and as part of specific offshore construction projects. External research and development is performed either through strategic technological alliances or via joint industry collaborative projects, where appropriate. The expenditures on Group-sponsored research and development, excluding programmes undertaken as part of specific offshore construction projects were approximately $5.2 million in fiscal year 2010 (2009: $6.2 million, 2008: $6.8 million).

Description of property

The Group operates a fleet of highly specialised vessels, barges and unmanned underwater ROVs, deployed in the world's major offshore oil and gas exploration regions. Key assets in operation, as at November 30, 2010, included:

- 3 subsea construction vessels;
- 6 flexible pipelay vessels;
- 4 inspection, repair, maintenance and survey vessels;
- 1 heavy lift and pipelay ship (operated by SapuraAcergy);
- 1 heavy lift barge (operated by SHL);
- 4 rigid pipelay vessels/barges;
- 8 cargo barges; and
- 30 work class and observation ROVs.

Major assets

The following table describes the major assets as at November 30, 2010:

Name	Capabilities	Year built/major upgrade	ROVs	Length overall (metres)	Owned/ Chartered
Acergy Condor	Flexible flowline and umbilical lay	1982/1994/ 1999/2002	2	141	Owned
Acergy Discovery	Flexible flowline lay, subsea construction	1990	1	120	Owned
Acergy Eagle	Flexible flowline lay, multi-purpose subsea construction	1997	2	140	Owned
Acergy Falcon	Rigid and flexible flowline and umbilical lay	1976/1995/ 1997/2001	2	162	Owned
Acergy Harrier	Subsea construction	1985	2	84	Owned
Acergy Hawk	Subsea construction	1978	–	93	Owned
Acergy Legend	ROV support, subsea construction	1985/1998	2	73	Owned
Acergy Orion	Pipelay barge	1977/1984/ 1997	–	85	Owned
Acergy Osprey	Subsea construction	1984/1992/ 1996/2003	1	102	Owned
Acergy Petrel	Pipeline inspection, ROV survey and ROV light intervention activities	2003	1	76	Owned
Acergy Polaris	Deepwater derrick/pipelay barge	1979/1991/19 96/1999/2002 /2003/2006/ 2008	2	137	Owned
Acergy Viking	Pipeline inspection, ROV survey and ROV light intervention activities	2007	1	98	Chartered[a]
Antares	Shallow water pipelay barge	2010	–	119	Owned[b]
Borealis	Deepwater rigid and flexible flowline and umbilical lay and subsea construction	2012	2	182	Owned[c]
Far Saga	ROV support, subsea construction	2001	2	89	Chartered[d]
Havila	Diving support vessel	2011	1	120	Owned[c][e]
Oleg Strashnov	Heavy lift, 5,000-tonne crane	2011	–	132	Owned[c][j]
Pertinacia	Flexible flowline and umbilical lay	2003/2007	2	130	Owned[g]
Polar Queen	Flexible flowline and umbilical lay	2001/2007	2	146	Owned[h]
Sapura 3000	Deep water construction ship	2008	2	151	Owned[f]
Skandi Acergy	Construction ship with an ice-class hull	2008	2	157	Chartered[i]
Stanislav Yudin	Heavy lift, 2,500-tonne crane	1985	–	183	Owned[j]

(a) Chartered from Eidesvik Shipping A.S. for eight years beginning December 2007 with ten annual options to extend until the end of 2027.

(b) Purchased on June 1, 2010.

(c) Under construction.

(d) Option with Farstad Supply A.S. until March 31, 2011 to pay on an as-used basis.

(e) Owned by Acergy Havila Limited.

(f) Owned and operated by the joint venture, SapuraAcergy.

(g) Previously chartered from Elettra TLC SpA and purchased on September 7, 2010.

(h) Previously chartered from GC Rieber Shipping Ltd and purchased on June 14, 2010.

(i) Chartered from DOFCON ASA August 8, 2008 until August 2016 with four renewal options at the end of 2016, two for two years and the other two for one year.

(j) Owned and operated by the joint venture, SHL.

All of the above are included in the major vessels apart from *Stanislav Yudin* and *Oleg Strashnov* which are owned by Seaway Heavy Lifting.

For a discussion of ship utilisation, see 'Financial Review – Significant Factors Affecting Results of Operations and Financial Position – Vessel Utilisation'.

The Combination with Subsea 7 Inc. resulted in the expansion of the Group's key assets to include:

- 9 construction/flexlay vessels;
- 2 pipelay vessels;
- 3 inspection, maintenance, repair and survey vessels;
- 5 diving vessels;
- 99 work class ROVs, plus 13 under construction;
- 25 observation class ROVs.

Major assets obtained through the Combination with Subsea 7 Inc.:

Name	Capabilities	Year built/major upgrade	ROVs	Length overall (metres)	Owned/ Chartered
Kommandor 3000	Flexible pipelay and construction	1984/1998/ 1999	2	118	Owned
Kommandor Subsea	IMR and survey	1986	3	69	Owned
Lochnagar	Flexible pipelay and construction	1982/1998/ 2005	2	105	Owned
Normand Seven	Flexible pipelay and construction	2007	2	130	Chartered[(a)]
Normand Subsea	IMR and survey	2009	7	113	Chartered[(b)]
Rockwater 1	Diving support	1983	1	98	Owned
Rockwater 2	Diving support	1984	1	119	Owned
Seisranger	IMR and survey	1993	2	85	Chartered[(c)]
Seven Atlantic	Diving support	2009	2	145	Owned
Seven Navica	Rigid/flexible pipelay	1999	–	109	Owned
Seven Oceans	Rigid/flexible pipelay	2007	2	157	Owned
Seven Pacific	Flexible pipelay and construction	2010	2	134	Owned
Seven Pelican	Diving support	1985	1	94	Owned
Seven Seas	Rigid/flexible pipelay and construction	2008	2	153	Owned
Seven Sisters	Flexible pipelay and construction	2008	2	104	Chartered[(d)]
Seven Spray	Shallow diving support	2007	–	12	Owned
Skandi Neptune	Flexible pipelay and construction	2001/2005	2	104	Chartered[(e)]
Skandi Seven	Flexible pipelay and construction	2008	2[(f)]	121	Chartered[(f)]
Subsea Viking	Flexible pipelay and construction	1999	2	103	Chartered[(g)]
Toisa Polaris	Diving support	1999	3	114	Chartered[(h)]

(a) Chartered from Solstad Shipping A.S. for eight years beginning July 2007 with five annual options to extend until 2020.

(b) Chartered from Solstad Shipping A.S. beginning 2009 until December 2014 with four one-year options to extend.

(c) Chartered from Forland Shipping A.S. for the five years to December 2011 with two one-year options to extend.

(d) Chartered from Siem Offshore Rederi AS for five years ending July 2013 with five one-year renewal options to extend.

(e) Chartered from DOF UK Limited beginning 2005 until December 2010.The charter has been extended for three years from the completion of a crane upgrade which commenced in January 2011 with a further three one-year options to extend.

(f) Vessel and two Work class ROVs chartered from DOF Subsea UK Limited beginning 2008 until December 2012 with two one-year renewal options to extend followed by one two-year renewal option.

(g) Chartered from Eidesvik Shipping A.S. for five years ending April 2011 with one eight-month renewal option to extend followed by four one-year renewal options to extend.

(h) Chartered from Toisa Limited for five years ending May 2011.

The environmental regulations which affect the utilisation of the assets listed above are described in 'Additional Information – Government Regulations'.

Other properties

As at November 30, 2010 the Group owned or leased real estate properties to conduct its business as described below:

Location	Function	Office space (square metres)	Work or storage space or land (square metres)	Status
Hammersmith, England, UK	Offices	1,957	–	Leased
Aberdeen, Scotland, UK	Office, workshop and storage	19,150	12,695	Leased
Cairo, Egypt	Offices	350	–	Leased
Suez, Egypt	Yard and storage	–	1,000	Leased
Houston, Texas	Offices	5,203	–	Leased
Galveston, Texas	Storage	–	2,500	Leased
Lagos, Nigeria	Offices	2,200	–	Leased
Onne, Nigeria	Offices and industrial	120	5,000	Leased
Port-Harcourt, Nigeria	Offices	245	–	Leased
Warri, Nigeria	Offices, fabrication and storage	1,765	222,582	Leased
Pointe Noire, Congo	Offices and storage	1,300	–	Leased
Lobito, Angola	Offices, fabrication and storage	5,945	554,431	Leased[(a)]
Luanda, Angola	Offices	400	–	Leased[(a)]
Luanda, Angola	Offices and storage	444	10,200	Leased
Madeira Island, Portugal	Offices	303	–	Leased[(a)]
Newfoundland, Canada	Offices	835	–	Leased
Perth, Australia	Offices	2,014	–	Leased
Port Gentil, Gabon	Offices, workshop and land	1,793	–	Owned
Ntchengue yard, Gabon	Offices and storage	790	16,954	Owned
Ntchengue yard, Gabon	Yard	–	413,517	Leased
Rio de Janeiro, Brazil	Offices	297	–	Owned
Rio de Janeiro, Brazil	Offices	1,349	–	Leased
Macae City, Brazil	Offices, workshop, fabrication and storage	2,508	14,112	Owned
Beijing	Offices	269	–	Leased
Singapore	Offices, workshop and storage	1,630	1,879	Leased
Kristiandsund, Norway	Offices, yard	280	360	Leased
Stavanger, Norway	Offices	12,869	–	Leased
Suresnes, France	Offices	21,548	–	Leased

(a)Part of Sonamet, which was classified as assets held for sale as at November 30, 2010 (refer to Note 21 ‘Assets held for sale’).

The Combination with Subsea 7 Inc. resulted in the addition of the following properties:

Location	Function	Office space (square metres)	Work, storage space or land (square metres)	Status
Westhill, Scotland, UK	Offices	17,372	–	Owned
Aberdeen, Scotland, UK	Office, workshop and storage	2,356	48,562	Owned
Westhill, Scotland, UK	Offices	2,043	–	Owned
Wick, Scotland, UK	Office, workshop, fabrication and storage	1,055	297,550	Leased
Leith, Scotland, UK	Workshop, fabrication and storage	–	34,950	Leased
Sutton, England, UK	Offices	2,787	–	Leased
Glasgow, Scotland, UK	Offices	868	10,000	Owned
Glasgow, Scotland, UK	Offices, workshop and storage	761	4,000	Leased
Stavanger, Norway	Offices	12,261	–	Owned
Dusavik, Norway	Offices, workspace and storage	2,300	36,000	Leased
Vigra, Norway	Offices, fabrication and storage	–	295,000	Owned
Grimstad, Norway	Offices	3,850	–	Leased
Luanda, Angola	Yard and offices	400	70,000	Leased
Rotterdam, Netherlands	Offices	1,389	–	Leased
Ataka General Free Zone, Egypt	Office plot	–	1,000	Leased
Houston, Texas	Offices and workshop	5,374	191	Leased
Katy, Texas	Office, workshop, and storage	395	580	Leased
Shanghai, China	Offices	490	–	Leased
Ciudad del Carmen, Mexico	Offices, warehouse and yard	2,266	2,420	Leased
Port Isabel, Texas	Spoolbase land	–	109,200	Leased
Port Isabel, Texas	Offices, fabrication and storage	1,858	4,645	Owned
Kuala Lumpur, Malaysia	Offices	901	–	Leased
Perth, Australia	Offices, yard and storage	433	2355	Leased
Singapore	Offices	1533	–	Leased
Niteroi, Brazil	Offices, workshop and storage	7,000	9,000	Owned
Rio das Ostras, Brazil	Offices, workshop and storage	5,754	6,082	Owned
Andrade, Brazil	Storage	–	2,500	Leased
Parana, Brazil	Spoolbase land	–	26,000,000	Owned
Ubu, Brazil	Offices, fabrication and storage	5,000	86,000	Leased
Vila Velha, Brazil	Offices and storage	517	5,600	Leased

Investor Information

Overview

We are a seabed-to-surface engineering, construction and services contractor to the offshore energy industry worldwide. We provide integrated services, and we plan, design and deliver complex, projects in harsh and challenging environments.

Our vision is to be acknowledged by our clients, our people, and our shareholders, as the leading strategic partner in seabed-to-surface engineering, construction and services. We operate internationally as one Group – globally aware and locally sensitive, sharing our expertise and experience to create innovative solutions.

We are more than solution providers; we are solution partners – ready to make long-term investments in our people, assets, know-how and relationships in support of our clients. We specialise in creating and applying innovative and efficient solutions in response to the technical complexities faced by our oil and gas clients as they explore and develop offshore production fields in increasingly deepwater and challenging environments. In doing so we provide services and products that add value for our clients throughout the entire life cycle of offshore oil and gas field exploration, development and production.

Service capabilities

We divide our business into the following principal service capabilities:

Subsea, Umbilicals, Risers and Flowlines ('SURF'):

This comprises the engineering, fabrication, procurement, installation and construction work relating to oil and gas fields that are developed subsea, in which the production wellhead is on the seabed, usually in deepwater or harsh and challenging environments. This includes large multi-year, EPIC projects encompassing pipelay, riser and umbilical activities of a complete field development, tieback projects involving pipelaying, umbilical installation and, in some cases, trenching or ploughing, to connect a new or additional subsea development to an existing production facility. The installations of jumpers and spool pieces, as well as 'hot-tapping' including hyperbaric welding, are also typical SURF activities. This capability also includes construction and diving support ship charters and rental of equipment including construction support ROVs.

Conventional and Conventional Refurbishment:

- Conventional comprises engineering, construction and installation activities relating to shallow water platforms attached to the seabed and their associated pipelines. Conventional projects involve shallow water activities and broadly proven technology, typically under long-term contracts or EPIC projects. Conventional activities include the design, construction and installation of fixed platforms. Subsea 7 also provides, in certain locations, extensive local content including the fabrication of platform jackets and topsides providing strong links with local communities and increased local employment in these countries. Subsea 7 currently executes Conventional type projects in West Africa, as well as in Asia Pacific through its joint venture SapuraAcergy.
- Conventional Refurbishment comprises a comprehensive range of maintenance and refurbishment, including platform and pipeline refurbishment, relating to shallow water platforms. Subsea 7 also provides, in certain locations, extensive local content including the pre-fabrication of refurbishment components, providing strong links with local communities and increased local employment in these countries.

Life-of-Field:

Life-of-Field projects include IMR and Survey.

- IMR: Subsea 7 provides a comprehensive range of subsea inspection, maintenance and repair services to keep oil and gas fields worldwide producing at optimum capacity. Subsea 7's services include platform surveys, debris removal and pipeline inspections using both divers and/or ROV inspection on producing oil and gas field infrastructure, as a regular activity throughout the life of the offshore field. Subsea 7 has a number of ongoing long-term maintenance contracts with leading operators, and also provides on-demand call-out services where required.
- Survey: Subsea 7 provides comprehensive support for both external clients and internal projects in the fields of construction support, platform and pipeline inspection and seabed mapping using specialised Survey vessels and Survey ROVs. The construction support activities include pre-lay, as-laid and as-trenched surveys, spool metrology, deepwater positioning and light installation works. Platform inspection is performed both underwater and on topsides.

i-Tech:

i-Tech, a division of Subsea 7, is a provider of ROVs and remote intervention tooling services to the global exploration and production industry. Since Subsea 7 pioneered the use of the first ROV onboard a drill rig in 1980, i-Tech has been at the forefront of remote intervention technology. Subsea 7 operates an advanced fleet of more than 70 ROV systems and employs in excess of 650 highly skilled engineers, technicians, managers and business support personnel around the world.

Veripos:

Veripos, a division of Subsea 7, provides precise navigation and positioning services to the offshore industry. Its products and services, which include comprehensive training programmes, are widely used by professionals in key areas of the offshore industry – including seismic exploration, survey & construction, DP Marine and DP Drilling.

Renewables:

Renewables comprises the project management, engineering and construction services to support offshore developments in the global renewables industry, focusing on energy from naturally replenished resources such as wind, sunlight, rain, tides and geothermal heat.

Trunklines:

Trunklines involves the offshore installation of large diameter pipelines used to carry oil and gas over large distances, often intercontinental. The disposal of Acergy Piper in 2008, Subsea 7's sole unit dedicated to trunkline projects, represents Subsea 7's discontinuance of this operation as a stand-alone activity. However vessels such as Sapura 3000 can, and Borealis, when completed, are expected to occasionally be involved in trunkline projects.

Organisation and register

Subsea 7 S.A. is a 'société anonyme', organised in the Grand Duchy of Luxembourg under the Company Law of 1915, as amended. It was incorporated in Luxembourg in 1993 as the holding company for all of its activities.

The registered office is located at 412F, route d'Esch, L-2086 Luxembourg and is registered in the Companies' Register of the Luxembourg District Court under the designation R.C.S. Luxembourg B 43172.

The agent for US federal securities law purposes is Subsea 7 (US) LLC, 15990 North Barker's Landing, Suite 200, Houston, Texas 77079, USA. The global support centre is c/o Subsea 7 M.S. Limited., 200 Hammersmith Road, Hammersmith, London, W6 7DL, UK.

History and development of Subsea 7 S.A.

Subsea 7 S.A. was created following the completion of the Combination of Acergy S.A. (now 'Subsea 7 S.A.') and Subsea 7 Inc. on January 7, 2011. Subsea 7 S.A. is a 'société anonyme' incorporated in the Grand Duchy of Luxembourg under the Luxembourg law of August 10, 1915 on commercial companies as amended and quoted on both NASDAQ and the regulated market of Oslo Børs.

A publicly traded company since May 1993, Acergy was established through the merger of the businesses of two leading diving support services companies, Comex Services S.A. and Stolt-Nielsen Seaway A/S, which were acquired by Stolt-Nielsen S.A. ('SNSA') in separate transactions in 1992. At the time of acquisition, Comex Services S.A. was a leading worldwide subsea services contractor, which pioneered deepwater saturation diving and subsea construction using both manned and unmanned techniques. Stolt-Nielsen Seaway A/S operated principally in the North Sea and pioneered the development and use of specially designed, technologically sophisticated diving support vessels and ROVs to support operations in hostile deepwater environments. SNSA sold its equity interest in January 2005.

In 2006, the name 'Acergy S.A.' was adopted. At the time, its business was principally that of a seabed-to-surface engineering and construction contractor to the oil and gas industry worldwide, providing integrated services, plans and, designs and delivering complex projects in harsh and challenging offshore environments.

In 2008 the decision was taken to dispose of Acergy's Trunkline business, which was a non-core business segment consisting solely of *Acergy Piper* and was hence classified as discontinued operations for fiscal year 2008 and restated for fiscal year 2007. The sale of *Acergy Piper* to Saipem (Portugal) Comercio Maritimo S.U. Lda was completed in January 2009 for a sales consideration of $78.0 million.

On July 23, 2009 Acergy entered into a sale agreement to dispose of 19% of its ownership interest in Sonamet and Sonacergy. Sonamet operates a fabrication yard for clients, including Subsea 7, operating in the offshore oil and gas industry in Angola and Sonacergy provides overseas logistics services and support to Sonamet. The agreed disposal of 19% will result in a reduction of the 55% ownership interest Subsea 7 holds in each company to 36%. The finalisation of this sale is conditional upon the completion of certain conditions precedent, and is expected to occur in 2011.

On December 16, 2009 Acergy announced the acquisition of *Borealis*, a pipelay ship for operations in deepwater, currently being built at the Sembawang Shipyard in Singapore. Final completion and operational delivery of this ship is scheduled for the first half of 2012.

History and Development of Subsea 7 Inc.

Subsea 7 Inc. is a subsea contractor operating within the oil and gas industry. Subsea 7 Inc. performs total subsea field developments and provides design, engineering, construction, installation and maintenance of facilities for the subsea production of oil and gas. Subsea 7 Inc. was incorporated on January 10, 2002 under the name DSND Inc., and renamed Siem Offshore Inc. pursuant to a resolution of the General Meeting held on July 9, 2004. It was further renamed from Siem Offshore Inc. to Subsea 7 Inc. at the Annual General Meeting of the company held on July 15, 2005.

As a company incorporated in the Cayman Islands, Subsea 7 Inc. was subject to Cayman Islands laws and regulations, and was traded on the Oslo Børs until delisting occurred on January 7, 2011 following the completion of the Combination with Acergy S.A., renamed Subsea 7 S.A.

Subsea 7 Inc. traces its roots back to Det Søndenfjelds-Norske Dampskipselskap AS ('DSND') which was established in 1854. The main operation of the company until 1964 was shipping, with a focus on passenger transportation. In 1964, the company's passenger liner service between Hamburg and Oslo was closed, and the company's activity level was then limited until 1985.

DSND operated as an investment company between 1985 and 1995, with investments mostly in offshore related activities. By early 1990, DSND had taken ownership of several dynamically positioned offshore vessels. As a consequence, its Board wanted to cultivate the company's investment profile and strategy, and other non-offshore related investments were gradually sold or spun-off from DSND.

By 1995, the company owned six special offshore vessels, of which two were for offshore construction, two for well maintenance and two for geo-technical drilling. It planned for further expansion into these three business areas through the addition of technology and human capital. DSND conducted eight acquisitions of assets or businesses between 1995 and 2002, which gave the company a significant position within the area of offshore maintenance and construction, both in terms of geography and resources. The acquisitions provided DSND with the skills and equipment to complete total construction contracts for deepwater subsea installations, as well as the installation of pipelines, floating production units and riser systems, and link-up and completion of subsea production installations. However, DSND experienced low capacity utilisation of its vessels, insufficient presence in several key markets and the lack of critical mass to bid for the largest tenders. A process to identify a complementary partner was therefore initiated in 2001.

On October 18, 2001, DSND announced that it was in discussions with Halliburton to combine their respective activities within subsea construction and related services. On May 23, 2002 the two companies announced that they had completed a final agreement for the creation of the 50/50 joint venture company Subsea 7 Holding Inc. (formerly named Subsea 7 Inc.), registered in the Cayman Islands. The agreement involved all substantial subsea-related assets, personnel and existing contracts from both companies to be included in the joint venture.

After the merger in May 2002, both Halliburton and DSND actively contributed to the further industrial development of the Subsea 7 Holding Inc. business. During this period Subsea 7 Holding Inc. also consolidated its non-subsea activities through the divestment of loss-making activities and by a more concentrated focus. The holding company was further relocated from Norway to the Cayman Islands in the fourth quarter of 2002 through a share swap.

On November 15, 2004 the company announced that it had entered into heads of agreement with Halliburton to acquire the Halliburton Group's 50% share of Subsea 7 Holding Inc. for $203 million in cash. Prior to completion of the transaction in January 2005, the company raised NOK 991 million in new equity, equivalent to $160 million, through a private placement of 41,300,000 new shares at a subscription price of NOK 24 per share. A subsequent repair offering was proposed to shareholders, holding less than 50,000 shares, who were not given the opportunity to participate in the private placement. An additional NOK 59 million was raised through this offering and the issuance of 2,458,549 new shares at a subscription price of NOK 24 per share.

In July 2005 the company decided that it would be beneficial for the further development of both the subsea business and the non-subsea business, as well as to enhance shareholder value, to separate the subsea and non-subsea businesses and give them the opportunity to develop in distinct companies and under separate management. The company's subsidiary Siem Supply Inc. which, following an internal restructuring contained all the non-subsea business of Subsea 7 Inc., was renamed Siem Offshore Inc. and the shares of Siem Offshore Inc. were distributed to the shareholders of Subsea 7 Inc. through a payment of dividend in specie in the form of repayment from the share premium account. On the distribution date, each shareholder in Subsea 7 Inc. received one share of Siem Offshore for each share in Subsea 7 Inc.

Corporate Governance requirements

As a company incorporated in Luxembourg, and quoted on both NASDAQ and Oslo Børs, Subsea 7 S.A. is subject to a number of different laws and regulations with respect to corporate governance. A key corporate governance activity undertaken by the Group concerns compliance with the provisions of Section 404 of the Sarbanes-Oxley Act of 2002, which is applicable to all companies listed on a US national securities exchange and enforced by the SEC. The Group is committed to achieving high corporate governance standards at all times and believes the observance of those standards is in the best interest of all stakeholders.

The Group acknowledges the division of roles between shareholders, the Board and the Executive Management Team. The Company further ensures good governance is adopted by holding regular Board meetings which the Executive Management Team attend to present strategic, operational and financial matters.

So long as Subsea 7 S.A. remains listed on NASDAQ, the Group is subject to the NASDAQ Listing Rule 5600 series establishing certain corporate governance requirements for companies listed on NASDAQ. Pursuant to NASDAQ Listing Rule 5615(a)(3), as a foreign private issuer the Company may follow home country corporate governance practices in lieu of the requirements of the Rule 5600 series, provided that the group (i) complies with certain mandatory sections of the Rule 5600 series, (ii) discloses each requirement of Rule 5600 that it does not follow and describes the home country practice followed in lieu of such other requirement and (iii) delivers a letter to NASDAQ from the Group's Luxembourg counsel certifying that the corporate governance practices that the Group does follow are not prohibited by Luxembourg law. The Group's independent Luxembourg counsel has certified to NASDAQ that the Group's corporate governance practices are not prohibited by Luxembourg law.

The requirements of the Rule 5600 series that are not followed, and the Luxembourg corporate governance practices that the Company follows in lieu thereof, are described below:

- Rule 5605(e)(1) requires that if there is a Nomination Committee, it be comprised solely of Independent Directors, as defined under in NASDAQ Listing Rule 5605(a)(2). In lieu of the requirements of Rule 5605(e)(1), the Company follows generally accepted business practices in Luxembourg, which do not have rules by which the Company is bound governing the composition of the Nomination Committee.
- Rule 5605(d)(1) requires that the Compensation Committee be comprised solely of Independent Directors as defined under NASDAQ Listing Rule 5605(a)(2). In lieu of the requirements under Rule 5605(d)(1), the Company follows generally accepted business practices in Luxembourg.
- Rule 5605(c)(2)(A) requires that the Audit Committee has at least three members, each of whom, among other things, must be independent as defined under NASDAQ Listing Rule 5605(a)(2) and meet the criteria for independence set forth in Rule 10A-3(b)(1) under the Securities Exchange Act of 1934, as amended, in lieu of the requirements of Rule 5605(c)(2)(A), the Company complies with home country practice, which allows for less than three Audit Committee members who are independent as set forth in Rule 10A – 3(b)(1) of the Securities Exchange Act 1934, as amended.
- Rule 5605(b)(1) requires that the Board be comprised of a majority of Independent Directors as such term is defined in Rule 5605(a)(2). In lieu of the requirements of Rule 5605(b)(1), the Board is comprised of a majority of Independent Directors (as described on page 38 of this Report) which is consistent with business practices in Luxembourg.
- Rule 5605(b)(2) requires regularly scheduled meetings at which only independent Directors, as defined in NASDAQ Listing Rule 5605(a)(2), are present ('executive sessions'). In lieu of the requirements under Rule 5605(b)(2), the Company follows generally accepted business practices in Luxembourg, which do not have rules requiring regularly scheduled executive sessions and therefore permit the attendance at such executive sessions of Directors that are not independent. Notwithstanding the foregoing, as of the date of this Report, each of the Directors attending executive sessions satisfied the independence requirements established by the NASDAQ Listing Rules.
- Rule 5620(c) requires that the quorum for any meeting of the holders of common stock must not be less than 33 1/3% of the outstanding shares of common voting stock. In lieu of the requirements of Rule 5620(c), the Company follows generally accepted business practices in Luxembourg, which do not require a specific quorum for meetings of its shareholders, other than in specific cases required by Luxembourg law.

- Rule 5620(b) requires that the Company solicit proxies and provide proxy statements for all meetings of shareholders and provide copies of such proxy solicitation to NASDAQ. In lieu of the requirements of Rule 5620(b), the Company follows generally accepted business practices in Luxembourg, which do not require the provision of proxy statements for meetings of shareholders.
- Rule 5635(c) requires the Company to obtain shareholder approval when certain plans or other equity compensation arrangements are established or materially amended. In lieu of the requirements of Rule 5635(c), the Company follows generally accepted business practices in Luxembourg, which do not require shareholder approval before the establishment or amendment of such plans or arrangements to the extent they relate to equity compensation of employees of the Company or Directors or employees of subsidiaries of the Company, as opposed to equity compensation of Directors of the Company in their capacity as such Directors.

Other than as noted above, the Company complies with the corporate governance requirements of NASDAQ Listing Rule 5600. On February 15, 2011, Subsea 7 S.A. commenced procedures to delist from NASDAQ. For more information, refer to Note 40 'Post Balance Sheet Events' to the Consolidated Financial Statements.

Articles of Incorporation

Set forth below is a description of the material provisions of the Articles of Incorporation and Luxembourg Company Law. At the Extraordinary General Meeting on November 9, 2010 the shareholders approved the recommendation made by the Board with respect to the adoption of amended Articles of Incorporation. The amendment of the Articles reflected the changes agreed for the Combination with Subsea 7 Inc. including the change of name of Acergy S.A. to Subsea 7 S.A., and the change of financial year starting on December 1, 2010 and ending December 31, 2011. Thereafter Subsea 7 S.A.'s financial year shall begin on the first day of January and end on the 31st day of December in each successive year. The following summary is qualified by reference to the Articles of Incorporation as amended on November 9, 2010 and applicable Luxembourg law.

Objects

Article 3 of the Articles of Incorporation sets forth the objects of the Company, namely to invest in subsidiaries which will predominantly provide subsea construction, maintenance, inspection, survey and engineering services, in particular for the offshore oil and gas and related industries. Subsea 7 may further itself provide such subsea construction, maintenance, inspection, survey and engineering services, and ancillary services.

Subsea 7 may, without restriction, carry out any and all acts and do any and all things that are not prohibited by law in connection with its corporate objects and to do such things in any part of the world whether as principal, agent, contractor or otherwise.

More generally, Subsea 7 may participate in any manner in all commercial, industrial, financial and other enterprises of Luxembourg of foreign nationality through the acquisition by participation, subscription, purchase, option or by any other means of all shares, stocks, debentures, bonds or securities; the acquisition of patents and licences which will administer and exploit; it may lend or borrow with or without security, provided that any monies so borrowed may only be used for the purpose of Subsea 7, or companies which are subsidiaries of or associated with or affiliated to Subsea 7. In general it may undertake any operation directly or indirectly connected with these objects.

Directors

Under the Articles of Incorporation, the Board is to be composed of not less than three members, elected by a simple majority of outstanding shares represented at a general meeting of shareholders for a period not exceeding two years and until their successors are elected and at least three Directors have accepted.

The Articles of Incorporation do not mandate the retirement of Directors under an age limit requirement, nor do the Articles of Incorporation require a Director to be a shareholder of the Company.

Under Luxembourg law the Directors owe a duty of loyalty and care and must exercise the standard of care of a prudent and diligent business person.

The Articles of Incorporation provide that any Director who has a personal interest in a transaction must disclose such interest, must abstain from voting on such transaction and may not be counted for purposes of determining whether a quorum is present at the meeting. Such Director's interest in any such transaction shall be reported at the next general meeting of shareholders. Any transaction other than in the ordinary course of business between Subsea 7 or a member of its Group and a person or entity (i) which holds or controls, alone or in concert with others, at least 5% of the voting rights in Subsea 7, or who is represented at the Board by a director, or (ii) in which a Director has direct or indirect interest in excess of 20% of such entity's shares, must be approved by a majority of the unaffected Independent Directors. The affected Director(s) may not deliberate or vote in respect of such transaction and shall not be counted for purpose of whether a quorum is present.

The Articles of Incorporation provide that no Director may be counted for the quorum present, nor cast a vote in respect of Board resolutions, that shall relate to his own appointment to an office or position being remunerated within the Company or which shall lay down or amend the conditions thereof.

Authorised shares

The authorised share capital consists of 450,000,000 common shares, par value $2.00 per share. According to the Articles of Incorporation, the Board, or delegate(s) duly appointed by the Board, are authorised to issue additional common shares, at such times and on such terms and conditions, including issue price, as the Board or its delegates may in its or their discretion resolve, up to a maximum of 450,000,000 par value $2.00 per share common shares less the amount of common shares already issued at such time. When doing so, the Board may suppress the preferential subscription rights of the existing shareholders to the extent it deems advisable. This authorisation granted to the Board shall lapse five years after publication of the amendment of the Articles of Incorporation in the Luxembourg Official Gazette-M morial C. The amendments of the Articles of Incorporation regarding the above quoted authorised capital were approved at the Extraordinary General

Meeting of shareholders held on November 9, 2010 and publication of such amendment in the Official Gazette occurred on December 3, 2010. From time to time the Company takes such steps that are required to continue the authorised capital in effect.

The Articles of Incorporation require all shares to be issued in registered form. All shares, when issued, were fully paid and non-assessable.

Authority to acquire own shares (Treasury Shares)

The shareholders of Acergy S.A. (now Subsea 7 S.A.) resolved at its Annual General Meeting of shareholders on May 28, 2010 to authorise Subsea 7, or any wholly owned subsidiary, to purchase common shares of Subsea 7 up to a maximum of 10% of the issued common shares net of the common shares previously repurchased and still held, at a price reflecting such open market price and on such other terms as shall be determined by the Board of Subsea 7, provided (a) the maximum price to be paid for such common shares shall not exceed the average closing price for such common shares on Oslo Børs (or the average closing price ADSs on NASDAQ if applicable) for the five most recent trading days prior to such purchase and (b) the minimum price to be paid for such common shares shall not be less than the par value of $2 per share and further provided such purchases are in conformity with article 49-2 of the Luxembourg law of August 10, 1915 on commercial companies, as amended, such authorisation being granted for purchases completed on or before August 31, 2011.

No shares were repurchased during fiscal year 2010.

Under applicable provisions of the Luxembourg Company Law, the common shares repurchased pursuant to the share buyback programme are held as treasury shares, meaning that these shares remain issued but are not entitled to vote. Further, in computing earnings per common share, these shares are not considered part of outstanding common shares. The cost of these shares is being accounted for as a deduction from shareholders' equity.

For more information relating to repurchases made thereunder, please see Note 25 'Own Shares' to the Consolidated Financial Statements.

Authority to cancel treasury shares

At the Extraordinary General Meeting on August 4, 2009, the Board was granted authorisation to cancel shares which have been bought back or which may be bought back from time to time by the Company or any indirect subsidiary thereof as the Board sees fit and to make all consequential changes to the Articles of Incorporation to reflect the cancellation in the number of issued common shares.

Preferential subscription rights (pre-emptive rights)

In general, shareholders are entitled to preferential subscription rights under Luxembourg law in respect of the issuance of shares for cash. When issuing new shares out of the total authorised shares, the Board may, however, suppress the preferential subscription rights of shareholders to the extent it deems advisable. Shareholders are entitled to pre-emptive rights under Luxembourg law in respect of the issuance of shares for cash, unless shareholders decide otherwise at an extraordinary general meeting. The Articles of Incorporation, as amended following the shareholder approval at the Extraordinary General Meeting on November 9, 2010 and published on December 3, 2010, authorise the Board to suppress shareholders' pre-emptive rights for a period of five years from such publication date. Shareholders may amend, renew or extend such authorisation. The authorisation by the Articles of Incorporation to issue new shares out of the total authorised shares granted to the Board will remain in effect until December 3, 2015. Upon the expiration of this authorisation without extension or renewal, the suppression of preferential subscription rights will also terminate and shareholders will be entitled to preferential subscription rights once again.

Voting rights

Each of our shares is entitled to one vote. Shareholders holding shares registered in the VPS, the central depository of Oslo Børs, or other such depository, may attend and vote at general meetings. Under Luxembourg law, shareholder action can generally be taken by a simple majority of common shares present or represented at a meeting, without regard to any minimum quorum requirements. Three exceptions to the general rule stated above regarding the requisite number of votes are (i) to amend the Articles of Incorporation which requires (a) two-thirds of votes of cast, and (b) when the meeting is first convened, a quorum of 50% of the outstanding shares entitled to vote; (ii) to change the country of incorporation to a country other than Luxembourg or to increase the contribution of the shareholders, which require the affirmative vote of 100% of the common shares; and (iii) any action for which the Articles of Incorporation requires more than a majority vote or quorum.

Shareholder meetings and notice

Under the Articles of Incorporation, the Company is required to hold an Annual General Meeting of shareholders in Luxembourg each year, on the fourth Friday in May in fiscal year 2011, and thereafter the fourth Friday in June.

In addition, the Board may call any number of extraordinary general meetings, which may be held in Luxembourg or elsewhere, although any extraordinary general meeting convened to amend the Articles of Incorporation must be held in Luxembourg. The Board is further obliged to call a general meeting of shareholders to be held within thirty days after receipt of a written demand by shareholders representing at least one-tenth of the issued and outstanding shares entitled to vote thereat. Such shareholders may also require additions to the proposed agenda of any meeting of shareholders.

The Articles of Incorporation require notice of any general meeting to be sent by first class mail, postage prepaid, or via e-mail if such address has been indicated, to all shareholders at least twenty days prior to such meeting. Shareholders may be represented by written proxy, provided the written proxy is deposited with the Company at its registered office in Luxembourg, or with any director, at least five days before the meeting.

Dividends

Interim dividends can be declared in any fiscal year by the Board.

Certain Luxembourg legal requirements apply to the payment of interim dividends. The satisfaction of all legal requirements must be certified by an independent auditor. A final dividend, if proposed by the Board, requires approval by the shareholders at the annual general meeting. Interim and final dividends on common shares can be paid out of earnings, retained and current, as well as paid in surplus after satisfaction of the legal reserve as referred to hereinafter.

Luxembourg law authorises the payment of stock dividends if sufficient surplus exists to pay for the par value of the shares issued in connection with any stock dividend.

Luxembourg law requires that 5% of unconsolidated net profit each year be allocated to a legal reserve before declaration of dividends. This requirement continues until the reserve is 10% of issued capital, after which no further allocations are required until further increases of capital.

The legal reserve may also be satisfied by allocation of the required amount at the time of issuance of shares or by a transfer from paid-in surplus. The legal reserve is not available for dividends. The legal reserve for all existing common shares has been satisfied to date and appropriate allocations will be made to the legal reserve account at the time of each increase of capital.

Liquidation preference

Under the Articles of Incorporation, in the event of liquidation, all debts and obligations must first be paid, and thereafter all remaining assets are to be paid to the holders of common shares.

Change in control

There are no provisions in the Articles of Incorporation that would have the effect of delaying, deferring or preventing a change in control of Subsea 7 and that would only operate with respect to a merger, acquisition or corporate restructure involving the Company or any of its subsidiaries. However, it should be noted that the 2003 Plan and the French Plan provide that all options issued thereunder will vest upon the occurrence of certain change of control events. See Note 36 ‘Share based payments’ to the Consolidated Financial Statements.

Mandatory bid requirements

The Articles of Incorporation do not contain any provision requiring a shareholder who reaches a certain threshold of shares to make a mandatory bid for the other outstanding shares. Subsea 7’s Shares are listed on Oslo Børs which constitutes a regulated market for the purpose of the European Takeover Directive (2004/25/EC) (the ‘Takeover Directive’). Under the Takeover Directive, the authority competent to supervise any takeover bid on Subsea 7 is the Financial Supervisory Authority of Norway (KreditTilsynet). The Takeover Directive and Norwegian and Luxembourg law implementing the directive provide for the requirement that where a person, acting alone or in concert, acquires shares in the issuer which, when added to any existing holdings in shares give such person (or persons) voting rights sufficient for such person or persons to control the issuer, such person is obliged to make an offer for the remaining shares in the issuer.

Pursuant to the Takeover Directive, the threshold for obtaining control is a matter for Luxembourg law under which the control threshold is 33% of the voting rights attached to all issued shares in the issuer.

Pursuant to Luxembourg takeover law when an offer (mandatory or voluntary) is made to all of the holders of voting securities of the issuer and as a result of such offer, the offeror acquires 95% of the securities carrying voting rights and 95% of the voting rights, the offeror can require the holders of the remaining securities to sell those securities of the same class to the offeror. Similarly, Luxembourg takeover law provides that, when an offer (mandatory or voluntary) is made to all of the holders of voting securities of the issuer and as a result of such offer, the offeror acquires 90% of the securities carrying voting rights and 90% of the voting rights, each of the remaining security holders can require that the offeror purchases its securities of the same class.

Taxation

Luxembourg taxation

The following summary discusses certain Luxembourg tax considerations with respect to Subsea 7 and its shares held by certain resident and non-resident investors. This does not purport to be a comprehensive description of all of the tax considerations that may be relevant to any particular shareholder of Subsea 7, and does not purport to include tax considerations that arise from rules of general application or that are generally assumed to be known to the shareholders of Subsea 7. It is not intended to be, nor should it be construed to be, legal or tax advice. This summary is based on Luxembourg laws and regulations as at the date of this report and is subject to any change in law or regulations or changes in interpretation or application thereof that may take effect after such date. Each investor should therefore consult their own professional advisors as to the effects of state, local or foreign laws and regulations, including Luxembourg tax law and regulations, to which they may be subject. Double taxation treaties may contain rules affecting the description in this summary.

Luxembourg tax status of Subsea 7 S.A. until December 31, 2010

Subsea 7 S.A. is a company incorporated under Luxembourg law, and until December 31, 2010 had enjoyed the special tax status granted to billionaire holding companies under the Law of July 31, 1929 and the Grand Ducal Decree of December 17, 1938. These companies can carry out a limited number of activities, including the holding of shares and securities and the financing of affiliated companies.

During the fiscal year ended November 30, 2010 and up to December 31, 2010, the Company was taxed as a billionaire holding company and, as such, subject to a variable tax rate, calculated annually with half-yearly advance payments, which is based on certain interest expense, dividends and compensation paid to non-resident Directors during the period. These taxes are paid by Subsea 7 S.A. The tax was calculated as follows:

a) Where the total interest paid each year to holders of bonds and other comparable debt securities amounted to or exceeded €2.4 million:

- 3% on interests paid to holders of bonds and other comparable debt securities;
- 1.8% on dividends and remuneration to non-resident Directors on the first €1.2 million;
- 0.1% on any surplus dividends and remuneration to non-resident Directors.

b) Where the total interest paid each year to holders of bonds and other comparable debt securities was less than €2.4 million:

- 3% on interests paid to holders of bonds and other comparable debt securities;
- 3% on dividends and remuneration to non-resident Directors, but to a maximum amount corresponding to the difference between €2.4 million and the total interest paid to holders of bonds and other comparable debt securities;
- 1.8% on any surplus dividends and remuneration to non-resident Directors up to €1.2 million distributed;
- 0.1% on surplus dividends and remuneration to non-resident Directors.

c) Billionaire holding companies were subject to a minimum annual charge of €48,000.

For the fiscal years ended November 30, 2009 and 2008 this tax amounted to $350,000 and $351,000 respectively. For the year ended November 30, 2010 the amount provisioned was $411,000. The 2010 tax provision will be confirmed after March 2011.

As a billionaire holding company, Subsea 7 S.A. was not subject to any income tax, municipal tax, wealth tax or withholding tax in Luxembourg. The contribution tax of 1% previously levied on issues of share capital was abolished on January 1, 2009.

Most treaties concluded by Luxembourg with other countries were not applicable to Subsea 7 S.A. as a holding company subject to the Law of July 31, 1929, because such companies are specifically excluded from the scope of the application of these treaties.

Pursuant to a law of December 22, 2006, the laws and regulations relating to the tax regime for 1929 Luxembourg holding companies were abolished effective January 1, 2007. However, existing 1929 Luxembourg holding companies, including Subsea 7 S.A., continued to benefit from the tax regime for 1929 Luxembourg holding companies until December 31, 2010, subject to certain conditions. After the benefit of the status expired at midnight on December 31, 2010, Subsea 7 S.A. became an ordinary taxable Luxembourg company.

Tax status of Subsea 7 S.A. from January 1, 2011

As an ordinary taxable Luxembourg resident company, Subsea 7 S.A. will be subject to Luxembourg corporate income tax and municipal business tax. The fiscal year 2011 aggregate maximum applicable rate for a company established in Luxembourg-City is 28.8% (including a contribution to the unemployment fund) of taxable net profits. Net profits subject to tax include dividend income and capital gains, subject to certain exemptions. Subsea 7 is an ordinary taxable Luxembourg resident company and should therefore, from a Luxembourg tax perspective, be able to benefit from double taxation treaties and European directives in direct tax matters.

Subsea 7 S.A. will also be liable for annual net wealth tax (impôt sur la fortune) at a rate of 0.5% of the non exempted net wealth of Subsea 7 S.A

Distributions to holders

General

Holders of the shares will not become resident or be deemed to be resident in Luxembourg by reason only of holding Shares.

Withholding tax

From January 1, 2011, Subsea 7 S.A. became an ordinary taxable Luxembourg company. In Luxembourg, dividend distributions from ordinary taxable companies are subject to a withholding tax of 15%. Distributions by Subsea 7 S.A., sourced from a reduction of capital, as defined in Article 97 (3) of the Luxembourg law of December 4, 1967 (the 'Luxembourg Income Tax Law'), including among others share premium, should not be subject to withholding tax provided no newly accumulated fiscal profits are recognised.

Where a withholding needs to be operated, the rate of the withholding tax may be reduced pursuant to the double tax treaty existing between Luxembourg and the country of residence of the relevant holder, subject to the fulfilment of the conditions set forth therein.

No withholding tax applies if the distribution is made to (i) a Luxembourg resident corporate holder (that is, a fully taxable collectivité within the meaning of Article 159 of the Luxembourg Income Tax Law), (ii) a corporation which is resident of a Member State of the European Union and is referred to by article 2 of the Council Directive of July 23, 1990 concerning the common fiscal regime applicable to parent and subsidiary companies of different member states (90/435/EEC), (iii) a corporation or a co-operative resident in Norway, Iceland or Liechtenstein and subject to a tax comparable to corporate income tax as provided by Luxembourg Income Tax Law, (iv) a corporation resident in Switzerland which is subject to corporate income tax in Switzerland without benefiting from an exemption, (v) a corporation subject to a tax comparable to corporate income tax as provided by Luxembourg Income Tax Law which is resident in a country that has concluded a tax treaty with Luxembourg and (vi) a Luxembourg permanent establishment of one of the above-mentioned categories, provided each time that at the date of payment, the holder holds directly or through a tax transparent vehicle, during an uninterrupted period of at least twelve months, Shares representing at least 10% of the share capital of Subsea 7 S.A or which had an acquisition price of at least €1,200,000.

Non-resident holders

Holders of the Shares who are not resident in Luxembourg for Luxembourg tax purposes and who do not hold the Shares through a permanent establishment in Luxembourg are not liable to Luxembourg income tax on dividends paid by Subsea 7 S.A other than the withholding tax described above, if applicable.

Resident holders

With the exception of Luxembourg Resident Corporate Holders benefiting from the exemption referred to above, Luxembourg individual holders and Luxembourg Resident Corporate Holders subject to Luxembourg corporate income tax, must include distributions paid on Shares in their taxable income, 50% of the amount of such dividends being exempt from tax. The applicable withholding tax can, under certain conditions, entitle the relevant resident holder to a tax credit.

Sale or Disposal of Shares

Non-resident holders

Capital gains arising upon disposal of Shares by an investor who is a non-resident, and who does not have a permanent establishment in Luxembourg to which the Shares are attributable, and who is not resident in a country which has concluded a double tax treaty with Luxembourg which allocates the right of taxation to the country of residence of the investor, will only be subject to Luxembourg taxation on capital gains realised on a disposal of Shares, if such holder has, together with the holder's spouse or civil partner and underage children, directly or indirectly held more than 10% of the capital of the Company at any time during the five years preceding the disposal, and either (1) the disposal of Shares occurs before their acquisition (e.g. a short-sale transaction) or within six months from their acquisition, or (2) such investor has been a resident for tax purposes for at least 15 years and has become a non-resident within the five years preceding the realisation of the gain.

Luxembourg resident individual holders

For Luxembourg resident individuals holding 10% or less of the share capital of Subsea 7 S.A., capital gains will only be taxable if they are realised on a sale of the Shares, which takes place before their acquisition (e.g. a short-sale transaction) or within the first six months following their acquisition. For a Luxembourg resident individual holding, together with the holder's spouse or civil partner and underage children, directly or indirectly more than 10% of the capital of Subsea 7 S.A., capital gains will be taxable at a special rate, regardless of the holding period.

Luxembourg resident corporate holders

Capital gains realised upon the disposal of Shares by a fully taxable resident corporate holder will be subject to corporate income tax and municipal business tax. An exemption from such taxes may be available to the holder pursuant to Article 166 of Luxembourg Income Tax law subject to the fulfilment of the conditions set forth therein. The scope of the capital gains exemption can be limited in the cases provided by the Grand Ducal Decree of December 21, 2001.

Luxembourg net wealth tax

Non-resident holders

Luxembourg net wealth tax will not be levied on a non-resident holder with respect to the Shares held unless the Shares are attributable to an enterprise or part thereof which is carried on through a permanent establishment or a permanent representative in Luxembourg, in which case the Shares may be exempt from net wealth tax subject to the conditions set forth by Article 60 of the law of October 16, 1934 on the valuation of assets (Bewertungsgesetz), as amended.

Resident holders

Net wealth tax is levied annually at the rate of 0.5% on the net wealth of commercial undertakings resident in Luxembourg. The Shares may be exempt from net wealth tax subject to the conditions set forth by Article 60 of the law of October 16, 1934 on the valuation of assets (Bewertungsgesetz), as amended.

Other Luxembourg taxes

Stamp and registration taxes

No registration tax or stamp duty will be payable by a holder of Shares in Luxembourg solely upon the disposal of Shares by sale or exchange.

Estate and gift taxes

No estate or inheritance tax is levied on the transfer of Shares upon the death of a holder of Shares in cases where the deceased was not a resident of Luxembourg for inheritance tax purposes and no gift tax is levied upon a gift of Shares if the gift is not passed before a Luxembourg notary or recorded in a deed registered in Luxembourg. Where a holder of Shares is a resident of Luxembourg for tax purposes at the time of the holder's death, the Shares are included in the holder's taxable estate for inheritance tax or estate tax purposes.

US federal income taxation

The following summary describes the principal US federal income tax consequences relating to the acquisition, holding and disposition of the common shares of Acergy S.A. and/or Subsea 7 S.A. (the 'Shares') or ADSs. This summary addresses only the US federal income tax considerations of holders that will hold Shares or ADSs as capital assets. This summary does not address tax considerations applicable to holders that may be subject to special tax rules, including:

- certain financial institutions, insurance companies, real estate investment trusts, regulated investment companies, grantor trusts, dealers or traders in securities or currencies, tax-exempt entities;
- individual retirement accounts and other tax-deferred accounts;
- taxpayers that have elected to use mark-to-market accounting;
- persons that received Shares or ADSs as compensation for the performance of services;
- persons that will hold Shares or ADSs as part of a 'hedging' or 'conversion' transaction or as a position in a 'straddle' for US federal income tax purposes;
- certain former citizens or long-term residents of the United States;
- persons that have a 'functional currency' other than the US dollar; or
- holders that own, or are deemed to own, 10% or more, by voting power or value, of the outstanding equity interests of Subsea 7 S.A. for US federal income tax purposes.

Moreover, this description does not address the US federal estate and gift tax or alternative minimum tax consequences, nor any state, local or non-US tax consequences of the acquisition, holding or disposition of the Shares or ADSs. Each prospective purchaser should consult its tax advisor with respect to the US federal, state, local and foreign tax consequences of acquiring, holding and disposing of Shares or ADSs.

This summary is based on the Internal Revenue Code of 1986, as amended (the 'Code'), existing, proposed and temporary US Treasury Regulations, and judicial and administrative interpretations thereof, in each case in effect and available on the date hereof. This description is also based in part on the representations of the depositary and the assumption that each obligation in the deposit agreement and any related agreement will be performed in accordance with its terms. All of the foregoing are subject to change, possibly with retroactive effect, and differing interpretations which could affect the tax consequences described herein.

For purposes of this summary, a 'US Holder' is a beneficial owner of Shares or ADSs that, for US federal income tax purposes, is:

- an individual citizen or resident of the United States;
- a corporation, or an entity treated as a corporation, created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is subject to US federal income taxation regardless of its source; or
- a trust if such trust validly elects to be treated as a US person for US federal income tax purposes or if (1) a court within the United States is able to exercise primary supervision over its administration and (2) one or more US persons have the authority to control all of the substantial decisions of such trust.

A 'Non-US Holder' is a beneficial owner of Shares or ADSs that is neither a US Holder nor a partnership, or other entity treated as a partnership for US federal income tax purposes.

If a partnership or any other entity treated as a partnership for US federal income tax purposes is a beneficial owner of Shares or ADSs, the tax treatment of such partnership, or a partner in such partnership, will generally depend on the status of the partner and on the activities of the partnership. If you are a partnership or a partner in a partnership that holds Shares or ADSs, you should consult your tax advisor.

We urge you to consult your tax advisor with respect to the US federal, state, local and foreign tax consequences of acquiring, holding and disposing of Shares or ADSs.

Ownership of ADSs in general

For US federal income tax purposes, a holder of ADSs generally will be treated as the owner of the Shares represented by such ADSs.

The US Treasury Department has expressed concern that depositaries for ADRs, or other intermediaries between the holders of shares of an issuer and the issuer, may be taking actions that are inconsistent with the claiming of US foreign tax credits by US holders of such receipts or shares. Accordingly, the analysis regarding the availability of a US foreign tax credit for Luxembourg taxes and sourcing rules described below could be affected by future actions that may be taken by the US Treasury Department.

Distributions

Subject to the discussion below under 'Passive Foreign Investment Company Considerations', if you are a US Holder, for US federal income tax purposes, the gross amount of any distribution made to you with respect to Shares or ADSs, (other than certain distributions, if any, of additional Shares distributed pro rata to all shareholders, including holders of ADSs, with respect to Shares or ADSs) will be includible in your income on the day on which the distributions are actually or constructively received by you (which in the case of ADSs will be the date such distribution is received by the depositary) as dividend income to the extent such distributions are paid out of current or accumulated earnings and profits as determined under US federal income tax principles. If a US Holder receives a dividend in a foreign currency (i.e., a currency other than the US dollar), any such dividend will be included in such holder's gross income in an amount equal to the US dollar value of such foreign currency on the date of receipt, which, in the case of ADSs, is the date they are received by the depositary. If the dividend is converted into US dollars on the date of receipt, a US Holder generally should not be required to recognise foreign currency gain or loss in respect of the dividend income. A US Holder may have foreign currency gain or loss if the amount of such dividend is not converted into US dollars on the date of receipt. Such dividends will not be eligible for the dividends received deduction generally allowed to corporate US Holders.

Non-corporate US Holders generally will be taxed on such distributions at the lower rates applicable to long-term capital gains (i.e, gains from the sale of capital assets held for more than one year) with respect to taxable years beginning on or before December 31, 2012. However, a US Holder's eligibility for such preferential rate would be subject to certain holding period requirements and the non-existence of certain risk reduction transactions with respect to the Shares or ADSs. Additionally, even if the Company were otherwise to meet the conditions for reduced rates of taxation on dividends, non-corporate US Holders still will not be entitled to such reduced rates of taxation if it is a passive foreign investment company in the taxable year such dividends are paid or in the preceding taxable year (see discussion under 'Passive Foreign Investment Company Considerations' below).

Subject to the discussion below under 'Passive Foreign Investment Company Considerations' to the extent, if any, that the amount of any distribution exceeds current and accumulated earnings and profits as determined under US federal income tax principles, it will be treated first as a tax-free return of capital, causing a reduction in the adjusted basis of Shares or ADSs (thereby increasing the amount of gain, or decreasing the amount of loss, to be recognised by you on a subsequent disposition of Shares or ADSs), and the balance in excess of adjusted basis will be taxed as capital gain recognised on a sale or exchange (as discussed below under 'Sale or exchange of Shares or ADSs'). The Company does not maintain calculations of its earnings and profits under US federal income tax principles, and therefore a US Holder should expect that the entire amount of any distribution will generally be reported as dividend income to such US Holder.

If you are a US Holder, dividend income received by you with respect to Shares or ADSs will be treated as foreign source income, which may be relevant in calculating your foreign tax credit limitation. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific baskets of income. For this purpose, dividend income should generally constitute 'passive category income,' or in the case of certain US Holders, 'general category income.' Further, in certain circumstances, if you have held Shares or ADSs for less than a specified minimum period during which you are not protected from risk of loss; or are obligated to make payments related to the dividends, you will not be allowed a foreign tax credit for foreign taxes imposed on dividend income with respect to Shares and ADSs. The rules governing the foreign tax credit are complex. You are urged to consult your tax advisor regarding the availability of the foreign tax credit under your particular circumstances.

Subject to the discussion below under 'Backup Withholding Tax and Information Reporting Requirements,' if you are a Non-US Holder of Shares or ADSs, you generally will not be subject to US federal income or withholding tax on dividends received on Shares or ADSs, unless such income is effectively connected with your conduct of a trade or business in the United States.

Sale or exchange of Shares or ADSs

Deposits and withdrawals of Shares by holders in exchange for ADSs will not result in the realisation of gain or loss for US federal income tax purposes.

Subject to the discussion below under 'Passive Foreign Investment Company Considerations', if you are a US Holder, you will generally recognise gains or losses on the sale or exchange of Shares or ADSs equal to the difference between the amount realised on such sale or exchange and your adjusted tax basis in the Shares or ADSs. Subject to the discussion below under 'Passive Foreign Investment Company Considerations,' such gain or loss will be a capital gain or loss. If you are a non-corporate US Holder, the maximum marginal US federal income tax rate applicable to such gain will be lower than the maximum marginal US federal income tax rate applicable to ordinary income (other than certain dividends) if your holding period for such Shares or ADSs exceeds one year i.e. it is a long-term capital gain. If you are a US Holder, a gain or loss, if any, recognised by you generally will be treated as US source gain or loss, as the case may be, for US foreign tax credit purposes. The deductibility of capital losses is subject to limitations.

Generally, if you are a US Holder, the initial tax basis of your Shares will be the US dollar value of the non-US dollar denominated purchase price determined on the date of purchase. If the Shares are treated as traded on an 'established securities market,' and you are a cash basis US Holder, or, if you elect, an accrual basis US Holder, you will determine the US dollar value of the cost of such Shares by translating the amount paid at the spot rate of exchange on the settlement date of the purchase. The conversion of US dollars to a non-US dollar currency and the immediate use of that currency to purchase Shares generally will not result in a taxable gain or loss for a US Holder. If you are a US Holder, the initial tax basis of your ADSs generally will be the US dollar denominated purchase price determined on the date of purchase.

With respect to the sale or exchange of Shares or ADSs, the amount realised generally will be the US dollar value of the payment received determined on (1) the date of receipt of payment in the case of a cash basis US Holder and (2) the date of disposition in the case of an accrual basis US Holder. If the Shares or ADSs are treated as traded on an 'established securities market,' a cash basis taxpayer, (or, if it elects, an accrual basis taxpayer) will determine the US dollar value of the amount realised by translating the amount received at the spot rate of exchange on the settlement date of the sale.

Subject to the discussion below under 'Backup Withholding Tax and Information Reporting Requirements,' if you are a Non-US Holder, generally you will not be subject to US federal income or withholding tax on any gain realised on the sale or exchange of such Shares or ADSs unless (1) such gain is effectively connected with your conduct of a trade or business in the United States or (2) if you are an individual Non-US Holder, you are present in the United States for 183 days or more in the taxable year of the sale or exchange and certain other conditions are met.

New legislation

Recently enacted legislation requires certain US Holders who are individuals, estates or trusts to pay an additional 3.8% tax on, among other things, dividends and capital gains from the sale or other disposition of Shares or ADSs for taxable years beginning after December 31, 2012. In addition, for taxable years beginning after March 18, 2010, new legislation requires certain US Holders who are individuals to report information relating to an interest in Shares or ADSs, subject to certain exceptions, including an exception for Shares or ADSs held in a custodial account maintained with a US financial institution. US Holders are urged to consult their tax advisors regarding the effect, if any, of new US federal income tax legislation on their ownership and disposition of Shares or ADSs.

Passive Foreign Investment Company considerations

A non-US corporation will be classified as a 'passive foreign investment company', or a PFIC, for US federal income tax purposes in any taxable year in which, after applying certain look-through rules, either:

- at least 75 percent of its gross income is 'passive income'; or
- at least 50 percent of the average value of its gross assets is attributable to assets that produce 'passive income' or are held for the production of passive income.

Passive income for this purpose generally includes dividends, interest, royalties, rents and gains from commodities and securities transactions. In determining whether we are a PFIC, a pro rata portion of the income and assets of each subsidiary in which we own, directly or indirectly, at least a 25% interest (by value) is taken into account.

Based in part on estimates of gross income and the value of gross assets and the nature of the business, the Company believes that it will not be classified as a PFIC for the current taxable year. The status in future years will depend on assets and activities in those years. The Company has no reason to believe that assets or activities will change in a manner that would cause it to be classified as a PFIC, but there can be no assurance that it will not be considered a PFIC for any taxable year. If the Company becomes a PFIC, and you are a US Holder, you generally would be subject to imputed interest charges and other disadvantageous tax treatment (including the denial of the taxation of qualified dividends at the lower rates applicable to long-term capital gains, as discussed above under 'Distributions') with respect to any gain from the sale or exchange of, and certain distributions with respect to, your Shares or ADSs.

If the Company is to become a PFIC, you could make a variety of elections that may alleviate certain tax consequences referred to above, and one of these elections may be made retroactively. However, the Company does not expect that the conditions necessary for making certain of such elections with respect to the Shares or ADSs will be met. You should consult your tax advisor regarding the tax consequences that would arise if the Company is or becomes a PFIC.

Backup withholding tax and information reporting requirements

US backup withholding tax and information reporting requirements generally apply to certain payments to certain holders. Information reporting will apply to the distributions on, and to proceeds from the sale or redemption of, Shares or ADSs made within the United States, or by a US payer or US middleman to a holder of Shares or ADSs, other than an exempt recipient, a payee that is not a US person that provides an appropriate certification and certain other persons. A payer will be required to withhold backup withholding tax from any distributions on, or the proceeds from the sale or redemption of, Shares or ADSs within the United States, or by a US payer or US middleman to a holder, other than an exempt recipient, if such holder fails to furnish its correct taxpayer identification number or otherwise fails to comply with, or establish an exemption from, such backup withholding tax requirements. The backup withholding tax rate is 28% for years through 2012.

Backup withholding is not an additional tax. If you are a US Holder, you generally may obtain a refund of any amounts withheld under the backup withholding rules that exceed your US federal income tax liability by filing a refund claim with the Internal Revenue Service. You will be entitled to credit any amounts withheld under the backup withholding rules against your US federal income tax liability provided that you furnish the required information to the Internal Revenue Service in a timely manner.

The above summary is not intended to constitute a complete analysis of all US federal income tax consequences relating to the acquisition, holding and disposition of Shares or ADSs. We urge you to consult your tax advisor concerning the tax consequences of your particular situation.

Trading markets

Subsea 7 S.A.'s shares trade in the form of ADSs in the United States on NASDAQ under the symbol 'SUBC' and are listed in Norway on Oslo Børs under the symbol 'SUBC', following completion of the combination between Subsea 7 S.A. (formerly Acergy S.A.) and Subsea 7 Inc. on January 7, 2011. The first day of trading in the Shares and ADSs of Subsea 7 S.A. was Monday January 10, 2011. On February 15, 2011, Subsea 7 S.A. commenced procedures to delist from NASDAQ. For more information, refer to Note 40 'Post balance sheet events' to the Consolidated Financial Statements.

Prior to the combination, Subsea 7 S.A.'s shares traded in the form of ADSs in the United States on NASDAQ under the symbol 'ACGY' and the Oslo Børs under the symbol 'ACY.' Subsea 7 Inc.'s shares were listed on the Oslo Børs under the symbol 'SUB' until Subsea 7 Inc.'s shares were delisted on January 7, 2011.

The following table sets forth the high and low last reported prices for Subsea 7 S.A.'s (formerly Acergy S.A.'s) ADSs on NASDAQ and the prices for Subsea 7 S.A.'s (formerly Acergy S.A.'s) and Subsea 7 Inc.'s shares reported on Oslo Børs during the indicated periods.

	Subsea 7 S.A. ADSs NASDAQ Global Select Market		Subsea 7 S.A.shares Oslo Børs	
	High	Low	High	Low
	($)	($)	(NOK)	(NOK)
Monthly highs and lows January 2011 (since January 10, 2011)				
January 2011	25.31	23.12	150.00	132.50

	Acergy S.A. ADSs NASDAQ Global Select Market		Acergy S.A. shares Oslo Børs	
	High	Low	High	Low
	($)	($)	(NOK)	(NOK)
Annual highs and lows (fiscal years)				
2006	20.50	10.76	131.00	70.25
2007	30.66	17.01	170.25	110.50
2008	28.07	3.78	140.00	25.60
2009	15.18	4.33	85.45	31.75
2010	22.78	13.66	134.40	85.60
Quarterly highs and lows				
Fiscal year 2008				
First quarter	23.61	17.40	125.25	94.00
Second quarter	28.07	19.37	140.00	104.00
Third quarter	26.02	15.73	133.00	81.90
Fourth quarter	15.47	3.78	88.70	25.60
Fiscal year 2009				
First quarter	6.77	4.72	46.90	33.45
Second quarter	10.34	4.33	63.50	31.75
Third quarter	11.39	8.64	71.70	57.00
Fourth quarter	15.18	9.61	85.45	59.00
Fiscal year 2010				
First quarter	16.95	14.88	99.90	85.60
Second quarter	20.45	13.97	120.00	90.00
Third quarter	17.92	13.66	110.50	90.00
Fourth quarter	22.78	16.19	134.40	101.20
Monthly highs and lows – since August 2010 to January 7, 2011				
August 2010	17.92	15.00	106.70	93.55
September 2010	18.45	16.19	108.50	101.20
October 2010	20.34	18.93	118.50	110.00
November 2010	22.78	20.07	134.40	123.10
December 2010	24.36	21.32	145.50	130.30
January 2011	25.71	24.79	152.50	144.60

Source: Thomson Reuters

The bid prices reported for these periods reflect inter-dealer prices, rounded to the nearest cent, and do not include retail mark-ups, markdowns or commissions, and may not represent actual transactions.

On January 31, 2011 the last reported sale price of Subsea 7 S.A. ADSs on NASDAQ was $24.50 per ADS and the closing price of Subsea 7 S.A.'s Shares on Oslo Børs was NOK 140.50 per share.

Major shareholders

Subsea 7 S.A. Major Shareholders

Set forth below is information concerning the percentage of voting rights of all persons who held 5% or more of the issued share capital of Subsea 7 S.A., as a result of Completion of the Combination between Subsea 7 S.A. (formerly Acergy S.A.) and Subsea 7 Inc. which occurred on January 7, 2011.

Subsea 7 S.A. - Name of shareholder	Number of shares owned	Percentage of voting rights[b]
Holdings as of January 7, 2011[a]		
Siem Industries Inc.	69,681,932	19.8%
Folketrygdfondet	32,284,762	9.2%

(a) Subsea 7 S.A. was notified that as a result of the completion of the Combination on January 7, 2011 Capital World Investors crossed downwards the 5% threshold reportable pursuant to the Luxembourg law of January 11, 2008 on transparency requirements. At the time of notification they held 13,430,000 Shares or 3.82% of the total voting rights.

(b) All shares carry equal voting rights. The percentage of voting rights shown above represents the number of shares owned as a percentage of issued share capital.

As of January 31, 2011, all of Subsea 7 S.A.'s 351,793,731 common shares were registered in the VPS, in the names of 6,602 shareholders. Excluding issued shares registered in the name of Deutsche Bank Trust Company Americas as depositary for the ADS, it is estimated that the free float of common shares on Oslo Børs was 328,702,856 shares as of January 31, 2011.

At the close of business on January 31, 2011, 351,793,731 Shares were in issue and 339,754,005 Shares were outstanding, including those held through ADSs. Of the issued shares or share equivalents 96,018,660 (27% of the voting rights) were held by 153 holders with registered addresses in the US, including 23,090,875 held in the form of ADSs. Since certain of such shares and ADS are held by nominees, the number of identified holders may not be representative of the number of beneficial owners in the US or the shares held by them.

Documents on display

The Group is subject to the informational requirements of the Exchange Act applicable to foreign private issuers and, in accordance with these requirements, we file reports with the SEC. As a foreign private issuer, we are exempt from the rules under the Exchange Act relating to the furnishing and content of proxy statements, and the Group's officers, Directors and principal shareholders are exempt from the reporting and short swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we are not required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as US companies whose securities are registered under the Exchange Act.

You may read and copy any documents that the Group files with the SEC, including this Report and the related exhibits, without charge at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549-2736. You may also obtain copies of the documents at prescribed rates by writing to the public reference room of the Commission at 100 F Street, N.E., Washington, D.C. 20549-2736.

Please call the Commission at (202) 551 8090 for further information on the public reference room. In addition, the documents incorporated by reference into this Report are publicly available through the web site maintained by the SEC at www.sec.gov.

Documents concerning Subsea 7 S.A. that are referred to in this Report may be inspected at the office 412F, route d'Esch, L-2086 Luxembourg.

Key Investor Information and Contacts

Investor Relations

This section provides an outline of the Group's communication strategy towards shareholders, contact details for the Investor Relations team, Transfer Agents, Registrars and Depositary Bank.

Subsea 7 S.A. is a Company registered in Luxembourg whose stock trades on NASDAQ and the Oslo Børs. On February 15, 2011, Subsea 7 S.A. commenced procedures to delist from NASDAQ. For more information, please refer to Note 40 'Post balance sheet events' to the Consolidated Financial Statements. The Group reports quarterly in accordance with International Financial Reporting Standards.

Subsea 7's Executive Management devotes a considerable amount of their time to communication with shareholders and analysts by means of quarterly earnings reports and associated presentations and conference calls. A playback facility for conference calls is available for seven days after each call and a conference call transcript is published on the Group's website.

Roadshows, by the Chief Executive Officer and Chief Financial Officer in Europe and the United States, take place twice a year, following the full year results published in February and again in September or October. The Investor Relations team is available to meet investors and those who may become investors at any time either in London or elsewhere as necessary.

The Group has three nominated people who manage the dissemination of price sensitive information. These are Jean Cahuzac (Chief Executive Officer), Simon Crowe (Chief Financial Officer) and Karen Menzel (Investor Relations Director). Requests for meetings with Management, questions concerning Group performance or other issues should be made directly through Investor Relations.

The Group's website can be accessed at www.subsea7.com. The Investor Centre provides comprehensive information for investors including financial reports, news and disclosures, analyst coverage and stock price information. An e-mail alert service is provided which notifies those who elect to use this service to new information posted on this site.

Visit our online Annual Report at:

www.subsea7.com

Investor Relations and press enquiries
Shareholders, securities analysts, portfolio managers, representatives of financial institutions and the press may contact:

Karen Menzel
Investor Relations Director
e-mail: karen.menzel@subsea7.com
T: +44 (0) 20 8210 5568

Financial information
Copies of Stock Exchange announcements (including press releases, quarterly and semi-annually earnings releases, Annual Report, Annual Reports on Form 20-F and separate Company financial statements for Subsea 7 S.A.) are available on the Group's website www.subsea7.com or by contacting:

Karen Menzel
Investor Relations Director
e-mail: karen.menzel@subsea7.com
T: +44 (0) 20 8210 5568

Stock listings
Common shares – Traded on Oslo Børs under symbol SUBC and on NASDAQ as an American Depositary Receipt ('ADR') under symbol SUBC. On February 15, 2011, Subsea 7 S.A. commenced procedures to delist from NASDAQ. For more information, please refer to Note 40 'Post balance sheet events' to the Consolidated Financial Statements.

DnB NOR Bank ASA
Standen 21
NO-0021 Oslo
Norway
T: +47 22 48 12 17
F: +47 22 94 90 20

Subsea 7 S.A. has a sponsored Level II ADR facility for which Deutsche Bank Trust Company Americas acts as Depositary. Each ADR represents one (1) ordinary share of the Company. The ADRs are quoted and traded on NASDAQ under the ticker symbol SUBC. Following delisting from NASDAQ the Company's ADR facility will continue as a level I ADR facility for which Deutsche Bank will act as depository. For enquiries, beneficial ADR holders may contact the Deutsche Bank Trust Company Americas Broker Service.

Registered ADR holders may contact the shareholder services:

Deutsche Bank Trust Company Americas
27th Floor
60 Wall Street
New York, NY 10005

Shareholder Service: + 1 866 249 2593 (toll free for U.S. residents only)

Broker Service Desk: +44 207 547 6500 or +1 212 250 9100

Further information is also available at http://www.adr.db.com

Country of incorporation
Luxembourg

Financial Calendar
Subsea 7 S.A. intentions to publish its quarterly financial results for 2011 on the following dates:

Q1 2011 Results	May 11, 2011
Q2 2011 Results	August 10, 2011
Q3 2011 Results	November 2, 2011
Q4 & FY 2011 Results	February 2012

Annual General Meeting
May 27, 2011
412F, route d'Esch
L-2086 Luxembourg

Website
www.subsea7.com

Cross-reference to Form 20-F

This Annual Report contains information for the Company's Annual Report on Form 20-F for 2010 filed with the SEC. The cross-reference table below indicates where each item of Form 20-F is included in this Annual Report. No other information in this document is included in the 2010 Form 20-F or incorporated by reference into any filing by the Company under the Securities Act.

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	3C Reasons for the offer and use of proceeds	Not Applicable	N/A
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14	**Material modifications to the rights of security holders and use of proceeds**	None	–
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Glossary of legal terms

Acergy S.A.	Acergy S.A. prior to the Combination which completed following the closure of the Oslo Børs on January 7, 2011.
ADR	American Depositary Receipt (one Subsea 7 S.A. ADR represents one Subsea 7 S.A. ADS).
ADS	American Depositary Shares of Subsea 7 S.A.
Articles of Incorporation	The articles of incorporation of Subsea 7 S.A.
Board or Board of Directors	The Board of Directors of Subsea 7 S.A.
Combination/Acquisition	The repurchase and cancellation of all of the issued and outstanding ordinary shares in the capital of Subsea 7 Inc., the issue by Subsea 7 Inc. of new ordinary shares to Acergy S.A. (now Subsea 7 S.A.) and the issue of new Acergy Shares to the Subsea 7 Inc. Shareholders, which took place on January 7, 2011 after the close of Oslo Børs. Under IFRS the Combination is accounted for as an acquisition.
Combination Agreement	Business Combination Agreement among Acergy S.A. and Subsea 7 Inc. dated June 20, 2010.
Company	Subsea 7 S.A. (formerly Acergy S.A.)
Dalia	Dalia Floater Angola SNC, TSS and Dalia SNC.
Executive Management Team	The executive management team of Subsea 7 S.A. comprised of the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Executive Vice President – Human Resources, General Counsel and Executive Vice President – Commercial.
Group	Subsea 7 and its subsidiaries.
NASDAQ or NASDAQ GSM	National Association of Securities Dealers Automated Quotations Global Select Market.
NKT Flexibles	NKT Flexibles I/S.
NOK	Norwegian Krone, the lawful currency of Norway.
Oceon	Global Oceon Engineers Nigeria Limited.
Oslo Børs	Oslo Børs ASA, a regulated market for securities trading in Norway.
Relationship Agreement	Relationship Agreement among Subsea 7 Inc. and Acergy S.A. and Siem Industries Inc. dated June 20, 2010.
Report	Subsea 7 S.A. Annual Report and Financial Statements 2010.
SapuraAcergy	SapuraAcergy Assets Pte Limited and SapuraAcergy Sdn Bhd.
SEC	US Securities and Exchange Commission.
Shares	Common shares of Acergy S.A. and/or Subsea 7 S.A.
SHL/Seaway Heavy Lifting	Seaway Heavy Lifting Holding Limited, Seaway Heavy Lifting Limited and Seaway Heavy Lifting Engineering BV.
Sonamet	Investments in Sonamet Industrial S.A and Servicos E Construcoes Petroliferas Lda (Zona Franca Da Madeira).
Subsea 7	Subsea 7 S.A. and its subsidiaries.
Subsea 7 Inc.	Subsea 7 Inc., a company incorporated under the laws of the Cayman Islands registered number MC-115107 with registered offices at the offices of Maples Corporate Services Limited, PO Box 10718, George Town, Grand Cayman, KY1-1106, Cayman Islands.
Subsea 7 S.A.	Subsea 7 S.A. (formerly Acergy S.A.), a company incorporated under laws of Luxembourg registered with the Registre de Commerce et des Sociétés in Luxembourg under number B 43 172 with registered office at 412F, route d'Esch, L-2086, Luxembourg.
UK	The United Kingdom.
US	The United States of America.
VPS	Verdipapirsentralen, the Norwegian central securities depositary.
$ or US Dollars	The lawful currency of the United States of America.
€	Euro, being the lawful currency of the Member States of the European Union that adopted the single currency in accordance with the Treaty of Rome establishing the European Economic Community, as amended.
www.subsea7.com	Website of Subsea 7. The contents of the website are not incorporated by reference.

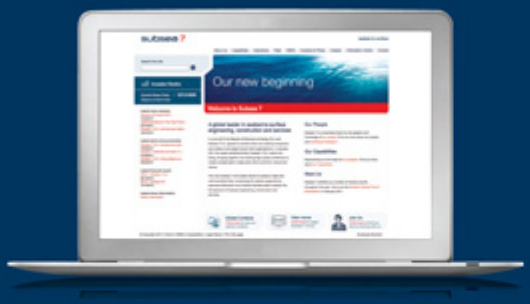
Glossary of business terms

$1 billion facility	The Subsea 7 S.A. $1 billion multi-currency revolving credit and guarantee facility, executed on August 10, 2010.
$400 million facility	The Subsea 7 S.A. $400 million amended and restated revolving credit and guarantee facility. This facility was cancelled on August 10, 2010 and all amounts utilised on the execution date have been transferred to the $1 billion facility.
$200 million facility	The Subsea 7 S.A. $200 million multi-currency revolving guarantee facility. This facility was cancelled on August 10, 2010 and all amounts utilised on the execution date have been transferred to the $1 billion facility.
NOK 977.5 million facility	The Subsea 7 S.A NOK 977.5 million Loan and Guarantee Facility.
Acergy AFMED	Acergy Africa & Mediterranean, which was a business segment in the Group prior to the segment changes from the date of the Combination.
Acergy AME	Acergy Asia & Middle East, which was a business segment in the Group prior to the segment changes from the date of the Combination.
Acergy Corporate	Acergy Corporate, which was a business segment in the Group prior to the segment changes from the date of the Combination.
Acergy NAMEX	Acergy North America & Mexico, which was a business segment in the Group prior to the segment changes from the date of the Combination.
Acergy NEC	Acergy Northern Europe & Canada, which was a business segment in the Group prior to the segment changes from the date of the Combination.
Acergy SAM	Acergy South America, which was a business segment in the Group prior to the segment changes from the date of the Combination.
Adjusted EBITDA	Adjusted earnings before interest, income taxation, depreciation and amortisation ('Adjusted EBITDA') from continuing operations is calculated as net income from continuing operations plus finance costs, other gains and losses, taxation, depreciation and amortisation and adjusted to exclude investment income and impairment of property, plant and equipment and intangibles. Adjusted EBITDA margin from continuing operations is defined as Adjusted EBITDA divided by revenue from continuing operations. Adjusted EBITDA for discontinued operations is calculated as per the methodology outlined above. Adjusted EBITDA for total operations is the total of continuing operations and discontinued operations. Adjusted EBITDA is a non-IFRS measure that represents EBITDA before additional specific items that are considered to hinder comparison of the Group's performance either year-on-year or with other businesses. The additional specific items excluded from adjusted EBITDA are other gains and losses and impairment of property, plant and equipment and intangibles. These items are excluded from Adjusted EBITDA because they are individually or collectively material items that are not considered representative of the performance of the businesses during the periods presented. Other gains and losses principally relate to disposals of property, plant and equipment and net foreign exchange gains (losses), and impairments of property, plant and equipment represent the excess of the assets' carrying amount that is expected to be recovered from their use in the future.
Backlog	Expected future revenue under in hand projects only where an award has been formally signed. Backlog relating to discontinued operations and Backlog awarded to associates/joint ventures are excluded from Backlog figures, unless otherwise stated.
Conventional or Conventional Field Development	The projects relating to the fabrication and installation of fixed platforms and their umbilicals, flowlines and associated pipelines (surface/shallow water developments).
Conventional Refurbishment	The maintenance and refurbishment of Conventional topside facilities.
Day Rate contract	A contract in which the contractor is remunerated by the customer at an agreed daily rate (often with agreed escalations for multi-year contracts) for each day of use of the contractor's vessels, equipment, personnel and other resources and services utilised on the contract. (Such contracts may also include certain Lump Sum payments e.g. for activities such as mobilisation and demobilisation of vessels and equipment.)
Decommissioning	The taking out of service of production facilities at the end of their economic lives and their removal or partial removal from offshore for recycling and/or disposal onshore.
DP	Dynamic Positioning.
DP3	Class 3 Dynamic Positioning. (DP3 is the highest equipment class for dynamic positioning and requires vessels to maintain automatic and manual position and heading control under specified maximum environmental conditions, during and following any single fault including loss of a compartment due to fire or flood. It further requires at least two independent computer systems with a separate backup system separated by A60 class division.)

DSV	Diving Support Vessel.
E&P	Exploration and Production.
EBITDA	Earnings before interest, taxes, depreciation and amortisation.
EBT	Employee benefit trust.
EEA	The European Economic Area.
EPIC	Engineering, Procurement, Installation and Commissioning.
Flowline	A pipeline carrying oil, gas or water that connects the subsea wellhead to a manifold or to surface production facilities.
FPSO	A floating production, storage and offloading unit. A floating vessel used by the offshore industry for the processing and storage of oil and gas.
HMRC	Her Majesty's Revenue & Customs, the principal tax authority in the United Kingdom.
IFRS	The International Financial Reporting Standards as adopted by the European Union.
IMR	Inspection, Maintenance and Repair (see also definition of 'Life-of-Field').
i-Tech	A division of Subsea 7 that provides remotely operated vehicles and remote intervention tooling services to the global exploration & production industry.
J-Lay	A pipelay method consisting of welding single lengths of steel pipe onboard a pipelay vessel (either into double, quadruple or hex joints) and lowering the double/quad/hex length of pipeline vertically either through the vessel's moonpool or over the side of the vessel to the seabed, then repeating the process.
LIBOR	London InterBank Offered Rate. A daily reference rate based on the interest rates at which banks borrow unsecured funds from other banks in the London wholesale money market.
Life-of-Field or LoF	The term used to describe the range of subsea engineering, project management and execution services related to the delivery of integrity management, intervention and construction services that are required to ensure that the life of a producing field is maintained, enhanced or extended. (Also sometimes referred to as 'IMR').
LNG	Liquefied natural gas which is natural gas (predominantly methane) that has been converted temporarily to liquid form for ease of storage or transport.
Lump Sum contract	A contract in which the contractor is remunerated by the customer at a fixed Lump Sum price which is deemed to include the contractor's costs, profit and contingency allowances for risks. Any over-run of costs experienced by the contractor arising from, for example, an over-run in schedule due to poor execution or increases in costs of goods and services procured from third-parties, unless specifically agreed with the customer in the contract, is for the contractor's account.
NIBOR	The Norwegian InterBank Offered Rate. A daily reference rate based on the interest rates at which banks borrow unsecured funds from other banks in the Norwegian wholesale money market.
NOLs	Net Operating Losses.
OECM	Offshore engineering, construction, and maintenance.
PFIC	A passive foreign investment company for US federal income tax purposes.
PLEMs	Pipeline End Manifolds.
PLETs	Pipeline End Terminations.
Riser	A pipe through which liquid travels upward from the seabed to a surface production facility.
ROV(s)	Remotely Operated Vehicle(s).
S-Lay	A pipelay method consisting of continuously welding single lengths of steel pipe onboard a pipelay vessel and feeding them in a horizontal manner typically over the stern of the vessel on a ramp ('stinger') from where the pipe, under its own weight, forms an 'S'-shaped catenary as it is lowered to the seabed.
Spoolbase	A shore-based facility used to facilitate continuous pipe laying for offshore oil and gas production. A spoolbase facility allows the welding of single joints of pipe, predominantly steel pipe of 4" to 18" diameter, into predetermined lengths for spooling onto a pipe-laying vessel.

Glossary of business terms continued

Subsea Field Projects	The range of subsea engineering, design, project management, fabrication and installation services related to the development of new subsea oil and gas fields. The principal services relate to rigid and flexible pipelines, risers, umbilicals and associated construction activities.
SURF, or Subsea Umbilicals, Risers and Flowlines	Subsea Umbilicals, Risers and Flowlines, which includes infrastructure related to subsea trees or floating production platforms, regardless of water depth, including pipelines, risers, umbilicals, moorings, and other subsea structures such as PLEMs and PLETs .
Survey	The term used to describe platform and pipeline inspection and construction support (including pre-lay, as-laid and as-trenched-surveys, spool metrology, deepwater positioning and light installation works).
Territory 1	Comprises Acergy NEC, and Acergy AME.
Territory 2	Comprises Acergy AFMED, Acergy NAMEX and Acergy SAM.
Tonnage Tax	An optional tax regime for shipping companies offered by HMRC that was introduced into the UK tax system as part of Finance Act 2000.
Trunkline	The projects relating to the installation of large diameter export pipelines worldwide (typically pipelines in excess of 24”).
Total Shareholder Return	A measure to show returns an investor would realise from holding shares in a company and is defined as ((price at end of fiscal year – price at beginning of fiscal year) + dividend paid in year)/price at beginning of fiscal year.
Umbilical	An assembly of hydraulic hoses, which can also include electrical cables or optic fibres, used to control subsea structures from an offshore platform or a floating vessel.



Find out more at www.subsea7.com

To keep up to date with Subsea 7, you can find out more about the Group through our website and sign up for email alerts to keep up to date on our latest news.

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www.subsea7.com

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

Subsea 7 S.A.

By: /s/ Kristian Siem
Name: Kristian Siem
Title: Chairman of the Board

By: /s/ Simon Crowe
Name: Simon Crowe
Title: Chief Financial Officer

Date: March 2, 2011

Exhibits

1.1 Amended Articles of Incorporation of Subsea 7 S.A., dated as of January 11, 2011, filed herewith.

2.2 Form of Supplemental Agreement to Deposit Agreement by and among the Registrant, Deutsche Bank Trust Company Americas, as successor depositary, and all holders and beneficial owners from time to time of American Depositary Shares evidenced by American Depositary Receipts issued thereunder. Incorporated by reference to Exhibit 99.A2 to the Registrant's Registration Statement on Form F-6 (File No. 333-123139) filed with the Securities and Exchange Commission on March 4, 2005.

2.3 Form of American Depositary Receipt (included in Exhibit 2.2).

2.4 Form of Indenture for the issuance of senior debt securities (including the form of senior debt securities). Incorporated by reference to Exhibit 4.2 of the Registrant's registration statement on Form F-3/A (Registration No. 333-86288), filed with the Securities and Exchange Commission on July 31, 2002.

2.5 Form of Indenture for the issuance of subordinated debt securities (including the form of subordinated debt securities). Incorporated by reference to Exhibit 4.3 of the Registrant's registration statement on Form F-3/A (Registration No. 333-86288), filed with the Securities and Exchange Commission on August 29, 2002.

2.6 Trust Deed, dated as at October 11, 2006, by and among the Registrant and The Bank of New York. Incorporated by reference to Exhibit 2.6 to the Registrant's Annual Report on Form 20-F (File No. 000-21742) filed with the Securities Exchange Commission on April 18, 2007.

2.7 US$275,000,000 Bond Issue among Subsea 7 Inc. (Borrower and Subsea 7 S.A. (Co-Borrower) and Norsk Tillitsmann ASA (Loan Trustee), dated January, 6, 2011, filed herewith.

2.8 Deed Poll, dated at January, 6, 2011 among Acergy S.A. (as the Company) and Subsea 7 Inc. (as the Issuer), filed herewith.

4.1 Amendment and Restatement Deed dated August 10, 2006. Incorporated by reference to Exhibit 99.1 of the Registrant's Form 6-K, filed with the Securities and Exchange Commission on August 22, 2006.

4.2 US$1,000,000,000 Multicurrency Credit and Guarantee Facility Agreement among Subsea 7 Treasury (Uk) Limited (Borrower), Subsea 7 S.A., Acergy Shipping Limited and Class 3 Shipping Limited (Guarantors), arranged by ING Bank N.V. and DNB NOR Bank ASA with ING Bank N.V. (Agent) and Nordea Bank Finland PLC (Issuing Bank), dated August 10, 2010, filed herewith.

4.3 Relationship Agreement Subsea 7 Inc. and Acergy S.A. and Siem Industries Inc. as dated on June 20, 2010, filed herewith.

4.4 Business Combination between Acergy S.A and Subsea 7 Inc. as dated June 20, 2010, filed herewith.

8.1 Significant subsidiaries as at the end of the year covered by this Report: see page 158 "Significant Subsidiaries."

9.1 Consent of Deloitte LLP, Independent Registered Public Accounting Firm.

12.1 Certification of the principal executive officer required by Rule 13a-14(a) or Rule 15d-14(a), pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

12.2 Certification of the principal financial officer required by Rule 13a-14(a) or Rule 15d-14(a), pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

13.1 Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted

pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*

13.2 Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*

14.1 Consent of Elvinger, Hoss & Prussen.

15.1 Management's Report on Internal Control over Financial Reporting.

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* This document is being furnished in accordance with SEC Release Nos. 33-8212 and 34-47551.

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1.1 Amended Articles of Incorporation of Subsea 7 S.A., dated as of January 11, 2011, filed herewith.

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Exhibit 1.1

Articles of Incorporation of Subsea 7 S.A.

"CHAPTER 1. NAME, REGISTERED OFFICE, OBJECTS, DURATION

Article 1: There is incorporated a Luxembourg company in the form of a public limited liability company under the name of "Subsea 7 S.A.".

Article 2: The registered office of the Company is situated in Luxembourg. It may be transferred to any other place in the Grand Duchy of Luxembourg by resolution of the Board of Directors.

When extraordinary events of political, economic or social policy occur or shall be imminent, which might interfere with the normal business at the registered office or with the easy communication between such office and foreign parts, the registered office may be declared to have been transferred abroad provisionally until the complete cessation of these abnormal circumstances; without this measure, however, having any effect on the nationality of the Company, which, notwithstanding this provisional transfer of the registered office, shall remain of Luxembourg nationality.

A similar declaration of the transfer of the registered office of the Company shall be made and brought to the attention of third parties by one of the representatives of the Company, which has power to bind it for current and everyday acts of management.

The Board of Directors shall also have the right to set up offices, administrative centers, agencies and subsidiaries wherever it shall see fit, either within or outside the Grand Duchy of Luxembourg.

Article 3:

3.1. The objects of the Company are to invest in subsidiaries which will provide subsea construction, maintenance, inspection, survey and engineering services, predominantly for the offshore oil and gas industry.

More generally, the Company may participate in any manner in all commercial, industrial, financial and other enterprises of Luxembourg or foreign nationality through the acquisition by participation, subscription, purchase, option or by any other means of all shares, stocks, debentures, bonds or securities; the acquisition of patents and licenses which it will administer and exploit; it may lend or borrow with or without security, provided that any monies so borrowed may only be used for the purposes of the Company, or companies which are subsidiaries of or associated with or affiliated to the Company; in general it may undertake any operations directly or indirectly connected with these objects.

Transitional provision

Until the earlier of (i) midnight 31 December 2010 or (2) the relinquishing of the special regime provided by the Law on holding companies of the thirty-first of July, nineteen hundred and twenty-nine pursuant to a decision by the Board of Directors – duly authorised hereto by the Shareholders at a general meeting – (such date the "Relevant Date") the foregoing paragraph will include the following provision:

whilst nevertheless remaining within the limits set out by the law on holding companies of the thirty-first of July, nineteen hundred and twenty-nine.

3.2 As from (but not including) the Relevant Date the object of the Company shall be as follows:

The objects of the Company are to invest in subsidiaries which predominantly will provide subsea construction, maintenance, inspection, survey and engineering services, in particular for the offshore oil and gas and related industries.

The Company may further itself provide such subsea construction, maintenance, inspection, survey and engineering services, and services ancillary to such services.

The Company may, without restriction, carry out any and all acts and do any and all things that are not prohibited by law in connection with its corporate objects and to do such things in any part of the world whether as principal, agent, contractor or otherwise.

More generally, the Company may participate in any manner in all commercial, industrial, financial and other enterprises of Luxembourg or foreign nationality through the acquisition by participation, subscription, purchase, option or by any other means of all shares, stocks, debentures, bonds or securities; the acquisition of patents and licenses which it will administer and exploit; it may lend or borrow with or without security, provided that any monies so borrowed may only be used for the purposes of the

Company, or companies which are subsidiaries of or associated with or affiliated to the Company; in general it may undertake any operations directly or indirectly connected with these objects.

The Board of Directors is authorised by the shareholders at a general meeting held on November 9, 2010 to delete paragraph 3.1 following the occurrence of the Relevant Date.

Article 4: The Company is incorporated for an unlimited period. It may be wound up in accordance with legal requirements.

CHAPTER 2. CAPITAL, SHARES, BOND-ISSUES

Article 5: The authorised capital of the Company is fixed at Nine Hundred Million United States Dollars (U.S. $900,000,000) to be represented by (a) Four Hundred and Fifty Million (450,000,000) Common Shares, par value Two United States Dollars (U.S. $2.00) per share. Any authorised but unissued Common Shares shall lapse five (5) years after the publication in the Mémorial C, Recueil des Sociétés et Associations of the deed enacting the general meeting of shareholders held on November 9, 2010.

The issued capital of the Company is set at Three Hundred and Eighty-Nine Million Nine Hundred and Seven Thousand Nine Hundred and Forty-Four United States Dollars (U.S. $389,907,944) represented by One Hundred and Ninety-Four Million Nine Hundred and Fifty-Three Thousand Nine Hundred and Seventy-Two (194,953,972) Common Shares, par value Two United States Dollars (U.S. $ 2.00) per share, all of said shares being fully paid.

The Board of Directors or delegate(s) duly appointed by the Board may from time to time issue shares against contributions in kind or cash out of the total authorised shares at such times and on such terms and conditions, including the issue price, as the Board or its delegates may in its or their discretion resolve. The holders of Common Shares shall be entitled to pre-emptive rights in respect of any future issue of Common Shares for cash. The Board of Directors may suppress the pre-emptive rights of the shareholders to the extent it deems relevant, in particular:

(a) to issue Common Shares for cash whether in a private transaction or in a public offering at such price as determined by the Board of Directors of the Company (including below market value if deemed by the Board of Directors to be in the best interest of the Company) in order to enlarge or diversify the shareholder base through the entry of new investors, and

(b) to issue, or offer to issue, Common Shares in connection with participation, financing, joint venture or other strategic proposals, strategies or projects and/or to secure financing if the Board of Directors of the Company determines same to be in the best interest of the Company (including below market value if deemed by the Board of Directors to be in the best interest of the Company), provided that no Common Shares shall be so issued pursuant to subsections (a) or (b) hereof at a price of less than seventy-five percent (75%) of the market value determined by the average closing price for such

Common Shares on the Oslo Stock Exchange (or the average closing price for American Depositary Shares (ADSs) on The Nasdaq Stock Market, Inc., if applicable) for the ten most recent trading days prior to such transaction, and further provided that Common Shares shall be issued otherwise on the terms and conditions set forth in the report by the Board of Directors to the general meeting as prescribed by law, including where the issue price is less than the "par value" of a Common Share (U.S. $2.00), the Board of Directors shall be authorised to proceed with any such transaction and to transfer from the "paid-in" surplus ("free reserves") account of the Company to the "par value" account of the Company any such deficiency between the par value and the issue price of any such shares, such action to be effective for a further five year period from the date of publication of the minutes of the Extraordinary General Meeting of shareholders of November 9, 2010.

Each time the Board of Directors or its delegate(s) shall have issued authorised Common Shares and accepted payment therefore, this Article shall be amended to reflect the result of such issue and the amendment will be recorded by notarial deed at the request of the Board of Directors or its delegates.

In addition to the authorised Common Shares set forth above, there shall also be authorised one million five hundred thousand (1,500,000) Class A Shares, par value U.S. $2.00 per share. Such Class A Shares have been authorised for the sole purpose of options granted under the Company's

existing stock option plan in respect of the shares of the Company, and may not be used for any other purpose. The rights, preferences and priorities of such Class A Shares are set forth in Article 37 hereof. All such Class A Shares shall convert to Common Shares immediately upon issuance. Such authorised Class A Shares shall exist only for the period of time specified in Article 37 hereof and shall expire, without further action, on such date. Prior thereto, any authorised but unissued Class A Shares shall lapse five (5) years after publication of the Articles of Incorporation, or any amendment, in the Memorial, subject to extension up to the final expiry date as provided in Article 37 hereof. As from 1st January 2011, this paragraph will be deemed deleted from the Articles.

Article 6: Any share premium which shall be paid in addition to the par value of the Common Shares shall be transferred to paid-in surplus.

Article 7: Common Shares being fully paid up shall not be subject to any restriction in respect of their transfer. However, such shares shall be subject to the restrictions on shareholdings set forth in Article 33 hereof until (and including) the Relevant Date, following which this sentence shall be deemed to be deleted from these Articles.

Article 8: The Common Shares shall be issued in registered form only. Registered share certificates will only be issued if required by rules or regulations of Stock Exchanges on which Common Shares are listed. The share certificates shall be signed manually or by facsimile by two

directors of the Company. Confirmation of entry in the Share Register (the "Register") or other evidence of ownership will be issued for Common Shares and shall be in such form and shall bear such legends and such numbers of identification as shall be determined by the Board of Directors. The Board of Directors may provide for compulsory authentication of the share certificates by the Registrar(s) or Authentication Agents.

All Common Shares in the Company shall be registered in the Register(s) in paper or electronic form which shall be kept by or under authority of persons designated therefore by the Company or other Agents. Such Register(s) shall contain the name of each holder of Common Shares, his residence and/or elected domicile and the number of Common Shares held by him and other information as may be required from time to time by applicable law.

The Company may appoint registrars or agents in different jurisdictions who will each maintain a separate Register for the Common Shares entered therein and the holders of Common Shares may elect to be entered in one of the Registers and to be transferred from time to time from one Register to another Register. The transfer to the Register kept at the registered office of the Company in Luxembourg may always be requested by any shareholder.

On transfers of Common Shares, new confirmation of entry or other evidence of ownership in respect of Common Shares transferred and retained, respectively, shall be issued in each case without charge to the holder thereof.

Transfers of Common Shares shall be effected upon delivery to its relevant appointed registrars or agents of confirmation of entry or other evidence of ownership together with a declaration of transfer, dated and signed by the transferor and transferee, or by persons holding suitable powers of attorney to act therefor, in each case in such form and with such evidence of authority as shall be satisfactory to the Company.

Except as provided in Article 11 hereof, the Company may consider the Person in whose name the Common Shares are registered in the Register(s) as the full owner of such Common Shares. The Company shall be completely free of responsibility in dealing with such Shares towards third parties and shall be justified in considering any right, interest or claims of such third parties in or upon such Common Shares to be nonexistent, subject, however, to any right which such person might have, to demand the registration or change in registration of Common Shares.

In the event that a holder of Common Shares does not provide any address to which all notices or announcements from the Company may be sent, the Company may permit a notice to this effect to be entered into the Register(s) and such holder's address will be deemed to be at the registered office of the Company or such other address as may be so entered by the Company from time to time, until a different address shall be provided to the Company by such holder. The holder may, at any time, change his address as entered in the Register(s) by means of written notification to the Registrar.

Lost, stolen or mutilated share certificates for Common Shares, if any, will be replaced by the Registrar who issued the share certificates in the first place upon such evidence, undertakings and indemnities as may be deemed satisfactory to the Company, provided that mutilated share certificates shall be delivered before new share certificates are issued.

Article 9: Each Common Share is entitled to one vote at all meetings of shareholders, except as may be otherwise provided in these Articles of Incorporation and by applicable law.

Article 10: Without prejudice to the provisions of Article 5 hereof, the authorised or issued capital of the Company may be increased in one or more installments by resolution of shareholders adopted in the manner required for amendment of these Articles of Incorporation or as otherwise provided by applicable law.

Article 11: The Common Shares shall be indivisible as far as the Company is concerned. Absent any contrary instruction received by the Registrar or Agent only the first titleholder entered in the Register will be recognised for the entitlement to any voting or other rights pertaining to the Common Shares and only such titleholder will receive communication and notices from the Company.

Notwithstanding the foregoing, the Company has the authority to suspend the exercise of all rights attached to such share(s) until one person has been appointed titleholder with regard to such Common Share(s).

The same rule may be applied in the case of a conflict between an usufructuary and a bare owner or between a pledgor and a pledgee unless the documents produced to the Company provide differently.

The Company shall not issue fractions of Common Shares. The board will also have the right at its discretion to deal with fractions and entitlements, legal or regulatory problems or difficulties for the requirement of any regulatory body or stock exchange or in relation to any practical problems or difficulties in any foreign territory and provide for the payment of cash.

Article 12: The board of directors may resolve the issuing of bonds and debentures and the contracting of loans convertible into Common Shares or exchangeable in other equity or debt securities in particular with or without subscription rights or warrants attached and which may be in bearer or other form in any denomination if applicable and payable in any currency.

The Board of Directors shall fix the rate of interest, conditions of issue, the conversion price and repayment and all other terms and conditions thereof. Notwithstanding articles 5a and 5b, the Board has full discretion in determining the conversion price.

If certificates for bonds or debentures shall be issued, they shall be signed by two Directors of the Company, manually or by facsimile.

CHAPTER 3. ADMINISTRATION

Article 13: The Company shall be managed by a Board of Directors composed of members who need not be shareholders of the Company.

The Board of Directors shall be composed of not less than three (3) persons who shall be elected in accordance with the provisions of this Article 13.

The Directors shall be appointed by the general meeting of shareholders for such term not to exceed two (2) years as the meeting may decide.

The Company may, by a resolution of the general meeting of shareholders, dismiss any Director before the expiry of the term of his office, notwithstanding any agreement between the Company and such Director. Such dismissal may not prejudice the claims that such Director may have for indemnification as provided by Article 21 or for a breach of any contract existing between him and the Company.

The Directors may be re-elected. The term of office of Directors shall end immediately after the ordinary general meeting in the year of the expiry thereof and their successors have been elected and at least three (3) directors have accepted.

In the case where the office of a Director shall become vacant following death, resignation or otherwise, the remainder of the Directors may convene and elect on the majority of votes thereat, a Director to carry out the duties attaching to the office becoming vacant, to hold such office until the next meeting of shareholders.

With the exception of a candidate recommended by the Board of Directors or a Director whose term of office shall expire at a general meeting of shareholders, no candidate may be appointed unless three days at least before the date fixed for the meeting and twenty-two days at the most before this date a written declaration, signed by a shareholder duly authorised, shall have been deposited at the registered office of the Company, and in the terms of which he intends to propose the appointment of this person together with a written declaration, signed by the candidate in question, expressing the wish of the candidate to be appointed.

Article 14: The Board of Directors shall elect a Chairman from among its members.

The Board of Directors shall elect a Senior Independent Director from among its independent members to provide a sounding board for the Chairman and to serve as an intermediary for the other directors if necessary.

Article 15: The Board of Directors shall convene on the notice of the Chairman of the Board of Directors or of any two Directors.

Meetings of the Board of Directors shall be chaired by the Chairman.

Should the Chairman not be available at a meeting, the Senior Independent Director, or, in his absence, the Managing Director (if there is one), or in his absence, the most senior Director in office present at the meeting, shall act in his stead.

Meetings shall be held at the place, on the day and at the time set out in the convening notice.

The Board of Directors may only deliberate validly if the majority of its members shall take part in the proceedings by voting personally, by telephone or by video conference or by proxy given in writing, by telegram, fax or e-mail.

A proxy may only be given to another Director, but a Director may receive and vote any number of proxies.

Decisions of the Board of Directors shall be taken by a majority of the votes cast by the Directors present or represented at a meeting. No Director (including the Chairman) shall have a casting vote.

Meetings of the Board of Directors may be validly held at any time and in all circumstances by means of telephonic conference call, videoconference or any other means, which allow the identification of the relevant Director and which are continuously on-line. A Director attending in such manner shall be deemed present at the meeting.

Resolutions signed by all members of the Board will be as valid and effective as if passed at a meeting duly convened and held. Such signatures may appear on a single document or multiple copies of an identical resolution and may be evidenced by letters, cables, telexes or faxes.

Any Director may, simultaneously with his office of Director, be employed by the Company in any other capacity (except the office of Auditor) or remunerated for a duration and on conditions that the Board of Directors shall determine and shall receive in respect thereof a special remuneration (by way of salary, commission, share

in the profits or otherwise) to be determined by the Board, subject to ratification by the general meeting of shareholders, and such special remuneration shall be added to any remuneration provided for by virtue of, or arising from any other provision of, these Articles of Incorporation or pursuant to resolutions of shareholders adopted in a general meeting.

No Director may be counted for the quorum present, nor cast a vote in respect of Board resolutions, that shall relate to his own appointment to an office or position being remunerated within the Company or which shall lay down or amend the conditions thereof.

Any Director who, when a contract or an agreement shall be submitted for approval of the Board of Directors, has a personal interest contrary to that of the Company, must inform the Board of Directors and require that this information be entered in the minutes of the meeting. This Director may not deliberate or vote in respect of such contract or agreement and he shall not be counted for purposes of whether a quorum is present. At the next meeting of shareholders and before any vote in respect of any other resolution, a report must be made on any contract or agreement in respect of which a Director shall have had an interest contrary to that of the Company. The provisions of this paragraph shall not apply where a Director owns less than five percent of the company or other entity whose contract or agreement with the Company is submitted for approval by the Board of Directors.

Article 16: The minutes of any meeting of the Board of Directors shall be signed by the Chairman and the Secretary of such meeting.

Copies of or extracts from such minutes or of resolutions signed by all members of the Board shall be signed by the Chairman of the Board of Directors or by the Managing Director (if there is one) or by two Directors.

Article 17: The Board of Directors has the widest powers to carry out any acts of management or of disposition that shall interest the Company. All that is not expressly reserved for the general meeting by law or by these Articles of Incorporation is intra vires the Board.

The Board shall represent the Company vis-a-vis third parties, authorities and governments and exercise any actions, both as plaintiff and as defendant, before any courts, obtain any judgments, decrees, decisions, awards and proceed therewith to execution, acquiesce, compound and compromise, in any event, in respect of any corporate interests.

Article 18: The Board of Directors may delegate all or part of its powers, including the power to represent the Company in its daily business, either to an executive committee, whether formed from among its own members or not, or to one or more Directors, managers or other agents, who need not be shareholders in the Company. The Board shall decide the powers and remuneration attached to any such delegation of authority.

The Board of Directors may set up different committees including without limitation a management committee, an audit committee, a

corporate governance and nominations committee and a remuneration committee. Each such committee shall be composed as the Board of Directors determines provided that no Director who directly or indirectly (through his Associates or Affiliates or otherwise) owns more than ten percent of the Common Shares in the Company may be appointed as the chairman of the corporate governance and nominations committee. The Board of Directors may appoint Directors as well as persons who are not Directors to the committees. Any committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations which may be imposed on it by the Board of Directors and their composition and functioning, as well as the definition of "independent director" for the purposes hereof, shall at all times comply with the rules and codes of corporate governance of the stock exchange on which the Company is primarily listed.

Any Director designated as the Managing Director of the Company shall be given all necessary powers as are required for purposes of the daily business and affairs of the Company.

The Board may also confer any special powers upon one or more attorneys of its choice.

Article 19: Without prejudice to the performance of the duties delegated, any transaction which binds the Company must, to be valid, be signed by either the Chairman or by two Directors. These signatories shall not be required to prove to third parties that they hold the powers under which they are acting.

Article 20: No contract or other transaction between the Company and any other Corporation or entity shall be affected or invalidated by the fact that any one or more of the Directors or officers of the Company is interested in or is a Director or employee of such other Corporation or entity. Any Director or officer of the Company who serves as director, officer or employee of any corporation or entity with which the Company shall contract or otherwise engage in business shall not by reason of such affiliation with such other corporation or entity be prevented from considering and voting or acting upon any matters with respect to such contracts or other business.

All transactions, deeds and acts between the Company and any shareholder, or with any company which is directly or indirectly controlled by a shareholder, or which a shareholder has a direct or indirect interest in or a commercial relationship with, shall be carried out on an arm's length basis.

Any transaction other than in the ordinary course of business between the Company or a member of its Group and a person or entity (i) which holds or controls, alone or in concert with others or otherwise as referred to in article 9 of the law of 11th January 2008 on transparency obligations (as such law may be amended or replaced), at least 5% of the voting rights in the Company, or who is represented at the Board by a Director, or (ii) in which a Director has a direct or indirect interest in excess of 20% of such entity's shares, must be approved by a majority of the unaffected independent Directors.

The affected Director(s) may not deliberate or vote in respect of such transaction and shall not be counted for purposes of whether a quorum is present. Without prejudice to the generality of the foregoing, any transaction where a Director has a personal interest contrary to that of the Company as referred to in Article 15, must be approved as provided in this paragraph.

Article 21: Subject to the exceptions and limitations listed below:

(i) Every person who is, or has been, a Director or officer of the Company shall be indemnified by the Company to the fullest extent permitted by law against liability and against all expenses reasonably incurred or paid by him in connection with any claim, action, suit or proceedings in which he becomes involved as a party or otherwise by virtue of his being or having been such Director or officer and against amounts paid or incurred by him in the settlement thereof.

(ii) The words “claim”, “action”, “suit” or “proceeding” shall apply to all claims, actions, suits or proceedings (civil, criminal or otherwise, including appeals), actual or threatened and the words “liability” and “expenses” shall include without limitation attorney’s fees, costs, judgments, amounts paid in settlement and other liabilities.

No indemnification shall be provided to any Director or officer:

(i) Against any liability to the Company or its shareholders by reason of willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his office;

(ii) With respect to any matter as to which he shall have been finally adjudicated to have acted in bad faith and not in the interest of the Company; or

(iii) In the event of a settlement, unless the settlement has been approved by a Court of competent jurisdiction or by the Board of Directors of the Company.

The right of indemnification herein provided shall be severable, shall not affect any other rights to which any Director or officer of the Company may now or hereafter be entitled, shall continue as to a person who has ceased to be such Director or officer of the Company and shall inure to the benefit of the heirs, executors and administrators of such person. Nothing contained herein shall affect any rights to indemnification to which corporate personnel, including Directors and officers, may be entitled by contract or otherwise under law.

Expenses in connection with the preparation and representation of a defense of any claim, action, suit or proceeding of the character described in this Article 21 may be advanced by the Company prior to final disposition thereof upon receipt of any undertaking by or on behalf of the officer or Director, to repay such amount if it is ultimately determined that he is not entitled to indemnification under this Article 21.

Article 22: The general meeting may allot to the directors fixed or proportional emoluments and fees which shall be recorded in the books under the heading of general expenses.

CHAPTER 4. GENERAL MEETING

Article 23: The general meeting properly constituted represents the whole body of shareholders. Its decisions are binding on shareholders who are absent, opposed or abstaining from voting.

The general meeting has the broadest powers to do or ratify all acts which concern the Company.

Article 24: The annual general meeting shall ipso facto convene in the municipality of the registered office on the fourth Friday in May 2011 and, thereafter in June of each year, at 3 p.m. Should this be a holiday, the meeting will take place on the first following working day, at the same time.

The annual general meeting will hear the statement of the Board of Directors and the Auditors, vote on the adoption of such report and the accounts and on the distribution of profits, proceed to make all nominations required by the Articles of Incorporation, act on the discharge of the Directors and the Auditors, and take such further action on other matters that may properly come before such meeting.

Any other general meetings shall be held either at the registered office or at any other place stated in the convening notice made by the Board of Directors.

Article 25: The Board of Directors shall be responsible for calling both ordinary and extraordinary general meetings.

The Board shall be obligated to call a general meeting, to be held within thirty (30) days after receipt of such request, whenever a group of shareholders representing at least one-tenth of the issued and outstanding shares entitled to vote thereat requests such a meeting in writing indicating the agenda thereof. General meetings may also be called by the Chairman or any two Directors.

Article 26: General meetings shall be chaired by the Chairman or, in his absence, by a Director or other person appointed by the Board.

The agenda of general meetings shall be prepared by the Board. The agenda must be set forth in the convening notice for the meeting and no point not appearing on the agenda may be considered, including the dismissal and appointment of Directors, without prejudice to rights which may be granted by law to shareholders to propose additional items to the agenda of the meeting or to propose draft resolutions.

The participants in the meeting may, if they deem fit, choose from their own number, two scrutineers. The other members of the Board of Directors present will complete the bureau of the meeting. A record will be taken of those shareholders present and represented, which will be certified as correct by the bureau.

Annual general meetings or extraordinary general meetings shall only be validly constituted and may only validly deliberate by complying with applicable legal provisions.

Notices for general meetings shall be given by advertisement in such media as selected by the Board of Directors and :

a) by e-mail to shareholders who have indicated in the Register an e-mail address, sent not later than twenty one (21) days before the date set for the meeting. Notices hereunder shall be deemed given when the e-mail was sent by the relevant Registrar or Agent; or

b) by mail, postage prepaid, to all holders of Common Shares, sent to the address recorded in the Register(s), and posted not later than twenty one (21) days before the date set for the meeting. Notices hereunder shall be deemed to be given when deposited in the mail as aforesaid.

Notices for a second meeting for lack of quorum at a first meeting and the related record date will be as determined by law.

General meetings, both ordinary and extraordinary, may convene and their discussions shall be valid, even if no previous notice of meeting has been given, on any occasion when all the shareholders entitled to vote thereat shall be present or represented and agree to discuss the matters shown in the agenda.

A shareholder may be represented at a general meeting by a proxy who need not be a shareholder and the proxy holder may represent an unlimited number of shareholders. Written proxies for any general meeting of shareholders shall be deposited with the Company at its registered office or with any Director at least two (2) days before the date set for the meeting, unless the Company determines a shorter period. Proxies so

deposited will remain valid and will be used at any postponed meeting for lack of quorum or pursuant to a resolution of the Board of Directors unless specifically revoked before the date of such postponed meeting.

The Board of Directors may also organise the possibility to vote by correspondence and supply adequate forms.

During meetings, each member of the meeting shall have as many votes as the number of Common Shares that he represents, both in his name and as proxy. A shareholder may be accompanied at any meeting by an expert or advisor of his choice.

Article 27: The Board of Directors may fix in advance a date, not exceeding such period as may be provided by law preceding the date of any meeting of shareholders or the date for the payment of any dividend or the date for the allotment of rights or the date when any change or conversion or exchange of shares shall go into effect, or may fix a date in connection with obtaining any consent of shareholders, as a record date for the determination of the shareholders entitled to notice of any such meeting, or to receive payment of any such dividend, or to receive any such allotment of rights, or to exercise the rights in respect of any such change, conversion or exchange of shares or to give such consent notwithstanding any transfer of any Common Shares on the register of the Company after any such closing or record date.

Notwithstanding the provisions of the foregoing paragraph of this Article 27, the fixing of a

record date shall be in conformity with the law and the requirements of any exchange(s) on which the Common Shares of the Company may be listed.

Any shareholder who is not a natural person may give a power of attorney to an authorised agent duly authorised for this purpose.

The Board of Directors may organise participation of the Shareholders in general meeting by electronic means.

CHAPTER 5. TRADING YEAR, ANNUAL REPORT, AUDIT, DISTRIBUTION OF PROFITS AND THE RESERVES

Article 28: The financial year starting on 1st December 2010 will end on 31st December 2011. Thereafter, the Company's financial year shall begin on the first day of January and end on the 31st day of December in each year.

Article 29: For each financial year, the Board of Directors shall prepare a balance sheet of assets and liabilities and a profit and loss account and to the extent required by law consolidated financial statements. The necessary amortisations must be made.

The Board of Directors report shall be annexed to such balance sheet and to the extent required by law to such consolidated and unconsolidated balance sheets and consolidated and unconsolidated profit and loss accounts and these reports and documents shall contain the details required by law.

Such financial statement shall be audited by the independent auditors nominated by the shareholders in general meeting.

A copy of all such documents together with the independent auditors report shall be forwarded,

at least twenty one (21) days before the date fixed for the general meeting to which they are to be submitted, to all shareholders.

Article 30: The favourable surplus on the unconsolidated balance sheet, after deduction of general and operational expenses, corporate charges and necessary amortisation, shall be the profit of the Company.

The net profit thus arrived at, shall be subject to a deduction of five (5) percent, to be allocated to a legal reserve fund; this deduction will cease to be obligatory when the reserve fund reaches one-tenth of the issued stated share capital. Any paid-in surplus may be allocated to the legal reserve or may be applied towards the payment of dividends on Common Shares or to offset capital losses (whether realised or unrealised) or to capitalise the par value of any free Common Shares.

The allocation of the balance of the profit shall be determined annually by the ordinary general meeting on the basis of recommendations made by the Board of Directors.

This allocation may include the distribution of dividends, of bonus shares or of subscription rights, the creation or maintenance of reserve funds, contingency provisions, and also carrying the balance forward to the account for the next financial year.

Dividends which may be allocated on Common Shares shall be paid at the places and on the dates decided by the Board of Directors.

The General Meeting may authorise the Board of Directors to pay dividends in any other currency

from that in which the balance sheet is drawn up and make to a final decision on the exchange rate of the dividend into the currency in which payment will actually be made.

The Board of Directors may also under the conditions laid down by law pay interim dividends in cash or in kind (including by way of free shares).

Article 31: The general meeting shall hear the reports of the Board of Directors and the independent auditors and shall discuss and approve the consolidated and unconsolidated balance sheets.

After the consolidated and unconsolidated balance sheets have been approved, the general meeting shall take a special vote on the discharge of the Directors. This discharge is only valid if the consolidated and unconsolidated balance sheets contain no omission or false declaration which conceals or misrepresents the true situation of the Company, and as to acts made ultra vires the Articles of Incorporation or the law, only if such acts have been specifically pointed out in the convening notice.

CHAPTER 6. DISSOLUTION, WINDING UP

Article 32: At any time an extraordinary general meeting may, on the recommendation of the Board of Directors, resolve upon the liquidation and winding up of the Company. In such an event, the extraordinary general meeting shall decide upon the method of liquidation and nominate one or more liquidators whose task shall be to realise all movable and immovable assets of the Company and to extinguish all liabilities. It shall, after the discharge and satisfaction of all liabilities, set aside from the net assets resulting from liquidation the sum needed to reimburse the amount of the Common Shares paid up and unredeemed. Once all debts, charges and liquidation expenses have been met, any balance resulting shall be paid to the holders of Common Shares.

CHAPTER 7. RESTRICTION ON CERTAIN SHAREHOLDINGS

Article 33:

This Article 33 will be applicable only up to (and including) the Relevant Date. This Chapter 7 and Article 33 will be deemed deleted from the Articles as from such date.

(a) In recognition of the fact that certain shareholdings may threaten the Company with Imminent and Grave Damage (as defined hereinafter), including but not limited to that arising from adverse tax consequences, a hostile takeover attempt or adverse governmental sanctions, the following restrictions shall apply to all persons who become Shareholders:

- no U.S. Person (as defined hereinafter) shall own, directly or indirectly, more than 9.9% of the Common Shares; and

- all Shareholders of any single country may not own, directly or indirectly, more than 49.9% of the Common Shares, in the aggregate.

(b) For the purposes of implementing and enforcing the terms hereof the Board of Directors may, and may instruct any Director, officer or employee of the Company, to do any one or more of the following to the extent deemed appropriate:

(i) decline to issue any Common Shares and decline to register any transfer of Common Shares where it appears to it that such registration or transfer would or might result in beneficial ownership of such Common Shares by a Person who is precluded from holding Common Shares or acquiring additional Common Shares in the Company;

(ii) at anytime require any Person whose name is entered in, or any Person seeking to register the transfer of Common Shares on, the Register(s) to furnish it with any information, supported by affidavit, which it may consider necessary for the purpose of determining whether or not beneficial ownership of such shareholder's shares rests or will rest in a Person who is precluded from holding Common Shares or a proportion of the capital of the Company;

(iii) where it appears to the Board that any person who is precluded in whole or in part from holding Common Shares in the Company, either alone or in conjunction with any other Person, is a beneficial owner of Common Shares in excess of

the amount such Person is permitted to hold, compulsorily purchase from any such shareholder or shareholders any or all Common Shares held by such shareholder as the Board may deem necessary or advisable in order to satisfy the terms of these Articles of Incorporation; and

(iv) decline to accept the vote of any Person who is precluded from holding Common Shares in the Company at any meeting of shareholders of the Company in respect of the Common Shares which he is precluded from holding.

(c) Any purchase pursuant to subsection (b) above shall be effected in the following manner:

(i) The Company shall serve a notice (hereinafter called a "Purchase Notice") upon the shareholder or shareholders appearing in the Register(s) as the owner of the Common Shares to be purchased, specifying the Common Shares to be purchased as aforesaid, the price to be paid for such Common Shares, and the place at which the purchase price in respect for such Common Shares is payable. Any such notice may be served upon such shareholder or shareholders by posting the same in a prepaid registered envelope addressed to each such shareholder at is latest address known to the Company or appearing in the Register(s). The said shareholders shall thereupon forthwith be obliged to deliver to the Company the confirmation of entry or other evidence of ownership in respect of the Common Shares specified in the Purchase Notice. Immediately after the close of business on the date specified in the Purchase Notice, each such shareholder shall cease to be the owner of the Common Shares specified in such notice and his name shall be removed from the Register(s).

(ii) The price at which the shares specified in any Purchase Notice shall be purchased (herein called the "purchase price") shall be an amount equal to the lesser of (A) the aggregate amount paid for the shares (if acquired within the preceding twelve months from the date of any such Purchase Notice) or (B) in case the Common Shares shall be listed on any exchange or otherwise quoted in any market (including, but not limited to, the National Association of Securities Dealers Automated Quotation System in the United States), the last price quoted for the Common Shares on the business day immediately preceding the day on which the notice is served, or if the shares shall not be so listed or quoted, the book value per Common Share determined by the independent Auditors of the Company for the time being on the date as of which a balance sheet was most recently prepared prior to the day of service of the Purchase Notice; provided, however, that the Board may cause the amount calculated under clause (B) hereof to be paid in situations where clause (A) would otherwise apply and would result in a lower purchase price if the Board determines that inequities would otherwise result after taking into account the following as to any such shareholder so affected: (1) length of time the affected Common Shares were held; (2) the number of Common Shares so affected; (3) whether such shareholdings would have resulted in Imminent and Grave Damage to the Company and the circumstances relating thereto; and (4) any other

situations or circumstances which the Board may legally consider in making such a determination, subject to the condition that, if the regulations governing the listing of the shares on any exchange or market restrict the price or other terms on which such shares may be repurchased, the price calculated pursuant to this Article 33(c)(ii) shall only apply to the extent that such price conforms with such regulations and if the price calculated pursuant to this clause does not so conform the price paid for the shares shall be the highest price that can be paid for such shares which is consistent with such regulations.

(iii) Payment of the purchase price will be made to the owner of such Common Shares in U.S. Dollars except during periods of U.S. Dollar exchange restrictions (in which case the currency of payment shall be at the Board's discretion) and will be deposited by the Company with a bank in Luxembourg, the United States or elsewhere (as specified in the Purchase Notice) for payment to such owner upon surrender of the share certificate or certificates (if any) or the confirmation of entry or other evidence of ownership representing the Common Shares specified in such notice. Upon deposit of such price as aforesaid, no Person interested in the Common Shares specified in such Purchase Notice shall have any further interest in such shares or any of them, or any claim against the Company or its assets in respect thereof, except the right of the shareholder appearing as the owner thereof to receive the price so deposited (without interest) from such bank upon effective surrender of the documents as aforesaid.

(d) For the purposes of this Article 33, any Person holding Common Shares in its name solely as depositary or nominee in the ordinary course of its business and without any beneficial interest therein shall not be deemed to be a holder of such Common Shares, provided such depositary shall disclose the name and particulars of the beneficial owner of such Common Shares immediately upon request by the Company.

CHAPTER 8. DEFINITIONS

Article 34: For the purpose of these Articles of Incorporation:

(a) An "Affiliate" of, or a Person "affiliated" with, a specified Person, is a Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the Person specified.

(b) The term "Associate" used to indicate a relationship with any Person, means (i) any corporation or organisation (other than the Company or a subsidiary of the Company) of which such Person is an officer or partner or is, directly or indirectly, the beneficial owner of ten (10) percent or more of any class of equity securities, (ii) any trust or other estate in which such Person serves as, trustee or in a similar fiduciary capacity, and (3) any relative or spouse of such Person, or any relative of such spouse, who has the same home as such Person or who is a director or officer of the Company or any of its parents or subsidiaries.

(c) “Imminent and Grave Damage” shall have the meaning given thereto under the Luxembourg Company Law of August 10, 1915, as amended.

(d) “Person” means any individual, firm, corporation or other entity, and shall include any Affiliate or Associate of such Person and any Group comprised of any Person and any other Person with whom such Person or any Affiliate or Associate of such Person has any agreement, arrangement or understanding, directly or indirectly, for the purpose, of acquiring, holding, voting or disposing of Shares.

(e) “Subsidiary” means any corporation with respect to which the Company beneficially owns securities that represent a majority of the votes that all holders of securities of such corporation can cast with respect to elections of directors.

(f) “U.S. Person” means (a) an individual who is a citizen or resident of the United States; (b) a corporation, partnership, association or other entity organised or created under the laws of the United States or any state or subdivision thereof; (c) an estate or trust subject to United States federal income tax without regard to the source of its income; (d) any corporation or partnership organised or created under the laws of any jurisdiction outside of the United States if any of its shareholders or partners are, directly or indirectly, U.S. Persons as defined under clauses (a) through (c) above; (e) any trust or estate, the income of which from sources

without the United States which is not effectively connected with the conduct of a trade or business within the United States is not inclusive in gross income for United States Federal income tax purposes, with respect to which there is a beneficiary which is a U.S. Person as defined under clauses (a) through (c) above; or (f) any corporation organised or created under the laws of any jurisdiction outside the United States, any of the outstanding capital stock of which is subject to an option to acquire such stock held directly by a U.S. Person as defined in clauses (a) through (c) above, and "United States" and "U.S." means the United States of America, its territories, possessions and areas subject to its jurisdiction.

(g) References to "dollars", "U.S. dollars" or to "cents" shall mean the currency of the United States of America.

(h) References to "free" shares shall be to Common Shares issued pursuant to the terms hereof without cash consideration, e.g., in the case of share dividends.

Sub-paragraphs (c) and (f) will be applicable only up to (and including) the Relevant Date and will be deemed deleted as from that date and the other sub-paragraphs will be deemed renumbered accordingly.

CHAPTER 9. MISCELLANEOUS

Article 35: In any case not governed by these Articles of Incorporation, ordinary and extraordinary general meetings of the shareholders of the Company shall be governed by Luxembourg law in particular the Company Law of

August 10, 1915, as amended and the Luxembourg law introducing the Directive 2007/36/EC of the European Parliament and of the Council of 11 July 2007 on the exercise of certain shareholders in listed companies (the "Directive").

In the event that any one or more provisions contained in these Articles of Incorporation shall, for any reason, be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of these Articles, and the Articles shall be construed as if such invalid, illegal or unenforceable provision were not contained herein.

CHAPTER 10. TRANSITIONAL PROVISIONS IN RESPECT OF CLASS A SHARES

Article 37: Class A Shares are non-voting shares and, except as set forth below in this Article 37, shall be entitled to only those rights as are granted by applicable law.

The holders of any issued Class A Shares shall be entitled to any notice of general meeting in accordance with the provisions of Article 26, paragraph two hereof.

In the event of issuance of Class A Shares, at the time of payment of any dividends, the priorities of payment of dividends set forth in Article 30, paragraph four hereof, shall be modified to read, and shall be construed, as follows:

- ten percent (10%) of the par value thereof (i.e. U.S. $2.00 per share) to Class A Shares as a preferred dividend;
- U.S. $0.20 per share to Common Shares ; and

- thereafter, Common Shares and Class A Shares shall participate equally in all further amounts.

In the event of issuance of Class A Shares, at the time of a liquidation of the Company, the priorities set forth in Article 32 shall be modified to read, and shall be construed, as:

- Class A Shares to the extent, if any, of accrued, unpaid and preferred dividends on such shares, and thereafter ratably to the full aggregate issuance price thereof;
- Common Shares ratably to the extent of the par value thereof (i.e. U.S. $2.00 per share);
- Common Shares ratably to the full aggregate issue price thereof; and
- thereafter, Common Shares and Class A Shares shall participate equally in all remaining assets.

This Article 37 and all of the rights granted to the Class A Shares hereunder shall expire, without any further action of the Company, on December 31, 2010 whereupon this Chapter and Article will be deemed deleted from these Articles.

Transitory provision

Wherever these Articles provide that a provision, a Chapter or an Article will be deemed deleted from the Articles as from a specific date, the Board of Directors has been authorised by the shareholders' meeting held on November 9, 2010 to cause the removal of that provision or Chapter or Article from the Articles and where relevant to cause the renumbering of Chapters, Articles or sub-paragraphs (and of references thereto) and appear before a notary in Luxembourg for that purpose.

Exhibit 2.7

Execution version

ISIN NO 001 0542327

AMENDED AND RESTATED LOAN AGREEMENT

between

Subsea 7 Inc.
(Borrower)

and

Subsea 7 S.A.
(Co-Borrower)

and

Norsk Tillitsmann ASA
(Loan Trustee)

on behalf of

the Bondholders

in the bond issue

3.50 per cent Subsea 7 S.A. Convertible Bond Issue 2009/2014

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This agreement is originally dated 9 October 2009 and amended and restated on the Effective Date by the First Amendment and Restatement Agreement (the "**Loan Agreement**") and made between:

1. **Subsea 7 Inc.** (Cayman Islands Company No. 280362) as borrower (the "**Borrower**");
2. **Subsea 7 S.A.** (registered with the RCS in Luxembourg under No. B43172) as co- borrower (the "**Co-Borrower**" and together with the Borrower the "**Borrowers**"); and
3. **Norsk Tillitsmann ASA** (Norwegian Company No. 963 342 624) as loan trustee (the "**Loan Trustee**").

Through their subscription/purchase of Bonds in the Loan the Bondholders have acceded to the Loan Agreement (i.e.):

- The Bondholders are bound by the terms of the Loan Agreement (provided that information about the accession was given in the subscription/offer documents and/or any other marketing documentation for the Loan).
- The Loan Trustee has through the Bondholders' purchase/subscription been granted authority to act on behalf of the Bondholders to the extent provided for in the Loan Agreement.

The Co-Borrower has acceded to the Loan Agreement by the First Amendment and Restatement Agreement with effect from the Effective Date.

The Loan Agreement is available to anyone and may be obtained from the Loan Trustee or from the Borrowers. The Borrowers shall ensure that the Loan Agreement is available to the general public throughout the entire term of the Loan.

1 Definitions

Whenever used in this Loan Agreement the following terms shall have the following meaning:

Account Manager:	a Bondholder's account manager in the Securities Depository.
Additional Shares:	as described in clause 14.12.
Banking Day:	a day when the Norwegian Central Bank's Settlement System is open and when Norwegian banks can settle foreign currency transactions.
Bondholders:	the holders of the Bonds.
Bonds:	bonds in the Loan, as described in clause 2.1.

Borrowers' Bonds(s):	Bond(s) in the Remaining Loan, owned by (i) the Co- Borrower or any of its (direct or indirect) subsidiaries (including for the avoidance of doubt the Borrower), or (ii) any other party who controls more than 50% of the voting rights of the Co-Borrower.
Cash Dividend:	as described in clause 14.3.
Change of Control Conversion Period:	means the period commencing on the date on which a Change of Control Event occurs and ending sixty (60) calendar days following such date or, if later, sixty (60) calendar days following the notification of a Change of Control Event (cf. clause 16.1 (i)).
Change of Control Conversion Price:	shall have the meaning given in clause 10.3 (b).
Change of Control Event:	shall mean a Delisting Event or a Reduction of Free Float Event. For the avoidance of doubt a Change of Control Event shall not be triggered upon a consolidation, amalgamation or merger or other transaction provided for in clause 15.1 provided the Co-Borrower has fulfilled its obligations under clause 15.1 to the satisfaction of the Loan Trustee.
Change of Control Conversion Date:	the date falling ten (10) Banking Days after a Bondholder has given a notice of conversion following the occurrence of a Change of Control Event.
Clean-up Call:	as described in clause 10.2.
Conversion Date:	the date falling ten (10) Banking Days after the Paying Agent has received an exercise notice pursuant to clause 13.1.
Conversion Period:	the entire term of the Loan, subject to the Conversion Right being exercised within the Exercise Period.
Conversion Price:	USD 16.88 per Share, subject to adjustments as provided in clauses 14 and 15.
Conversion Right:	the right of each Bondholder to convert each Bond into Shares at the Conversion Price in effect on the relevant Conversion Date. Based on the initial Conversion Price, each Bond will convert into 5,924.1706 Shares, subject to clauses 13, 14 and 15.
Current Market Price:	as described in clause 14.15.

Date of Pricing:	24 September 2009.
Dealing Day:	as described in clause 14.15.
Delisting Event:	an event where the shares of the Co-Borrower are no longer listed on any Exchange.
Decisive Influence:	the ability to control the affairs or policies of an entity, whether by contract, by the possession of (majority) voting control in such entity's general meeting or by the ability to appoint the majority of the board of directors or other relevant governing body of such entity.
Disbursement Date:	13 October 2009.
Dividend:	as described in clause 14.15.
Effective Date:	shall have the meaning given in the First Amendment and Restatement Agreement.
Event of Default:	means each event defined as an event of default in clause 18.1.
Exchange:	a securities exchange or other reputable market place for securities having satisfactory requirements as to listing and trading, where the Bonds and/or the Shares are listed or to which an application for listing of the Bonds and/or the Shares has been submitted.
Exercise Period:	the period commencing on the 1st Banking Day following the Disbursement Date and ending on the tenth (10) Banking Day prior to the Maturity Date.
Fair Market Value:	as described in clause 14.15.
Finance Documents:	means (i) this Loan Agreement, (ii) the fee agreement according to clause 17.1, (iii) the First Amendment and Restatement Agreement and (iv) any other document which is executed at any time by the Borrower(s) in relation to any amount payable under this Loan Agreement.
First Amendment and Restatement Agreement:	means the first amendment and restatement agreement in respect of the Loan Agreement dated 6 January, 2011, by which the Co-Borrower has acceded to the Loan Agreement and pursuant to which the Loan Agreement has been restated and amended as from the Effective Date.

Fixed Rate of Exchange:	5.813 (the prevailing USD: NOK spot rate on the Date of Pricing).
Group:	the Co-Borrower and its (direct and indirect) subsidiaries, including for the avoidance of doubt, as from the Effective Date, the Borrower.
Independent Financial Adviser:	as described in clause 14.15.
Interest Payment Date:	as described in clause 9.1.
Interest Period:	as described in clause 9.2.
Manager:	ABG Sundal Collier Norge ASA.
Loan:	this convertible loan as defined in Clause 2.1 (equal to the aggregate nominal value of the Bonds on the Disbursement Date).
Material Adverse Effect:	means an effect which, in the reasonable opinion of the Loan Trustee, is likely to be materially adverse to (a) the ability of the Borrower or the Co-Borrower to perform any of its obligations under this Loan Agreement and/or (b) the business, assets or financial condition of the Group as a whole.
Material Subsidiaries:	all and any member of the Group whose assets have an aggregate book value which exceeds 5 per cent of the consolidated book value of the assets of the Group and/or whose aggregate revenues exceeds 5 per cent of the consolidated revenues of the Group.
Maturity Date:	13 October 2014.
Non-Cash Dividend:	as described in clause 14.3
Oslo Stock Exchange	means Oslo Børs ASA.
Outstanding Loan:	Remaining Loan less Borrowers' Bonds.
Paying Agent:	the entity appointed by the Co-Borrower to act on behalf of the Co-Borrower as paying agent and conversion agent.
Payment Date:	in relation to the Loan, the dates specified for payment of interest or principal. If a Payment Date is not a Banking Day, payments shall be made the following Banking Day, but no additional or further amounts shall be paid in respect of such postponement.

Potential Event of Default:	any event or circumstance which could, with the giving of notice, lapse of time, issue of a certificate and/or the fulfilment of any other requirement provided for in clause 18.1, become an Event of Default.
Prevailing Rate:	as described in clause 14.15.
Reduction of Free Float Event:	an event where the total number of issued Shares of the Co-Borrower subject to "free float" (as described in Section 2.4.1. of the Oslo Stock Exchange Listing Rules as in force at the date of the First Amendment and Restatement Agreement) is reduced to less than 25%, regardless of whether or not the shares of the Borrower are listed on the Oslo Stock Exchange.
Reference Date:	as described in clause 14.12.
Reference Price:	USD 13.08 per Share (being the Volume Weighted Average Price of a Share on the Date of Pricing, converted at the Fixed Rate of Exchange), always provided that, in connection with any determination of the Change of Control Conversion Price, the Reference Price shall be adjusted in accordance with the provisions relating to the adjustment of the Conversion Price.
Relevant Indebtedness:	means any present or future indebtedness (whether being principal, interest or other amounts), in the form of or evidenced by notes, bonds, debentures or other similar debt instruments, whether issued for cash or in whole or in part for a consideration other than cash, and which are, or are capable of being, quoted, listed or ordinarily dealt in or traded on any recognised stock exchange, over-the-counter or other securities market.
Relevant Stock Exchange:	as described in clause 14.15.
Remaining Loan:	the aggregate principal amount of all Bonds outstanding in the Loan at any time (being equal to the Loan less the principal amount of Bonds redeemed by the Borrowers or converted into Shares or, prior to the Effective Date, shares in the Borrower by such time).
Retroactive Adjustment:	as described in clause 14.12.
Securities:	as described in clause 14.15.
Securities Depository:	The Norwegian Central Securities Depository (Verdipapirsentralen ASA).

Securities Registration Act:	the Norwegian Act on the registration of financial instruments (the Securities Registration Act) of 5 July, 2002 No. 64.
Securities Trading Act:	the Norwegian Act on Securities Trading of 29 June 2007 No. 75.
Security Interest	as described in clause 16.2 (c).
Shareholders:	holders of Shares.
Shares:	fully paid common shares of the Co-Borrower, with par value USD 2, listed on the Oslo Stock Exchange including such common shares of the Co-Borrower which, pursuant to the terms and conditions of this Loan Agreement, shall be issued following any Bondholder's exercise of its Conversion Right.
Specified Date:	as described in clause 14.7 or, as the case may be, clause 14.8.
Specified Share Day:	as described in clause 14.15.
Spin-Off:	as described in clause 14.15.
Spin-Off Securities:	as described in clause 14.15.
Subsidiary:	means an entity over which another entity or person has Decisive Influence due to (i) direct and indirect ownership of shares or other ownership interests, and/or (ii) agreement, understanding or other arrangement. An entity shall always be considered to be the subsidiary of another entity or person if such entity or person has such number of shares or ownership interests so as to represent the majority of the votes in the entity, or has the right to vote in or vote out a majority of the directors in the entity.
Volume Weighted Average Price:	as described in clause 14.15.

2 The Loan

2.1 The Borrower has issued a convertible loan (the "**Loan**") in the amount of USD 275,000,000 (US Dollars two hundred and seventy five million) through the issue of 2,750 bonds, each with a denomination of USD 100,000.

The subscription/placement of the Bonds was managed by the Manager.

The Loan is identified as "3.50 per cent Subsea 7 S.A. Convertible Bond Issue 2009/2014".

The registration number (ISIN) of the Loan is NO 001 0542327.

The term of the Loan is from and including the Disbursement Date to the Maturity Date, or earlier if all of the Bonds are redeemed prior to the Maturity Date following (i) the Bondholders' exercise of their Conversion Right, (ii) the Borrowers' exercise of the Clean-up Call, and/or (iii) otherwise pursuant to the terms and conditions set forth herein.

The net proceeds of the Loan have been used by the Borrower for general corporate purposes and to refinance existing convertible bonds.

3 Joint and several liability of the Borrowers

3.1 The Borrowers are jointly and severally liable to the Bondholders for any amount payable to the Bondholders under this Loan Agreement or under any other Finance Document.

4 Listing

4.1 The Bonds are not, and will not be, listed on any Exchange.

5 Registration in the Securities Depository

5.1 The Bonds are registered in the Securities Depository according to the Securities Depository Act and the conditions agreed with the Securities Depository, effective from and including the Disbursement Date.

5.2 The Borrowers shall promptly arrange for notification to the Securities Depository of any change in the terms and conditions of the Loan. The Loan Trustee shall be provided with a copy of such notification.

5.3 The Borrowers are responsible for the correct registration of the Bonds in the Securities Depository. The registration may be executed by an agent for the Borrowers provided that the agent is qualified according to relevant regulations.

6 The functions, duties and liability of the Loan Trustee

6.1 The Loan Trustee shall, pursuant to this Loan Agreement, and in compliance with applicable laws and regulations monitor the Bondholders' interests and rights vis- à-vis the Borrowers, including inter alia, the following functions:

- monitor the Borrowers' fulfilment of their obligations under the Loan Agreement,
- exercise necessary discretion in carrying out the duties assigned to the Loan Trustee under the Loan Agreement,

- ensure that valid decisions made at Bondholder meetings are implemented,
- make the decisions and implement the measures that are assigned to or imposed on the Loan Trustee pursuant to this Loan Agreement,
- forward to the Bondholders necessary information which is obtained and received in its capacity as the Bondholders' representative,
- verify the timely and correct payment of interest and principal due hereunder, and
- provided the Bonds are listed on an Exchange, inform the Exchange of circumstances which are of importance to the listing, quotation and pricing of the Bonds; however, this only applies to cases in which the Loan Trustee gains knowledge of or should have knowledge of such circumstances and the Borrowers fail to fulfil their duty of information towards the Exchange after having been urged to do so by the Loan Trustee.

6.2 In performing its functions as the Bondholders' representative, the Loan Trustee is not under any obligation to assess the Borrowers' financial situation or ability to service the Loan except to the extent such duty may clearly be inferred from the Loan Agreement.

6.3 The Loan Trustee represents and warrants to the Borrowers as follows:

(a) It is a public limited liability company, duly incorporated and validly existing under the laws of Norway, and has the power to own its assets and carry on its business as presently conducted;

(b) It has the power to enter into and perform, and has taken all necessary corporate action to authorise the entry into, performance and delivery of the Loan Agreement and the Fee Agreement;

(c) The Loan Agreement and the Fee Agreement constitute (or will constitute, when executed by the respective parties thereto) legal, valid and binding obligations of the Loan Trustee, and (save as provided for therein) no registration, filing, payment of tax or fees or other formalities are necessary;

(d) All obligations assumed by it towards the Borrowers under the Loan Agreement and the Fee Agreement are enforceable by the Borrowers in accordance with their terms.

6.4 The Loan Trustee shall be liable to pay damages for financial losses suffered by the Bondholders as a result of a material breach by the Loan Trustee of its obligations under the Loan Agreement or the material negligence of the Loan Trustee in performing or a material failure to perform its functions and duties under the Loan Agreement. The Loan Trustee is not responsible for the content of the information the Loan Trustee has submitted on behalf of the Borrowers.

7 Representations and Warranties

7.1 As of the Effective Date, each of the Borrowers represents and warrants that:

(a) Each of the Borrowers is a limited liability company, duly incorporated and validly existing under the laws of its jurisdiction of incorporation, and has the power to own its assets and carry on its business as presently conducted;

(b) Each of the Borrowers has the power to enter into and perform, and has taken all necessary corporate action to authorise the entry into, performance and delivery of the Finance Documents;

(c) the Finance Documents constitute (or will constitute, when executed by the respective parties thereto) legal, valid and binding obligations of the Borrowers, enforceable in accordance with their terms, and (save as provided for therein) no registration, filing or other formalities (except for the payment of applicable stamp duties) are necessary or desirable to render the said documents enforceable against the Borrowers;

(d) the entry into and performance by the Borrowers of the Finance Documents and the transactions contemplated thereby do not and will not conflict with (i) any present law or regulation or judicial or official order; (ii) their respective memorandums or articles of association; or (iii) any document or agreement which is binding on any of the Borrowers;

(e) no Event of Default exists; and no other circumstances exist which constitute or (with the giving of notice, lapse of time, determination of materiality or the fulfilment of any other applicable condition, or any combination of the foregoing) would constitute a default under any document which is binding on any of the Borrowers or any of their assets, and which may have a Material Adverse Effect;

(f) all the accounting and financial documents and information pertaining to the Co- Borrower and the Group which have been provided in connection with this Loan, represent the latest publicly available financial information concerning the Co-Borrower and the Group and there has been no change in the Co-Borrower and the Group's financial position since the date of the most recent audited financial statements of the Co-Borrower and the Group which could have a Material Adverse Effect;

(g) all authorisations, consents, licenses or approvals of governmental authorities required for the Borrowers in connection with the execution, performance, validity or enforceability of the Finance Documents, and the transactions contemplated thereby, have been obtained and are valid;

(h) all authorisations, consents, licenses and approvals of governmental authorities required for the Borrowers to carry on their business as presently conducted, have been obtained and are in full force and effect;

(i) the authorised share capital of the Co-Borrower is USD 900,000,000.00 divided into 450,000,000.00 Shares each with a nominal value of USD 2.00, of which, at the date of the First Amendment and Restatement Agreement, 194,953,972 Shares are issued and fully paid-up;

(j) the Co-Borrower will, during the term of the Loan, have the authority to issue and allot, free from pre-emption rights, sufficient Shares to enable the Conversion Right to be satisfied in full at the Conversion Price;

(k) no litigation, arbitration or administrative proceeding is pending or, to the best of the Borrowers' knowledge, threatened against any of them which would have a Material Adverse Effect;

(l) the Borrowers are not required to make any deduction or withholding from any payment which they may become obliged to make to the Loan Trustee (on behalf of the Bondholders) under the Finance Documents; and

(m) the Borrowers' payment obligations under the Finance Documents rank at least pari passu with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatory preferred by law applying to companies generally.

7.2 The Borrowers shall indemnify the Loan Trustee for any economic losses suffered by the Loan Trustee or any Bondholder as a result of any breach of the representations and warranties made by the Borrowers in clause 7.1.

8 Status of the Bonds and security

8.1 The Bonds will constitute direct, unconditional and unsecured obligations of the Borrowers, ranking pari passu without any preference among themselves and equally with all other senior existing and future unsecured and unsubordinated obligations of the Borrowers save for such obligations that may be preferred by provisions of law that are mandatory and of general application.

8.2 The Loan is unsecured.

9 Interest

9.1 The Borrowers shall pay interest on the Bonds from and including the Disbursement Date at a fixed rate of 3.50 per cent per annum. Interest payments shall be made semi-annually in arrear in equal instalments on 13 April and 13 October each year (each, an "**Interest Payment Date**"), the first Interest Payment Date being 13 April 2010.

9.2 Where interest is to be calculated in respect of a period other than an Interest Period, it shall be calculated on the basis of a year of 360 days consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

"**Interest Period**" means the period beginning on (and including) the Disbursement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

10 Maturity of the Loan and Change of Control

10.1 The Loan will run without instalments and mature in whole on the Maturity Date at par (100%), unless the Bonds are previously redeemed or converted.

10.2 The Borrowers may at any time during the term of the Loan, and provided that 90 per cent or more of the Bonds issued on the Disbursement Date shall have been redeemed or converted into Shares (or prior to the Effective Date, shares in the Borrower, as the case may be) call the Remaining Loan (the "**Clean-up Call**") at its par value plus accrued interest.

Should the Borrowers exercise the Clean-up Call, the Loan Trustee and the Bondholders must be informed of this (the Bondholders in writing via the Securities Depository) no later than twenty (20) Banking Days before the date of redemption.

For the avoidance of doubt, each Bondholder may within the Exercise Period elect to exercise its Conversion Right after having received the Borrower's Clean-up Call notice.

10.3 If a Change of Control Event has occurred, each Bondholder shall at any time in the Change of Control Conversion Period be entitled, at its option, to:

(a) require early redemption of its Bonds (put option) at 100 % of their par value plus accrued interest;

or

(b) convert its Bonds at the Change of Control Conversion Price, which shall be calculated as set out below, but in each case adjusted, if appropriate, under the provisions of clauses 14 and 15 (provided that no adjustment to the Conversion Price will be made in respect of such Change of Control Event other than pursuant to this clause 10.3 in respect of exercise of the conversion right in the Change of Control Conversion Period):

$$COCCP = \frac{[RP \times (N - n)] + [(OCP \times n)]}{N}$$

where:

COCCP is the Change of Control Conversion Price;

RP is the Reference Price;

OCP is the current Conversion Price on the relevant Conversion Date;

N is the number of days from (and including) the Disbursement Date to (but excluding) the Maturity Date; and

n is the number of days from (and including) the Disbursement Date to (but excluding) the date of the Change of Control Event.

To exercise either such option, a Bondholder must notify the Paying Agent (via its Account Manager) within the Change of Control Conversion Period. For the avoidance

of doubt, the aforesaid is an option exercisable at the sole discretion of each Bondholder, and each Bondholder may elect not to exercise such option and to continue to hold its Bonds.

In the event of an early redemption pursuant to this clause 10.3, settlement shall be three (3) Banking Days after the Paying Agent has received such request.

In the event of conversion pursuant to this clause 10.3, the Co-Borrower shall as soon as possible, but in no event later than on the Change of Control Conversion Date issue to and in the names of the relevant Bondholder the number of Shares which are necessary in order to fulfil the Co-Borrower's obligations to issue new Shares to the relevant Bondholder pursuant to its Conversion Rights.

The number of Shares required to be issued shall be determined by dividing the principal amount of the Bonds by the Change of Control Conversion Price in effect on the relevant Conversion Date.

The terms and conditions set out in clauses 13 - 15 shall (to the extent applicable) apply for any conversion of Bonds to Shares according to this clause 10.3.

11 Interest in the event of late payment

11.1 In the event that payment of interest or principal is not made on the relevant Payment Date, the amount outstanding shall bear interest from the Payment Date at an interest rate equivalent to the interest rate according to clause 9 plus 5.00 percentage points.

11.2 The outstanding amount shall bear interest as mentioned above until payment is made, whether or not the Loan is declared to be in default pursuant to clause 18.1 (a), cf. clauses 18.2 - 18.4.

12 Borrowers' acquisition of Borrowers' Bonds

12.1 The Borrowers and each member of the Group have the right to acquire and own Bonds.

Borrowers' Bonds may, subject to applicable law, at the discretion of the Borrowers or the relevant member of the Group be retained by the Borrowers or the relevant member of the Group, cancelled or sold.

13 Conversion terms

13.1 Each Bondholder may exercise one or more of his Conversion Right(s) at the Conversion Price at any time during the Exercise Period provided that notification thereof is given pursuant to clause 13.4.

Conversion Rights may not be exercised (i) following the giving of notice by the Loan Trustee pursuant to clause 18 or (ii) in respect of a Bond which the relevant Bondholder has exercised its right to require the Borrowers to redeem pursuant to the terms set forth in this Loan Agreement.

13.2 The Conversion Right cannot be separated from the Bond.

13.3 The number of Shares to be issued on exercise of a Conversion Right shall be determined by dividing the principal amount of the relevant Bond by the Conversion Price in effect on the relevant Conversion Date. The Conversion Price shall be subject to adjustment pursuant to clauses 10.3 (b), 14 and 15.

13.4 In order to exercise a Conversion Right, the Bondholder shall deliver to the Paying Agent (via its Account Manager) a duly completed, irrevocable and signed exercise notice. Request for conversion takes place by the Bondholder notifying his Account Manager of the number of Bonds which shall be converted. The Account Manager will then promptly forward the request to the Co-Borrower (via the Paying Agent).

13.5 Conversion will be effected by a set-off of the total nominal value of the Bonds to be converted against the issuing of the whole number of Shares resulting from dividing the total nominal value of the Bonds to be converted by the Conversion Price. Any excess amount beyond the whole number of Shares converted by the Bonds shall fall to the Co- Borrower.

The Co-Borrower shall pay all (if any) taxes and capital, stamp, issue and registration duties payable in Norway or Luxembourg arising on conversion and on the issue and delivery of Shares upon conversion.

Interest accrued since the last Interest Payment Date but not due on a Conversion Date, shall not be paid in cash nor kind to the Bondholders, but shall accrue to the Borrowers unless the Conversion Date shall fall on the Payment Date and/or the Maturity Date, then interest due shall be paid to the relevant Bondholder.

13.6 The Co-Borrower shall (if relevant via the Paying Agent) on or with effect from the Conversion Date (i) carry the conversion into effect by issuing the relevant number of new Shares, (ii) ensure the due registration of the new Shares in the Securities Depository (at the account of the converting Bondholder) and on the Relevant Stock Exchange (and shall deliver any such documents and do any acts necessary in relation thereto), and (iii) ensure that the Remaining Loan shall be written down.

13.7 Shares issued upon conversion of the Bonds will be fully paid and will in all respects rank *pari passu* with the Shares in issue on the relevant Conversion Date or, in the case of Additional Shares, on the relevant Reference Date, except in any such case for any right excluded by mandatory provisions of applicable law and except that such Shares or, as the case may be, Additional Shares will not rank for any rights, distributions or payments the record date (or other due date for the establishment of entitlement) for which falls prior to the relevant Conversion Date or, as the case may be, the relevant Reference Date.

14 Adjustment of the Conversion Price

Upon the happening of any of the events described below, the Conversion Price shall be adjusted as follows:

14.1 If and whenever there shall be a consolidation or subdivision of the Shares, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such consolidation or subdivision by the following fraction:

$$\frac{A}{B}$$

where:

A is the aggregate number of Shares in issue immediately before such consolidation or subdivision, as the case may be; and

B is the aggregate number of Shares in issue immediately after, and as a result of, such consolidation or subdivision, as the case may be.

Such adjustment shall become effective on the date the consolidation or subdivision, as the case may be, takes effect.

14.2 If and whenever the Co-Borrower shall issue any Shares credited as fully paid to the Shareholders by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve) other than (1) where any such Shares issued instead of the whole or part of a Dividend in cash which the Shareholders would or could otherwise have received or (2) where the Shareholders may elect to receive a Dividend in cash in lieu of such Shares, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue by the following fraction:

$$\frac{A}{B}$$

where:

A is the aggregate nominal amount of the Shares in issue immediately before such issue; and

B is the aggregate nominal amount of the Shares in issue immediately after such issue.

Such adjustment shall become effective on the date of issue of such Shares.

14.3 If and whenever the Co-Borrower shall pay or make any Dividend to Shareholders, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the relevant Dividend by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the Current Market Price of one Share on the Dealing Day immediately preceding the date of the first public announcement of the relevant Dividend or, in the case of a purchase of Shares or any receipts or certificates representing Shares by or on behalf of the Co-Borrower or any Subsidiary of the Co-Borrower, on which such Shares are purchased or, in the case of a Spin- Off, is the mean of the Volume Weighted Average Prices of a Share for the five consecutive Dealing Days ending on the Dealing Day immediately preceding the first date on which the Shares are traded ex- the relevant Spin-Off; and

B is the portion of the Fair Market Value, with such portion being determined by dividing the Fair Market Value of the aggregate Dividend by the number of Shares entitled to receive the relevant Dividend (or, in the case of a purchase of Shares or any receipts or certificates representing shares by or on behalf of the Co-Borrower or any Subsidiary of the Co-Borrower, by the number of Shares in issue immediately prior to such purchase), of the Dividend attributable to one Share.

Such adjustment shall become effective on the first date on which the Shares are traded ex- the relevant Dividend on the Relevant Stock Exchange or, in the case of a purchase of Shares or any receipts or certificates representing Shares, on the date such purchase is made or, in the case of a Spin-Off, the first date on which the Shares are traded ex- the relevant Spin-Off.

For the purposes of the above, the Fair Market Value of a Cash Dividend shall (subject as provided in paragraph (a) of the definition of "Dividend" and in the definition of "Fair Market Value") be determined as at the first date on which the Shares are traded ex- the relevant Dividend on the Relevant Stock Exchange, and in the case of a Non-Cash Dividend, the Fair Market Value of the relevant Dividend shall be the Fair Market Value of the relevant Spin-Off Securities or, as the case may be, the relevant property or assets.

"**Non-Cash Dividend**" means any Dividend which is not a Cash Dividend, and shall include a Spin-Off.

"**Cash Dividend**" means (i) any Dividend which is to be paid or made in cash (in whatever currency), but other than falling within paragraph (b) of the definition of "Spin-Off" and (ii) any Dividend determined to be a Cash Dividend pursuant to paragraph (a) of the definition of "Dividend", and for the avoidance of doubt, a Dividend falling within paragraph (c) or (d) of the definition of "Dividend" shall be treated as being a Non-Cash Dividend.

14.4 If and whenever the Co-Borrower shall issue Shares to Shareholders as a class by way of rights, or issue or grant to Shareholders as a class by way of rights, options, warrants or other rights to subscribe for or purchase any Shares, in each case at a price per Share which is less than 95 per cent. of the Current Market Price per Share on the Dealing Day immediately preceding the date of the first public announcement of the terms of the issue or grant of such Shares, options, warrants or other rights, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue or grant by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A is the number of Shares in issue immediately before such announcement;

B is the number of Shares which the aggregate amount (if any) payable for the Shares issued by way of rights, or for the options or warrants or other rights issued by way of rights and for the total number of Shares deliverable on the exercise thereof, would purchase at such Current Market Price per Share; and

C is the number of Shares issued or, as the case may be, the maximum number of Shares which may be issued upon exercise of such options, warrants or rights calculated as at the date of issue of such options, warrants or rights.

Such adjustment shall become effective on the first date on which the Shares are traded ex-rights, ex-options or ex-warrants on the Relevant Stock Exchange.

14.5 If and whenever the Co-Borrower shall issue any Securities (other than Shares or options, warrants or other rights to subscribe for or purchase any Shares) to Shareholders as a class by way of rights or grant to Shareholders as a class by way of rights any options, warrants or other rights to subscribe for or purchase any Securities (other than Shares or options, warrants or other rights to subscribe for or purchase Shares), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue or grant by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the Current Market Price of one Share on the Dealing Day immediately preceding the first date on which the terms of such issue or grant are publicly announced; and

B is the Fair Market Value on the date of such announcement of the portion of the rights attributable to one Share.

Such adjustment shall become effective on the first date on which the Shares are traded ex-rights, ex-options or ex-warrants on the Relevant Stock Exchange.

14.6 If and whenever the Co-Borrower shall issue (otherwise than as mentioned in clause 14.4 above) wholly for cash or for no consideration any Shares (other than Shares issued on conversion of the Bonds or on the exercise of any rights of conversion into, or exchange or subscription for or purchase of, Shares) or issue or grant (otherwise than as mentioned in clause 14.4 above) wholly for cash or for no consideration any options, warrants or other rights to subscribe for or purchase any Shares (other than the Bonds), in each case at a price per Share which is less than 95 per cent. of the Current Market

Price per Share on the Dealing Day immediately preceding the date of the first public announcement of the terms of such issue or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue or grant by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A is the number of Shares in issue immediately before the issue of such Shares or the grant of such options, warrants or rights;

B is the number of Shares which the aggregate consideration (if any) receivable for the issue of such Shares or, as the case may be, for the Shares to be issued or otherwise made available upon the exercise of any such options, warrants or rights, would purchase at such Current Market Price per Share; and

C is the number of Shares to be issued pursuant to such issue of such Shares or, as the case may be, the maximum number of Shares which may be issued upon exercise of such options, warrants or rights calculated as at the date of issue of such options, warrants or rights.

Such adjustment shall become effective on the date of issue of such Shares or, as the case may be, the grant of such options, warrants or rights.

14.7 If and whenever the Co-Borrower or any Subsidiary of the Co-Borrower or (at the direction or request of or pursuant to any arrangements with the Co-Borrower or any Subsidiary of the Co-Borrower) any other company, person or entity (otherwise than as mentioned in clause 14.4, 14.5 or 14.6 above) shall issue wholly for cash or for no consideration any Securities (other than the Bonds), which by their terms of issue carry (directly or indirectly) rights of conversion into, or exchange or subscription for, Shares (or shall grant any such rights in respect of existing Securities so issued) or Securities which by their terms might be re-designated as Shares, and the consideration per Share receivable upon conversion, exchange, subscription or re-designation is less than 95 per cent. of the Current Market Price per Share on the Dealing Day immediately preceding the date of the first public announcement of the terms of issue of such Securities (or the terms of such grant), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue (or grant) by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A is the number of Shares in issue immediately before such issue or grant (but where the relevant Securities carry rights of conversion into or rights of exchange or subscription for Shares which have been issued by the Co-

Borrower for the purposes of or in connection with such issue, less the number of such Shares so issued);

B is the number of Shares which the aggregate consideration (if any) receivable for the Shares to be issued or otherwise made available upon conversion or exchange or upon exercise of the right of subscription attached to such Securities or, as the case may be, for the Shares to be issued or to arise from any such re-designation would purchase at such Current Market Price per Share; and

C is the maximum number of Shares to be issued or otherwise made available upon conversion or exchange of such Securities or upon the exercise of such right of subscription attached thereto at the initial conversion, exchange or subscription price or rate or, as the case may be, the maximum number of Shares which may be issued or arise from any such re-designation.

Provided that if at the time of issue of the relevant Securities or date of grant of such rights (as used in this clause 14.7 the "**Specified Date**") such number of Shares is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time (which may be when such Securities are converted or exchanged or rights of subscription are exercised or, as the case may be, such Securities are re-designated or at such other time as may be provided) then for the purposes of this clause 14.7, "C" shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Specified Date and as if such conversion, exchange, subscription, purchase or acquisition or, as the case may be, re-designation had taken place on the Specified Date.

Such adjustment shall become effective on the date of issue of such Securities or, as the case may be, the grant of such rights.

14.8 If and whenever there shall be any modification of the rights of conversion, exchange or subscription attaching to any such Securities (other than the Bonds) as are mentioned in clause 14.7 above (other than in accordance with the terms (including terms as to adjustment) applicable to such Securities upon issue) so that following such modification the consideration per Share receivable has been reduced and is less than 95 per cent. of the Current Market Price per Share on the Dealing Day immediately preceding the date of the first public announcement of the proposals for such modification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such modification by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A is the number of Shares in issue immediately before such modification (but where the relevant Securities carry rights of conversion into or rights of exchange or subscription for Shares which have been issued, purchased or acquired by the Co-Borrower or any Subsidiary of the Co-Borrower (or at the direction or request or pursuant to any arrangements with the Co-Borrower or

any Subsidiary of the Co-Borrower) for the purposes of or in connection with such issue, less the number of such Shares so issued, purchased or acquired);

B is the number of Shares which the aggregate consideration (if any) receivable for the Shares to be issued or otherwise made available upon conversion or exchange or upon exercise of the right of subscription attached to the Securities so modified would purchase at such Current Market Price per Share or, if lower, the existing conversion, exchange or subscription price of such Securities; and

C is the maximum number of Shares which may be issued or otherwise made available upon conversion or exchange of such Securities or upon the exercise of such rights of subscription attached thereto at the modified conversion, exchange or subscription price or rate but giving credit in such manner as an Independent Financial Adviser shall consider appropriate for any previous adjustment under this clause 14.8 or clause 14.7 above.

Provided that if at the time of such modification (as used in this clause 14.8 the "**Specified Date**") such number of Shares is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time (which may be when such Securities are converted or exchanged or rights of subscription are exercised or at such other time as may be provided) then for the purposes of this clause 14.8, "C" shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Specified Date and as if such conversion, exchange or subscription had taken place on the Specified Date.

Such adjustment shall become effective on the date of modification of the rights of conversion, exchange or subscription attaching to such Securities.

14.9 If and whenever the Co-Borrower or any Subsidiary of the Co-Borrower or (at the direction or request of or pursuant to any arrangements with the Co-Borrower or any Subsidiary of the Co-Borrower) any other company, person or entity shall offer any Securities in connection with which offer Shareholders as a class are entitled to participate in arrangements whereby such Securities may be acquired by them (except where the Conversion Price falls to be adjusted under clause 14.2, 14.3, 14.4, 14.6 or 14.7 or clause 10.3 (or would fall to be so adjusted if the relevant issue or grant was at less than 95 per cent. of the Current Market Price per Share on the relevant Dealing Day) or under clause 14.5) the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the making of such offer by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the Current Market Price of one Share on the Dealing Day immediately preceding the date on which the terms of such offer are first publicly announced; and

B is the Fair Market Value on the date of such announcement of the portion of the relevant offer attributable to one Share.

Such adjustment shall become effective on the first date on which the Shares are traded ex-rights on the Relevant Stock Exchange.

14.10 Notwithstanding the foregoing provisions, where the events or circumstances giving rise to any adjustment pursuant to this clause 14.10 have already resulted or will result in an adjustment to the Conversion Price or where the events or circumstances giving rise to any adjustment arise by virtue of any other events or circumstances which have already given or will give rise to an adjustment to the Conversion Price or where more than one event which gives rise to an adjustment to the Conversion Price occurs within such a short period of time that, in the opinion of the Loan Trustee, a modification to the operation of the adjustment provisions is required to give the intended result, such modification shall be made to the operation of the adjustment provisions as may be advised by an Independent Financial Adviser to be in its opinion appropriate to give the intended result.

14.11 For the purpose of any calculation of the consideration receivable or price pursuant to clauses 14.4, 14.6, 14.7 and 14.8, the following provisions shall apply:

(a) the aggregate consideration receivable or price for Shares issued for cash shall be the amount of such cash;

(b) (x) the aggregate consideration receivable or price for Shares to be issued or otherwise made available upon the conversion or exchange of any Securities shall be deemed to be the consideration or price received or receivable for any such Securities and (y) the aggregate consideration receivable or price for Shares to be issued or otherwise made available upon the exercise of rights of subscription attached to any Securities or upon the exercise of any options, warrants or rights shall be deemed to be that part (which may be the whole) of the consideration or price received or receivable for such Securities or, as the case may be, for such options, warrants or rights which are attributed by the Co-Borrower to such rights of subscription or, as the case may be, such options, warrants or rights or, if no part of such consideration or price is so attributed, the Fair Market Value of such rights of subscription or, as the case may be, such options, warrants or rights as at the date of the first public announcement of the terms of issue of such Securities or, as the case may be, such options, warrants or rights, plus in the case of each of (x) and (y) above, the additional minimum consideration receivable or price (if any) upon the conversion or exchange of such Securities, or upon the exercise of such rights or subscription attached thereto or, as the case may be, upon exercise of such options, warrants or rights and (z) the consideration receivable or price per Share upon the conversion or exchange of, or upon the exercise of such rights of subscription attached to, such Securities or, as the case may be, upon the exercise of such options, warrants or rights shall be the aggregate consideration or price referred to in (x) or (y) above (as the case may be) divided by the number of Shares to be issued upon such conversion or exchange or exercise at the initial conversion, exchange or subscription price or rate;

(c) if the consideration or price determined pursuant to (a) or (b) above (or any component thereof) shall be expressed in a currency other than Norwegian Kroner it shall be converted into Norwegian Kroner at such rate of exchange as may be determined in good faith by an Independent Financial Adviser to be the spot rate ruling at the close of business on the date of the first public announcement of the terms of issue of such Securities (or if no such rate is available on that date, the equivalent rate on the immediately preceding date on which such rate is available); and

(d) in determining consideration or price pursuant to the above, no deduction shall be made for any commissions or fees (howsoever described) or any expenses paid or incurred for any underwriting, placing or management of the issue of the relevant Shares or Securities or otherwise in connection therewith.

14.12 If the Conversion Date in relation to the conversion of any Bond shall be after any consolidation or sub-division as is mentioned in clause 14.1, or after the record date or other due date for the establishment of entitlement for any such issue, distribution, grant or offer (as the case may be) as is mentioned in clauses 14.2, 14.3, 14.4, 14.5 or 14.9, or after any such issue or grant as is mentioned in clause 14.6 and 14.7, in any case in circumstances where the relevant Conversion Date falls before the relevant adjustment becomes effective under clause 14 (such adjustment, a "**Retroactive Adjustment**"), then the Co-Borrower shall (conditional upon the relevant adjustment becoming effective) procure that there shall be issued or delivered to the converting Bondholder, such additional number of Shares (if any) (the "**Additional Shares**") as, together with the Shares issued or to be issued or delivered on conversion of the relevant Bond (together with any fraction of a Share not so issued), is equal to the number of Shares which would have been required to be issued or delivered on conversion of such Bond if the relevant adjustment (more particularly referred to in the said provisions of clause 14) to the Conversion Price had in fact been made and become effective immediately prior to the relevant Conversion Date. Additional Shares will be delivered to Bondholders not later than 10 Banking Days following the date the relevant Retroactive Adjustment becomes effective (the "**Reference Date**").

14.13 No adjustment will be made to the Conversion Price where Shares or other Securities (including rights, warrants and options) are issued, offered, exercised, allotted, appropriated, modified or granted to, or for the benefit of, employees or former employees (including Directors holding or formerly holding executive office or the personal service company of any such person) or their spouses or relatives, in each case, of the Co-Borrower or any of its Subsidiaries or any associated company or to trustees to be held for the benefit of any such person, in any such case pursuant to any employees' share or option scheme.

14.14 On any adjustment, the resultant Conversion Price, if not an integral multiple of USD 0.01, shall be rounded down to the nearest whole multiple of USD 0.01. No adjustment shall be made to the Conversion Price where such adjustment (rounded down if applicable) would be less than one per cent. of the Conversion Price then in effect. Any adjustment not required to be made, and/or any amount by which the Conversion Price has been rounded down, shall be carried forward and taken into account in any subsequent adjustment, and such subsequent adjustment shall be made on the basis that the adjustment not required to be made had been made at the relevant time.

Notice of any adjustments to the Conversion Price shall be given by the Co-Borrower to Bondholders and the Loan Trustee promptly after the determination thereof.

The Conversion Price shall not in any event be reduced to below the nominal value of the Shares and the Co-Borrower undertakes that it shall not take any action, and shall procure that no action is taken, that would otherwise result in an adjustment to the Conversion Price to below such nominal value.

14.15 "**Current Market Price**" means, in respect of a Share at a particular date, the average of the Volume Weighted Average Price of a Share for the five consecutive Dealing Days ending on the Dealing Day immediately preceding such date; provided that if at any time during the said five-dealing-day period the Volume Weighted Average Price shall have been based on a price ex-Dividend (or ex- any other entitlement) and during some other part of that period the Volume Weighted Average Price shall have been based on a price cum-Dividend (or cum- any other entitlement), then:

(a) if the Shares to be issued or transferred do not rank for the Dividend (or entitlement) in question, the Volume Weighted Average Price on the dates on which the Shares shall have been based on a price cum-Dividend (or cum- any other entitlement) shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such Dividend or entitlement per Share as at the date of first public announcement of such Dividend (or entitlement); or

(b) if the Shares to be issued or transferred do rank for the Dividend (or entitlement) in question, the Volume Weighted Average Price on the dates on which the Shares shall have been based on a price ex-Dividend (or ex- any other entitlement) shall for the purpose of this definition be deemed to be the amount thereof increased by an amount equal to the Fair Market Value of any such Dividend or entitlement per Share as at the date of first public announcement of such Dividend (or entitlement),

and provided further that, if on each of the said five Dealing Days the Volume Weighted Average Price shall have been based on a price cum-Dividend (or cum- any other entitlement) in respect of a Dividend (or other entitlement) which has been declared or announced but the Shares to be issued do not rank for that Dividend (or other entitlement) the Volume Weighted Average Price on each of such dates shall for the purposes of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such Dividend or entitlement per Share as at the date of the first public announcement of such Dividend or entitlement,

and provided further that, if the Volume Weighted Average Price of a Share is not available on one or more of the said five Dealing Days, then the average of such Volume Weighted Average Prices which are available in that five-dealing-day period shall be used (subject to a minimum of two such prices) and if only one, or no, such Volume Weighted Average Price is available in the relevant period the Current Market Price shall be determined in good faith by an Independent Financial Adviser.

"**Dealing Day**" means a day on which the Relevant Stock Exchange is open for business, (other than a day on which the Relevant Stock Exchange is scheduled to or does close prior to its regular weekday closing time).

"**Dividend**" means any dividend or any form of distribution to Shareholders (including a Spin-Off) whether of cash, assets or other property, and whenever paid or made and however described (and for these purposes a distribution of assets includes without limitation an issue of Shares, or other Securities credited as fully or partly paid up by way of capitalisation of profits or reserves) provided that:

(a) where a Dividend in cash is announced which is to be, or may at the election of a Shareholder or Shareholders be, satisfied by the issue or delivery of Shares or other property or assets, or where a capitalisation of profits or reserves is announced which is to be, or may at the election of a Shareholder or Shareholders be, satisfied by the payment of the Dividend in cash, then for the purposes of this definition the Dividend in question shall be treated as a Cash Dividend of the greater of (i) such cash amount and (ii) the Fair Market Value (on the date of the first public announcement of such Dividend or capitalisation (as the case may be) or if later, the date on which the number of Shares (or amount of property or assets, as the case may be) which may be issued or delivered is determined), of such Shares or other property or assets;

(b) any issue of Shares falling within clause 14.2 shall be disregarded;

(c) a purchase or redemption or buy back of share capital of the Co-Borrower by the Co-Borrower or any Subsidiary of the Co-Borrower shall not constitute a Dividend unless, in the case of purchases, redemptions or buy backs of Shares by or on behalf of the Co-Borrower or any of its Subsidiaries, the weighted average price per Share (before expenses) on any one day (a "**Specified Share Day**") in respect of such purchases, redemptions or buy backs (translated, if not in Norwegian Kroner, into Norwegian Kroner at the spot rate ruling at the close of business on such day as determined in good faith by an Independent Financial Adviser (or if no such rate is available on that date, the equivalent rate on the immediately preceding date on which such rate is available), exceeds by more than 5 per cent. the average of the closing prices of the Shares on the Relevant Stock Exchange (as published by or derived from the Relevant Stock Exchange) on the five Dealing Days immediately preceding the Specified Share Day or, where an announcement (excluding, for the avoidance of doubt for these purposes, any general authority for such purchases approved by a general meeting of Shareholders or any notice convening such a meeting of Shareholders) has been made of the intention to purchase Shares at some future date at a specified price, on the five Dealing Days immediately preceding the date of such announcement, in which case such purchase shall be deemed to constitute a Dividend in Norwegian Kroner to the extent that the aggregate price paid (before expenses) in respect of such Shares purchased by the Co-Borrower or, as the case may be, any of its Subsidiaries (translated where appropriate into Norwegian Kroner as provided above) exceeds the product of (i) 105 per cent. of the average closing price of the Shares determined as aforesaid and (ii) the number of Shares so purchased; and

(d) if the Co-Borrower or any of its Subsidiaries shall purchase any receipts or certificates representing Shares, the provisions of paragraph (c) shall be applied in respect thereof in such manner and with such modifications (if any) as shall be determined in good faith by an Independent Financial Adviser.

"**Fair Market Value**" means, with respect to any property on any date, the fair market value of that property as determined in good faith by an Independent Financial Adviser provided, that (i) the Fair Market Value of a Cash Dividend paid or to be paid shall be the amount of such Cash Dividend; (ii) the Fair Market Value of any other cash amount shall be the amount of such cash; (iii) where Securities, Spin-Off Securities, options, warrants or other rights are publicly traded in a market of adequate liquidity (as determined by an Independent Financial Adviser), the fair market value (a) of such Securities or Spin-Off Securities shall equal the arithmetic mean of the daily Volume Weighted Average Prices of such Securities or Spin-Off Securities and (b) of such options, warrants or other rights shall equal the arithmetic mean of the daily closing prices of such options, warrants or other rights, in the case of both (a) and (b) during the period of five trading days on the relevant market commencing on such date (or, if later, the first such trading day such Securities or Spin-Off Securities, options, warrants or other rights are publicly traded); and (iv) in the case of (i) converted into Norwegian Kroner (if declared or paid in a currency other than Norwegian Kroner) at the rate of exchange used to determine the amount payable to Shareholders who were paid or are to be paid or are entitled to be paid the Cash Dividend in Norwegian Kroner; and in any other case, converted into Norwegian Kroner (if expressed in a currency other than Norwegian Kroner) at such rate of exchange as may be determined in good faith by an Independent Financial Adviser to be the spot rate ruling at the close of business on that date (or if no such rate is available on that date the equivalent rate on the immediately preceding date on which such a rate is available).

"**Independent Financial Adviser**" means an independent investment bank of international repute appointed by the Co-Borrower and approved in writing by the Loan Trustee or, if the Co-Borrower fails to make such appointment and such failure continues for a reasonable period (as determined by the Loan Trustee) and the Loan Trustee is indemnified and/or secured as to costs to its satisfaction against the costs, fees and expenses of such adviser, appointed by the Loan Trustee following notification to the Co-Borrower.

"**Prevailing Rate**" means, in respect of any Dealing Day, the noon buying rate on that day for cable transfers of Norwegian Kroner as certified for customs purposes by the Federal Reserve Bank of New York or if on such Dealing Day such rate is not available, such rate prevailing on the immediately preceding day on which such rate is so available.

"**Relevant Stock Exchange**" means the Oslo Stock Exchange or, if at the relevant time, the Shares are listed and admitted to trading on one or more stock exchanges other than the Oslo Stock Exchange, the principal stock exchange or securities market on which the Shares are then listed or quoted or dealt in.

"**Securities**" means any securities including, without limitation, Shares, or options, warrants or other rights to subscribe for or purchase or acquire Shares.

"Spin-Off" means:

(a) a distribution of Spin-Off Securities by the Co-Borrower to Shareholders as a class; or

(b) any issue, transfer or delivery of any property or assets (including cash or shares or securities of or in or issued or allotted by any entity) by any entity (other than the Co-Borrower) to Shareholders as a class, pursuant in each case to any arrangements with the Co-Borrower or any of its Subsidiaries.

"**Spin-Off Securities**" means equity share capital of an entity other than the Co-Borrower or options, warrants or other rights to subscribe for or purchase equity share capital of an entity other than the Co-Borrower.

"**Volume Weighted Average Price**" means, in respect of a Share, Security or, as the case may be, a Spin-Off Security on any Dealing Day, the volume-weighted average price of a Share, Security or, as the case may be, a Spin-Off Security published by or derived (in the case of a Share) from the Relevant Stock Exchange or (in the case of a Security or Spin-Off Security) from the principal stock exchange or securities market on which such Securities or Spin-Off Securities are then listed or quoted or dealt in, if any or, in any such case, such other source as shall be determined to be appropriate by an Independent Financial Adviser on such Dealing Day, provided that if on any such Dealing Day where such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of a Share, Security or a Spin-Off Security, as the case may be, in respect of such Dealing Day shall be the Volume Weighted Average Price, determined as provided above, on the immediately preceding Dealing Day on which the same can be so determined.

References to any issue or offer or grant to Shareholders "as a class" or "by way of rights" shall be taken to be references to an issue or offer or grant to all or substantially all Shareholders other than Shareholders to whom, by reason of the laws of any territory or requirements of any recognised regulatory body or any other stock exchange or securities market in any territory or in connection with fractional entitlements, it is determined not to make such issue or offer or grant.

In making any calculation or determination of Current Market Price or Volume Weighted Average Price, such adjustments (if any) shall be made as an Independent Financial Adviser considers appropriate to reflect any consolidation or sub-division of the Shares or any issue of Shares by way of capitalisation of profits or reserves, or any like or similar event.

14.16 If changes are made in the share capital other than those mentioned above, which are unfavourable to the Bondholders compared to the Shareholders, the Loan Trustee and the Co-Borrower shall agree on a new Conversion Price. This also applies to other transactions, which are unfavourable to the Bondholders.

14.17 If the Conversion Price is below par value of the Shares, par value of the Shares still applies, and the Co-Borrower shall upon conversion pay the Bondholders the difference between the par value of the Shares and the Conversion Price.

14.18 If an adjustment of the Conversion Price requires a conversion to USD, the exchange rate shall be the official reference rate provided by the European Central Bank on the date triggering such adjustments. For the avoidance of doubt, when calculating weighted averages over several days, each day should apply the official reference rate for that day.

15 Merger and de-merger

15.1 In the case of any consolidation, amalgamation or merger of the Co-Borrower with any other corporation (other than a consolidation, amalgamation or merger in which the Co- Borrower is the continuing corporation), or in the case of any sale or transfer of all, or substantially all, of the assets of the Co- Borrower, the Co-Borrower will take such steps as shall be required by the Loan Trustee (including the execution of an agreement supplemental to or amending the Loan Agreement) to ensure that each Bond then outstanding will (during the period in which Conversion Rights may be exercised) be converted into the class and amount of shares and other securities and property receivable upon such consolidation, amalgamation, merger, sale or transfer by a holder of the number of Shares which would have become liable to be issued upon exercise of Conversion Rights immediately prior to such consolidation, amalgamation, merger, sale or transfer. Such supplemental agreement will provide for adjustments which will be as nearly equivalent as may be practicable to the adjustments provided for in clause 14. The above will apply, mutatis mutandis to any subsequent consolidations, amalgamations, mergers, sales or transfers.

15.2 If the Co-Borrower decides on a merger in which the Co-Borrower is the acquiring company, and the shareholders of the acquired company receive settlement in the form of shares only, subject to confirmation from an Independent Financial Adviser that such is the case, no adjustment will be made to the Conversion Price. If the shareholders of the acquired company receive settlement in any other form, in full or partly, the Conversion Price shall be adjusted according to such provision of clause 14 as an Independent Financial Adviser shall determine to be most appropriate.

15.3 The provisions in this clause 15 have no limitation on the creditor's right of objection to statutory merger or de-merger (to the extent any such rights will apply in accordance with applicable law).

16 Covenants

16.1 During the term of the Loan the Co-Borrower shall comply with the following information covenants:

(a) immediately inform the Loan Trustee of any Event of Default as well as of any Potential Event of Default,

(b) of its own accord, make annual and interim reports available on the Co-Borrower's website (alternatively by sending them to the Loan Trustee) as soon they are available, and not later than five (5) months after the end of the financial year and not later than two (2) months after the end of the relevant interim report period,

(c) at the request of the Loan Trustee send a report outlining the balance of Borrowers' Bonds,

(d) forward to the Loan Trustee copies of any creditors' notifications of the Co- Borrower, including but not limited to; mergers, demergers and reduction of shareholders capital,

(e) at the request of the Loan Trustee provide the documents and information necessary to maintain the listing and quotation of the Bonds on the Exchange (if applicable) and to otherwise enable the Loan Trustee to carry out its rights and duties pursuant to the Loan Agreement and applicable laws and regulations,

(f) within a reasonable time limit and subject to applicable regulations regarding handling of inside information provide information about the Co-Borrower's financial condition as the Loan Trustee may reasonably request,

(g) in connection with reporting under 16.1 (b) confirm to the Loan Trustee the Co- Borrower's compliance with clause 16,

(h) of its own accord, inform the Loan Trustee of any event that results in an adjustment of the Conversion Price promptly thereafter, and

(i) following the occurrence of a Change of Control Event, immediately after the Co- Borrower becomes aware of it, notify the Bondholders (via the Securities Depository), the Loan Trustee and (if the Bonds are listed) the Exchange thereof. The notice shall specify (i) the applicable Change of Control Conversion Price and early redemption price, (ii) the Bondholders' entitlement to exercise their Conversion Rights or to exercise their right to require redemption of the Bonds, (iii) the Change of Control Conversion Period and (iv) details concerning the Change of Control Event.

16.2 During the term of the Loan, the Co-Borrower shall (unless the Loan Trustee or the Bondholders' meeting (as the case may be) in writing has agreed to otherwise) comply with the following general covenants:

(a) not, and ensure that no member of the Group, shall:

(i) cease to carry on its business,

(ii) sell or dispose of all or a substantial part of its assets or operations;

(iii) change the nature of its business; or

(iv) merge, demerge or in any other way restructure its business,

in a manner which may have a Material Adverse Effect,

(b) not, during the period commencing on the Date of Pricing and ending 180 days thereafter (both dates inclusive), issue (or agree to issue) any securities (or any other

instrument) convertible into or exercisable or exchangeable for Shares or any derivative securities having an equivalent effect, without the prior written consent of the Manager,

(c) not, as long as any Remaining Loan exists, create or permit to subsist, and will ensure that none of its Subsidiaries, will create or permit to subsist, any mortgage, charge, lien, pledge or other form of encumbrance or security interest (each a "**Security Interest**") upon the whole or any part of its present or future property or assets (including any uncalled capital) to secure any Relevant Indebtedness or any guarantee of or indemnity in respect of any Relevant Indebtedness unless in any such case, before or at the same time as the creation of the Security Interest, any and all action necessary shall have been taken to the satisfaction of the Loan Trustee to ensure that such other Security Interest or guarantee or other arrangement (whether or not including the giving of a Security Interest) is provided in respect of all amounts payable by the Borrowers under the Loan Agreement either (i) as the Loan Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the Bondholders or (ii) as shall be approved by the Bondholders' meeting, and

(d) not permit any member of the Group to engage in, directly or indirectly, any transaction with any related party, except in the ordinary course of such member of the Group's business and upon fair and reasonable terms that are no less favourable to the member of the Group than those which might be obtained in an arm's length transaction at the time.

16.3 During the term of the Loan, the Co-Borrower shall ensure that all Shares issued upon exercise of the Conversion Right in respect of the Bonds shall be registered in the Securities Depository on the Conversion Date and shall be listed on the Relevant Stock Exchange as soon as practicable thereafter, and the Co-Borrower shall do any and all acts necessary to accomplish the registration of the Shares on the Relevant Stock Exchange and in the Securities Depository.

16.4 During the term of the Loan, the Co-Borrower shall use its best endeavours to ensure that the Shares shall at all times be listed on an Exchange.

17 Fees and expenses

17.1 The Borrowers shall pay an annual fee to the Loan Trustee, the amount of which is set out in a separate agreement between the Borrower and the Loan Trustee.

17.2 The Borrowers shall cover all expenses in connection with the Loan (and any security c.f. clause 19.2 (b)), such as preparation of the Loan Agreement, listing of the Bonds on the Exchange (if applicable) and registration and administration of the Loan in the Securities Depository in accordance with the agreement between the Borrower and the Securities Depository.

17.3 The Borrowers shall cover any and all public fees in connection with the Loan (and any security c.f. clause 19.2 (b)). Any public fees or taxes on the sales of Bonds in the

secondary market shall be paid by the Bondholders, unless otherwise decided by law or regulation.

17.4 All payments in respect of the Bonds by or on behalf of the Borrowers shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessment or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within any jurisdiction or any authority thereof having power to tax, unless such withholding or deduction is required by law. In that event the relevant payment will be made subject to such withholding or deduction. The Borrowers will not be required to pay any additional or further amounts in respect of such withholding or deduction.

17.5 In addition to the fee of the Loan Trustee pursuant to clause 17.1 and normal expenses pursuant to clauses 17.2 and 17.3, the Borrowers shall on demand cover extraordinary expenses incurred by the Loan Trustee in connection with the Loan, as determined in separate agreement between the Borrower and the Loan Trustee. See however clause 22.2.

18 Events of Default

18.1 The Loan may be declared to be in default by the Loan Trustee upon the occurrence of any of the following events (Events of Default):

(a) the Borrowers shall on any Payment Date fail to pay any interest or principal due or any other amount payable under the Finance Document; provided, however, that such failure shall not include failures which are remedied within five (5) Banking Days after the Payment Date, and it is obvious the Borrowers will remedy the failure within this time.

(b) the Borrowers shall fail to duly perform or comply with any other covenant or obligation, to be performed under Finance Documents (including, without limitation, the covenants in clause 16 of this Loan Agreement) and such failure is not remedied within ten (10) Banking Days after notice thereof is given to the Borrowers by the Loan Trustee,

(c) if, for the Co-Borrower, the Borrower and/or any of the Material Subsidiaries, the aggregate amount of financial indebtedness or commitment for financial indebtedness falling within paragraphs (i) to (iv) below exceeds a total of USD 20 million - or the equivalent thereof in other currencies;

(i) any financial indebtedness or guarantee is not paid when due nor within any originally applicable grace period,

(ii) any financial indebtedness is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described),

(iii) any commitment for any financial indebtedness is cancelled or suspended by a creditor as a result of an event of default (however described), or

(iv) any creditor becomes entitled to declare any financial indebtedness due to and payable prior to its specified maturity as a result of an event of default (however described),

(d) if, for the Co-Borrower and/or any of the Material Subsidiaries;

(i) it is unable or admits inability to pay its debts as they fall due, suspends making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness,

(ii) a moratorium is declared, or

(iii) a substantial part of its assets are impounded, confiscated or subject to distraint,

(e) if, for the Co-Borrower and/or any of the Material Subsidiaries; any corporate action, legal proceedings or other procedure or step (or any analogous procedure or step in any jurisdiction) is taken in relation to;

(i) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) other than solvent liquidation or reorganisation,

(ii) a composition, compromise, assignment or arrangement with any creditor, having an adverse effect on the Borrowers' ability to perform their payment obligations hereunder,

(iii) the appointment of a liquidator (other than, in the case of a Material Subsidiary only, in respect of a solvent liquidation), receiver, administrative receiver, administrator, compulsory manager or other similar officer of any of its assets, or

(iv) enforcement of any security over any of its assets,

(f) if the value of the assets for (i) the Co-Borrower (adjusted on the basis of fair market values) or (ii) the Group (book value on a consolidated basis), is less than its liabilities (taking into account contingent and prospective liabilities which in accordance with IFRS shall be provided for in the quarterly and annual financial statements), or

(g) any representation or statement made or deemed to be made by the Borrowers in the Finance Documents or any other document delivered by or on behalf of the Borrower under or in connection with any Finance Document is or proves to have been incorrect or misleading in any material respect when made or deemed to be made.

18.2 In the event that one or more of the circumstances mentioned in clause 18.1 occurs and is continuing, the Loan Trustee can, in order to protect the interests of the Bondholders, declare the entire Remaining Loan including accrued interest and expenses to be in default and due for immediate payment. The Loan Trustee may at his discretion, on behalf of the Bondholders, take every measure necessary to recover the Remaining Loan, and all other amounts outstanding under the Loan Agreement.

18.3 In the event that one or more of the circumstances mentioned in clause 18.1 occurs and is continuing, the Loan Trustee shall declare the entire Remaining Loan including accrued interest and costs to be in default and due for payment if:

(a) the Loan Trustee receives a demand in writing with respect to the above from Bondholders representing at least 1/5 of the Outstanding Loan, and the Bondholders' meeting has not decided on other solutions, or

(b) the Bondholders' meeting has decided to declare the Loan in default and due for payment.

In either case the Loan Trustee shall on behalf of the Bondholders take every measure necessary to recover the Remaining Loan. The Loan Trustee can request satisfactory security for anticipated expenses from those Bondholders who requested that the declaration of default be made pursuant to sub clause a) above and/or those who voted in favour of the decision pursuant to sub clause b) above.

18.4 In the event that the Loan Trustee pursuant to the terms of clauses 18.2 or 18.3 declares the Loan to be in default and due for payment, the Loan Trustee shall immediately deliver to the Borrowers a notice demanding payment of interest and principal due to the Bondholders under the Loan including accrued interest on overdue amounts and expenses.

18.5 The individual Bondholder cannot of his own accord recover his Bond(s) directly from the Borrowers, unless otherwise is agreed with an individual Bondholder and the Loan Trustee, or decided at the Bondholders' meeting.

19 Authority of the Bondholders' meeting and the Loan Trustee

19.1 A Bondholders' meeting may make decisions in all questions concerning the Loan and the Bonds, such as:

(a) change of Loan Trustee,

(b) change of Borrowers,

(c) changes to the Loan Agreement regarding interest, payment, maturity or other conditions,

(d) changes in the Co-Borrower's corporate structure, such as mergers, demergers, capital reduction or conversion,

(e) approve the sale or other transactions concerning the Co-Borrower's assets or security for the Loan,

(f) declaring the Loan to be in default.

The Bondholders' meeting may attach conditions to its decisions.

The Bondholders' meeting cannot make decisions that gives certain Bondholders or others an unreasonable advantage at the expense of other Bondholders.

19.2 The Loan Trustee can, subject as aforesaid, on its own make a decision as mentioned in clause 19.1 (d) and (e), provided that:

(a) the changes are not, in the judgement of the Loan Trustee, of significant importance for the fulfilment of the Loan Agreement, or

(b) any security provided by the Borrowers in connection with the change will, in the judgment of the Loan Trustee, represent adequate security for the fulfilment of the Loan Agreement.

The Loan Trustee can make a decision regarding other changes in the Loan Agreement as mentioned in clause 19.1 (c), provided that the matters in question are, in the judgment of the Loan Trustee, of minor importance to the Bondholders' financial and legal rights in the Loan. Before such a decision is made, the Bondholders shall be notified in writing through the Securities Depository. The notification shall clearly describe the proposal and the opinion of the Loan Trustee of it, and shall also inform that the proposal cannot be approved by the Loan Trustee alone if any Bondholder submits a written protest against the proposal, and such protest is dispatched within a time limit which shall not be shorter than five (5) Banking Days from the dispatchment of the notification.

The Loan Trustee may attach conditions to its decision.

The Loan Trustee cannot make a decision under the Loan Agreement that gives certain Bondholders or others unreasonable advantages at the expense of other Bondholders.

19.3 The Loan Trustee is free, subject as aforesaid, to submit any question to the Bondholders' meeting.

19.4 The Loan Trustee has the right and obligation to implement all decisions validly made at the Bondholders' meeting.

19.5 The Borrowers, the Bondholders and - if the Bonds are listed - the Exchange shall be notified of decisions made in accordance with clauses 19.1 and 19.2 as soon as possible and in a suitable manner.

20 Procedural rules

20.1 A Bondholders' meeting shall be held at the request of:

(a) the Borrowers or any of them,

(b) Bondholders representing at least 1/10 of the Outstanding Loan or

(c) the Exchange - if the Bonds are listed - or

(d) the Loan Trustee.

A request of a Bondholders' meeting shall be made in writing and clearly state the matters to be discussed and the provisions of this Loan Agreement on which the request is based. The request shall be sent to the Loan Trustee.

20.2 The Bondholders' meeting shall be summoned by the Loan Trustee pursuant to the provisions of clause 20.3. Simultaneously with the decision to summon the Bondholders' meeting, the Loan Trustee can demand that the Borrowers does not increase the Outstanding Loan.

If the Loan Trustee has not complied with a valid request for a Bondholders' meeting as set forth in clause 20.1 within five Banking Days after having received such request, then the Borrowers and the relevant Bondholder(s) and - if the Bonds are listed - the Exchange have the right themselves to summon the meeting pursuant to the provisions of clause 20.3.

20.3 The summons to a Bondholders' meeting shall be dispatched and if necessary notified at the latest five Banking Days before the date of the meeting.

The summons shall be effected by written notification through the Securities Depository to every Bondholder with known place of residence and - if the Bonds are listed - the Exchange for publication. The notification through the Securities Depository shall also state the number of Bonds in the Loan (print-out) owned by the Bondholder in question at the time the print-out is made.

The summons shall clearly state the matters to be discussed at the Bondholders' meeting, and the provisions of this Loan Agreement on which the request is based and inform that the relevant documents are available from the Loan Trustee, the Borrowers or at such other place as stated in the summons. If any change of the Loan Agreement has been proposed, the main content of the proposal shall be stated in the summons.

The meeting can only make decisions regarding the matters which were stated in the summons, unless all the Bondholders in the Outstanding Loan agree otherwise subject to the provisions hereof.

If in order to make a valid decision it is necessary, pursuant to clause 21, to hold a new Bondholders' meeting and discuss the matter a second time, such new Bondholders' meeting cannot be summoned before the first meeting has been held. The summons to the second meeting shall inform of the turnout and result of the vote at the first Bondholders' meeting.

20.4 The meeting shall be held at the premises of the Loan Trustee or at premises designated by the Loan Trustee.

The meeting shall be presided over by the Loan Trustee, unless the Bondholders' meeting decides otherwise. If the Loan Trustee is not present, the meeting shall be presided over by a Bondholder or representative of the Bondholders, elected by the Bondholders.

The minutes of the meeting shall be kept, showing the Bondholders present - personally or by proxy - as well as how many votes each Bondholder can cast. Further, the decisions made at the meeting, as well as the result of the vote, shall be recorded. The minutes shall be signed by the chairman of the meeting and two Bondholders or proxies. The minutes shall be kept in a safe manner by the Loan Trustee, and shall be available to the Bondholders.

20.5 Bondholders, the Borrowers, the Loan Trustee and - if the Bonds are listed - the Exchange have the right to attend the Bondholders' meeting. The Bondholders' meeting can grant entrance to the meeting to other parties. The participants at the meeting have the right to meet with an advisor and/or by proxy.

20.6 At the Bondholders' meeting each Bondholder has one vote for each Bond he owns. The notification of the number of Bonds in the Loan (print-out) which was sent to each Bondholder through the Securities Depository in the summons to the meeting, see clause 20.3, serves as proof of ownership of the Bonds and of each owner's right to vote. In the event that Bonds have been transferred after the print-out was made, the new Bondholder must bring to the meeting the original summons and the print-out, endorsed so as to document the transfer.

The Borrowers' Bonds and/or any Bonds (i) controlled directly or indirectly by any party over whom the Co-Borrower has Decisive Influence or any party who has Decisive Influence over the Co-Borrower or any of its (direct or indirect) subsidiaries, and/or (ii) controlled by any party with whom the Co-Borrower must be assumed to be acting in concert with in the exercise of Bondholders' rights according to this Loan Agreement, do not give the right to vote and are not taken into account when determining the number of voting Bonds.

In case of doubt, the Bondholders' meeting decides which Bondholders can vote and how many votes each one has.

20.7 In order for the Bondholders' meeting to be able to make valid decisions, Bondholders representing at least 5/10 of the Outstanding Loan must be represented, see however clause 21.

Valid decisions may be made by a simple majority, see however clause 20.8.

20.8 In the following matters a majority of 2/3 of the aggregate principal amount of the Bonds represented at the meeting must vote in favour of the decision:

(a) change of the Loan Trustee,

(b) change of the Borrowers or any of them,

(c) changes in the Loan Agreement's conditions, including interest, maturity, term and security/collateral, or

(d) corporate or business changes in the Borrowers which are of significant importance for the fulfilment of the Loan Agreement.

20.9 In all matters where unanimity is not attained, the voting shall be in writing and the number of votes shall be recorded in the minutes of the meeting. In the case of a tie in the votes, the matter shall be decided by the chairman of the meeting, even if he is not a Bondholder or proxy.

Decisions made at a Bondholders' meeting which entail changes to the Loan Agreement shall be attached to the Loan Agreement in the form of a certified copy of the minutes of the meeting.

21 Repeated Bondholders' meeting

21.1 In the event that less than 5/10 of the Outstanding Loan are represented, a valid decision may not be made at the first Bondholders' meeting at which the matter is discussed. After a new meeting has been summoned and the matter discussed a second time, a valid decision may be made pursuant to the voting rules set forth above even if less than 5/10 of the Outstanding Loan are represented.

22 Change of Loan Trustee

22.1 In the event that the Borrowers or Bondholders in accordance with sub-clause 19.1 (a) wish to replace the Loan Trustee, or a change of Loan Trustee is necessary according to law, regulation or ordinance, or the Loan Trustee has requested such change, the Loan Trustee shall immediately summon a Bondholders' meeting to discuss the matter.

The Loan Trustee shall put before the Bondholders' meeting a proposal for a new loan trustee. The Bondholders, the Borrowers and the Exchange - if the Bonds are listed - can submit proposals.

The Bondholders and the Exchange - if the Bonds are listed - shall after the Bondholders' meeting, be notified of the decision and the date on which the change of loan trustee becomes effective.

22.2 The Loan Trustee shall act as Loan Trustee until a new loan trustee has been elected. In the event that the Loan Trustee does not act properly and the interests of the Bondholders suffer, the Exchange may appoint a temporary loan trustee. The cost of the temporary loan trustee shall be covered by the Borrowers pursuant to sub-clause 17.4, but may be recovered wholly or in part from the former loan trustee if the change is due to breach of the loan trustee's duties under the Loan Agreement, or other circumstances for which the loan trustee is responsible.

22.3 The Loan Trustee shall co-operate so that the new loan trustee is given, without undue delay after the Bondholders' meeting, the documents and information necessary to perform his functions and duties under the Loan Agreement. The Loan Trustee shall provide a summary of the following up of conditions of the Loan Agreement.

23 Limitation

23.1 Claims for interest and principal shall be limited in time pursuant to the Norwegian Act relating to the Limitation Period for Claims of May 18, 1979 nr. 18.

24 Dispute resolution and legal venue

24.1 Disputes arising out of or in connection with the Loan Agreement which are not resolved amicably shall be resolved in accordance with Norwegian law and in the Norwegian courts.

The provisions of articles 86 to 94-8 of the Luxembourg law of 10th August 1915 on commercial companies, as amended, are excluded.

24.2 Legal suits shall be served at the competent legal venue of the Loan Trustee.

***

For and behalf of
Subsea 7 Inc.

/s/ Michael Delouche
Name:
Title:

For and behalf of
Acergy S.A. (to be renamed Subsea 7 S.A.)

/s/ Johan Rasmussen
Name:
Title:

For and behalf of
Norsk Tillitsmann ASA

/s/ Jo Forlang
Name:
Title:

The Loan Agreement has been executed in 3 copies (originals), of which the Borrower, the Co-Borrower and the Loan Trustee shall keep one each.

Exhibit 2.8

EXECUTION VERSION

6 January 2011

By

ACERGY S.A.
(as the Company)

and

SUBSEA 7 INC.
(as the Issuer)

DEED POLL

Slaughter and May
One Bunhill Row
London EC1Y 8YY
(SRBP/AJVB/KMXL)

CONTENTS

THIS DEED POLL is executed as a deed on 6 January 2010

BY

(1) **ACERGY S.A**. (a company incorporated in the Grand Duchy of Luxembourg as a *société anonyme*, having its registered address at 412, F, route d'Esch, L-2086 Luxembourg and, on or shortly following the date hereof, to be renamed **SUBSEA 7 S.A.**) (the **"Company"**); and

(2) **SUBSEA 7 INC.** (a company incorporated in the Cayman Islands as a limited liability company, having its registered address at P.O. Box 10718, Ugland House, South Church Street, George Town, Grand Cayman, KY1 1104 Cayman Islands (the **"Issuer"**),

IN FAVOUR OF

(3) **THE NOTEHOLDERS** (as defined below).

WHEREAS

(A) Pursuant to a combination agreement dated 20 June 2010, the Company and the Issuer have agreed to recommend a combination of the Company and the Issuer (the **"Combination"**) to their respective shareholders. On 9 November 2010, the shareholders of the Issuer and the Company approved the Combination.

(B) The Combination will be implemented through a scheme of arrangement under the laws of the Cayman Islands (the **"Scheme of Arrangement"**), whereby the Issuer will become a wholly owned subsidiary of the Company. On the Scheme of Arrangement becoming effective, former shareholders of the Issuer will hold common shares in the Company having (as at the date hereof) a nominal value of U.S.$2 each (the **"Common Shares"**) and the Company will be renamed Subsea 7 S.A. The Company will be the ultimate holding company of the combined group.

(C) In order to implement the Scheme of Arrangement, the shareholders of the Issuer have resolved at an extraordinary general meeting of the company held on 9 November 2010 to amend the articles of association of the Issuer (the **"Articles of Association"** and an **"Article"** shall be so construed) such that, subject to the Scheme of Arrangement becoming effective, if any Ordinary Shares in the Issuer are issued to any person (a **"New Member"**) (other than under the Scheme of Arrangement or to the Company and/or its nominee(s)) after the Scheme Record Time (as defined in the Scheme of Arrangement), the Issuer shall compulsorily repurchase and cancel such Ordinary Shares in exchange for an aggregate in kind repurchase price comprising the delivery or issue to the New Member of the relevant number of Common Shares in the Company (together with a cash payment in respect of any fractional entitlements) to which the New Member would have been entitled pursuant to the terms of the Scheme of Arrangement had its Ordinary Shares in the Issuer so repurchased been subject to the Scheme of Arrangement. All Common Shares so delivered to the New Member shall rank *pari passu* with all other common shares in the Company for the time being in issue, including any dividends or distributions made, paid or declared thereon following the date on which the repurchase of the shares in the Issuer is effected by the Issuer.

(D) On 6 June 2006, the Issuer issued U.S.$300,000,000 2.80 per cent. Convertible Notes due 2011 convertible into common shares of the Issuer (the **"Notes"**).

(E) The Company and the Issuer now wish to make certain undertakings in connection with the Combination and the Scheme of Arrangement in favour of the holders in whose name the Notes are registered in the register of noteholders (the **"Noteholders"**) on the terms set out herein.

NOW THIS DEED POLL WITNESSETH as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Unless otherwise defined herein, defined terms in this Deed Poll shall have the meanings given to such terms in schedule 1 (*Definitions*) hereto.

1.2 In the event of any inconsistency between the terms and expressions defined in schedule 1 (*Definitions*) and those defined in this Deed Poll, the terms and expressions defined in this Deed Poll shall prevail.

1.3 Unless the context requires otherwise, terms importing the singular number only shall include the plural and vice versa and terms importing persons shall include firms and corporations and terms importing one gender only shall include the other gender.

1.4 References in this Deed Poll to clauses shall be construed as references to the clauses of this Deed Poll and any reference to a sub-clause shall be construed as a reference to the relevant sub-clause of the clause in which such reference appears.

1.5 References in this Deed Poll to any statute or a provision of any statute shall be deemed to include a reference to any statute or the provision of any statute which amends, extends, consolidates, re-enacts or replaces the same, or which has been amended, extended, consolidated, re-enacted or replaced by the same, and shall include any orders, regulations, instruments or other subordinate legislation made under the relevant statute.

1.6 The headings to clauses are inserted for convenience only and shall not affect the construction of this Deed Poll.

2. UNDERTAKINGS OF THE ISSUER

2.1 Subject to the terms of this Deed Poll, the Issuer hereby undertakes in favour of the Noteholders, without prejudice to the Conditions and whilst any Conversion Right remains exercisable:

(A) to issue or deliver to a Noteholder on the exercise of a Conversion Right the number of Ordinary Shares per Note determined by dividing the principal amount of the relevant Note by the Conversion Price in effect on the relevant Conversion Date as adjusted by Condition 6 and by the provisions of schedule 2 (*Adjustment to Conversion Price*) hereto, provided that the number of Ordinary Shares per Note so issued or delivered shall not be less than the

number of Ordinary Shares that such Noteholder is entitled to receive pursuant to Condition 6;

(B) to deliver, or procure that the Company delivers or issues, to the Noteholder on the repurchase and cancellation pursuant to Article 9A of the Articles of Association of the Ordinary Shares issued or delivered on conversion of the relevant Note:

(i) the number of Common Shares determined in accordance with Article 9A of the Articles of Association and the Scheme Ratio; and

(ii) a cash payment in lieu of any entitlement to a fraction of a Common Share (a **"Fractional Cash Payment"**);

(C) to pay any taxes or capital duties or stamp duties payable in Norway, the Cayman Islands, the United Kingdom, Luxembourg or Belgium arising on (i) the repurchase and cancellation pursuant to Article 9A of the Articles of Association of Ordinary Shares issued on conversion of each Note and (ii) the allotment and issue or delivery of Common Shares (including any Additional Common Shares) in accordance with Article 9A of the Articles of Association and this Deed Poll; and

(D) to take all necessary steps to procure that the Common Shares to be issued or delivered on exercise of Conversion Rights are issued and/or delivered by no later than the Delivery Date and promptly to procure that all necessary filings with, and applications to, the Relevant Stock Exchange for the admission to listing and to trading of such Common Shares.

2.2 Notwithstanding clause 2.1, the Conversion Price shall not be amended on the occurrence of any event or circumstance in accordance with schedule 2 (*Adjustment to Conversion Price*) hereto if an adjustment to the Conversion Price has been made in respect of such event or circumstance pursuant to Condition 6.

2.3 The Issuer shall discharge its obligation under clause 2.1(A) to issue or deliver to a Noteholder on the exercise of a Conversion Right the number of Ordinary Shares per Note determined by dividing the principal amount of the relevant Note by the Conversion Price in effect on the relevant Conversion Date as adjusted by Condition 6 by the issue or delivery of such number of Ordinary Shares in accordance with Condition 6.

3. UNDERTAKINGS OF THE COMPANY

Subject to the terms of this Deed Poll, the Company hereby undertakes in favour of the Noteholders, whilst any Conversion Right remains exercisable:

(A) not to approve, and to procure that each of its direct or indirect subsidiaries which may after the date hereof hold shares in Subsea 7 shall not approve, any resolution of the shareholders of the Issuer amending Article 9A of the Articles of Association or otherwise amend, alter or change the Scheme Ratio without,

in each case, the sanction by a special quorum resolution of Noteholders passed in accordance with the Trust Deed;

(B) to deliver or issue to the Issuer or, if so notified by the Issuer, the Noteholder on conversion of each Note:

(i) the number of Common Shares determined in accordance with clause 2.1(B)(i); and

(ii) any Fractional Cash Payments;

(C) to use its reasonable endeavours to ensure that the Common Shares issued or delivered upon conversion of each Note will, as soon as practicable after issue or delivery, be admitted to listing and to trading on the Relevant Stock Exchange and will be listed, quoted or dealt in, as soon as practicable after issue or delivery, on any other stock exchange or securities market on which the Common Shares may then be listed or quoted or dealt in;

(D) to take all necessary steps to procure that the Common Shares to be issued or delivered on exercise of Conversion Rights are issued and/or delivered by no later than the Delivery Date and promptly to make all necessary filings with, and applications to, the Relevant Stock Exchange for the admission to listing and to trading of such Common Shares; and

(E) to keep available for issue or delivery free from pre-emptive rights out of its authorised or issued capital sufficient unissued or issued Common Shares to enable the Company to perform its obligations hereunder.

4. CONVERSION OF NOTES

Notwithstanding clause 2.1, the number of Common Shares to be issued or delivered on the exercise of a Conversion Right shall be determined by dividing the principal amount of the relevant Note by the Conversion Price in effect on the relevant Conversion Date, as adjusted by Condition 6 and by the provisions of schedule 2 (*Adjustment to Conversion Price*) hereto, provided that the number of Ordinary Shares per Note so issued or delivered shall not be less than the number of Ordinary Shares that such Noteholder is entitled to receive pursuant to Condition 6.

5. ENFORCEMENT

At any time after any obligation of the Company or the Issuer has fallen due or the Company or the Issuer has failed to comply or perform any of its obligations or undertakings under this Deed Poll, any Noteholder may, at its discretion, take such proceedings as it may think fit against the Company to enforce the provisions of this Deed Poll in accordance with its terms.

6. AMENDMENTS AND WAIVERS

6.1 Any amendment to this Deed Poll may be effected only by deed poll, executed by the Company and expressed to be supplemental hereto with the sanction by a special quorum resolution of Noteholders passed in accordance with the Trust Deed.

6.2 A memorandum of every such supplemental deed poll shall be endorsed on this Deed Poll.

6.3 Any such amendment to this Deed Poll shall be notified to the Noteholders by publishing a notice on the Oslo Stock Exchange information system

7. GENERAL

7.1 This Deed Poll shall take effect as a deed poll for the benefit of the Noteholders from time to time.

7.2 The obligations expressed to be assumed by the Company and the Issuer in this Deed Poll shall enure, for as long as any Note remains outstanding, for the benefit of the Noteholders.

7.3 In the event that no Note remains outstanding, this Deed Poll shall terminate without further action by any person.

8. INVALIDITY

8.1 If, at any time, any provision of this Deed Poll is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, that shall not affect or impair:

(A) the legality, validity or enforceability in that jurisdiction of any other provision of this Deed Poll; or

(B) the legality, validity or enforceability under the law of any other jurisdiction of that or any other provision of this Deed Poll.

9. NOTICES

9.1 A notice to the Issuer under this Deed Poll shall only be effective if it is in writing and delivered to the registered office of the Issuer from time to time for the attention of the General Counsel or to such other address as the Issuer has notified to the Noteholders.

9.2 A notice to the Company under this Deed Poll shall only be effective if it is in writing and delivered to the registered office of the Company from time to time for the attention of the General Counsel or to such other address as the Company has notified to the Noteholders, with a copy to Acergy M.S. Limited at 200 Hammersmith Road, London W6 7DL, United Kingdom.

9.3 A notice to the Noteholders under this Deed Poll shall only be effective if published on the Oslo Stock Exchange information system.

10. DEPOSIT OF DEED POLL

10.1 This Deed Poll shall be deposited with the Paying and Conversion Agent as of the date hereof and held by the Paying and Conversion Agent until all the obligations of the Company and the Issuer under or in respect of the Notes have been discharged in full.

10.2 Copies of this Deed Poll shall be available for inspection during usual business hours during such period at the principal office for the time being of the Paying and Conversion Agent.

11. REMEDIES AND WAIVERS

11.1 No delay or omission by the Company, the Issuer or any Noteholder in exercising any right, power or remedy provided by law or under this Deed Poll shall affect that right, power or remedy or operate as a waiver of such right, power or remedy or constitute an election to affirm the Deed Poll.

11.2 The single or partial exercise of any right, power or remedy provided by law or under this Deed Poll shall not unless otherwise expressly stated preclude any other or further exercise of it or the exercise of any other right, power or remedy.

11.3 The rights, powers and remedies provided in this Deed Poll are cumulative and not exclusive of any rights, powers and remedies provided by law.

12. ASSIGNMENT

No Noteholder shall be entitled to assign all or part of the benefit of, or his rights or benefits under, this Deed Poll to any person.

13. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

Neither the Company nor the Issuer intends that any term of this Deed Poll should be enforceable, by virtue of the Contracts (Rights of Third Parties) Act 1999, by any person.

14. GOVERNING LAW AND JURISDICTION

14.1 This Deed Poll (and any non-contractual obligations arising therefrom) shall be governed by and construed in accordance with English law.

14.2 The courts of England are to have exclusive jurisdiction to settle any dispute arising out of or in connection with this Deed Poll. Any proceeding, suit or action arising out of or in connection with this Deed Poll **("Proceedings")** shall be brought in the English courts.

14.3 Each of the Company and the Issuer waives (and agrees not to raise) any objection, on the ground of *forum non conveniens* or on any other ground, to the taking of proceedings in the English courts. The Company and the Issuer also agree that a

judgment against it in Proceedings brought in England shall be conclusive and binding upon it and may be enforced in any other jurisdiction.

14.4 Each of the Company and the Issuer irrevocably submits and agrees to submit to the jurisdiction of the English courts.

IN WITNESS whereof this Deed Poll has been executed and delivered as a deed poll by the Company and the Issuer on the date first written above.

Executed as a deed by)
ACERGY S.A.)
acting by and)
who, in accordance with) /s/ Johan Rasmussen
the laws of the territory in which **ACERGY S.A.** is incorporated, are acting under the
authority of **ACERGY S.A.**)
)
)
)

Executed as a deed by)
SUBSEA 7 INC.)
acting by and)
who, in accordance with) /s/ Michael Delouche
the laws of the territory in which **SUBSEA 7 INC.** is incorporated, are acting under the
authority of **SUBSEA 7 INC.**)
)
)
)

SCHEDULE 1

DEFINITIONS

In this Deed Poll:

A reference to a **"Condition"** shall be to a condition of the Notes.

"Conversion Price" shall be given the meaning ascribed to it in the Trust Deed.

"Current Market Price" means, in respect of a Common Share at a particular date, the average of the Volume Weighted Average Price of a Common Share for the five consecutive Dealing Days ending on the Dealing Day immediately preceding such date; provided that if at any time during the said five-dealing-day period the Volume Weighted Average Price shall have been based on a price ex-Dividend (or ex- any other entitlement) and during some other part of that period the Volume Weighted Average Price shall have been based on a price cum-Dividend (or cum- any other entitlement), then:

(A) if the Common Shares to be issued or transferred do not rank for the Dividend (or entitlement) in question, the Volume Weighted Average Price on the dates on which the Common Shares shall have been based on a price cum-Dividend (or cum- any other entitlement) shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such Dividend or entitlement per Common Share as at the date of first public announcement of such Dividend (or entitlement); or

(B) if the Common Shares to be issued or transferred do rank for the Dividend (or entitlement) in question, the Volume Weighted Average Price on the dates on which the Common Shares shall have been based on a price ex-Dividend (or ex- any other entitlement) shall for the purpose of this definition be deemed to be the amount thereof increased by an amount equal to the Fair Market Value of any such Dividend or entitlement per Common Share as at the date of first public announcement of such Dividend (or entitlement),

and provided further that, if on each of the said five Dealing Days the Volume Weighted Average Price shall have been based on a price cum-Dividend (or cum- any other entitlement) in respect of a Dividend (or other entitlement) which has been declared or announced but the Common Shares to be issued do not rank for that Dividend (or other entitlement) the Volume Weighted Average Price on each of such dates shall for the purposes of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such Dividend or entitlement per Common Share as at the date of the first public announcement of such Dividend or entitlement,

and provided further that, if the Volume Weighted Average Price of a Common Share is not available on one or more of the said five Dealing Days, then the average of such Volume Weighted Average Prices which are available in that five-dealing-day period shall be used (subject to a minimum of two such prices) and if only one, or no, such Volume Weighted Average Price is available in the relevant period the Current Market Price shall be determined in good faith by an Independent Financial Adviser.

"Dealing Day" means a dealing day of the Relevant Stock Exchange on which the Common Shares are admitted to trading.

"Dividend" means any dividend or any form of distribution to Shareholders (including a SpinOff) whether of cash, assets or other property, and whenever paid or made and however described (and for these purposes a distribution of assets includes without limitation an issue of Common Shares, or other Securities credited as fully or partly paid up by way of capitalisation of profits or reserves) provided that:

(A) where a cash Dividend is announced which is to be, or may at the election of a Shareholder or Shareholders be, satisfied by the issue or delivery of Common Shares or other property or assets, or where a capitalisation of profits or reserves is announced which is to be, or may at the election of a Shareholder or Shareholders be, satisfied by the payment of the Dividend in cash, then for the purposes of this definition the Dividend in question shall be treated as a Cash Dividend of the greater of (i) such cash Dividend and (ii) the Fair Market Value (on the date of the first public announcement of such Dividend or capitalisation (as the case may be) or if later, the date on which the number of Common Shares (or amount of property or assets, as the case may be) which may be issued or delivered is determined), of such Common Shares or other property or assets;

(B) any issue of Common Shares falling within Condition 6(b)(ii) shall be disregarded;

(C) a purchase or redemption or buy back of share capital of the Company by the Company or any Subsidiary of the Company (other than such a purchase or redemption or buy back in connection with the delivery of Common Shares in accordance with this Deed Poll) shall not constitute a Dividend unless, in the case of purchases, redemptions or buy backs of Common Shares by or on behalf of the Company or any of its Subsidiaries, the weighted average price per Common Share (before expenses) on any one day (a **"Specified Share Day"**) in respect of such purchases, redemptions or buy backs (translated, if not in Norwegian kroner, into Norwegian kroner at the spot rate ruling at the close of business on such day as determined in good faith by an Independent Financial Adviser (or if no such rate is available on that date, the equivalent rate on the immediately preceding date on which such rate is available), exceeds by more than 5 per cent. the average of the closing prices of the Common Shares on the Relevant Stock Exchange (as published by or derived from the Relevant Stock Exchange) on the five Dealing Days immediately preceding the Specified Share Day or, where an announcement (excluding, for the avoidance of doubt for these purposes, any general authority for such purchases approved by a general meeting of Shareholders or any notice convening such a meeting of Shareholders) has been made of the intention to purchase Common Shares at some future date at a specified price, on the five Dealing Days immediately preceding the date of such announcement, in which case such purchase shall be deemed to constitute a cash Dividend in Norwegian kroner to the extent that the aggregate price paid (before expenses) in respect of such Common Shares purchased by the Company or, as the case may be, any of its Subsidiaries (translated where appropriate into Norwegian kroner as provided above) exceeds the product of (i) 105 per cent. of the average closing price of the Common Shares determined as aforesaid and (ii) the number of Common Shares so purchased; and

(D) if the Company or any of its Subsidiaries shall purchase any receipts or certificates representing Common Shares, the provisions of paragraph (c) shall be applied in respect thereof in such manner and with such modifications (if any) as shall be determined in good faith by an Independent Financial Adviser.

"Fair Market Value" means, with respect to any property on any date, the fair market value of that property as determined in good faith by an Independent Financial Adviser provided, that (i) the Fair Market Value of a cash Dividend paid or to be paid shall be the amount of such cash Dividend; (ii) the Fair Market Value of any other cash amount shall be the amount of such cash; (iii) where Securities, Spin-Off Securities, options, warrants or other rights are publicly traded in a market of adequate liquidity (as determined by an Independent Financial Adviser), the fair market value (a) of such Securities or Spin-Off Securities shall equal the arithmetic mean of the daily Volume Weighted Average Prices of such Securities or Spin-Off Securities and (b) of such options, warrants or other rights shall equal the arithmetic mean of the daily closing prices of such options, warrants or other rights, in the case of both (a) and (b) during the period of five trading days on the relevant market commencing on such date (or, if later, the first such trading day such Securities or Spin-Off Securities, options, warrants or other rights are publicly traded); and (iv) in the case of (i) converted into Norwegian kroner (if declared or paid in a currency other than Norwegian kroner) at the rate of exchange used to determine the amount payable to Shareholders who were paid or are to be paid or are entitled to be paid the cash Dividend in Norwegian kroner; and in any other case, converted into Norwegian kroner (if expressed in a currency other than Norwegian kroner) at such rate of exchange as may be determined in good faith by an Independent Financial Adviser to be the spot rate ruling at the close of business on that date (or if no such rate is available on that date the equivalent rate on the immediately preceding date on which such a rate is available).

"Independent Financial Adviser" means an independent investment bank of international repute appointed by the Company.

"Ordinary Shares" shall be given the meaning ascribed to it in the Trust Deed.

"outstanding" shall be given the meaning ascribed to it in the Trust Deed.

"Paying and Conversion Agent" means the paying and conversion agent to the Notes, which, as of the date hereof, is Nordea Bank Norge ASA, Verdipapirservice whose specified office is at Middelthuns gt. 17, N-0368 Oslo, Norway.

"Register" means the Norwegian securities register (in Norwegian: *Verdipapirsentralen (VPS)*)

"Relevant Stock Exchange" means the Oslo Stock Exchange or if at the relevant time the Common Shares are not at that time listed and admitted to trading on the Oslo Stock Exchange, the principal stock exchange or securities market on which the Common Shares are then listed or quoted or dealt in.

"Scheme Ratio" means the calculation pursuant to which each shareholder of the Issuer registered in the register of members at 6.00 p.m. Oslo time on the day the Cayman Court Order is filed with the Registrar of Companies in the Cayman Islands will receive, pursuant to and in accordance with the terms of the Scheme of Arrangement, 1.065 Common Shares for each Ordinary Share in the Issuer.

"Shareholders" means the holders of Common Shares.

"Securities" means any securities including, without limitation, Common Shares, or options, warrants or other rights to subscribe for or purchase or acquire Common Shares.

"Spin-Off" means:

(a) a distribution of Spin-Off Securities by the Company to Shareholders as a class; or

(b) any issue, transfer or delivery of any property or assets (including cash or shares or securities of or in or issued or allotted by any entity) by any entity (other than the Company) to Shareholders as a class or, in the case of or in connection with a Newco Scheme, Existing Shareholders, as a class (but excluding the issue and allotment of shares by Newco to Existing Shareholders), pursuant in each case to any arrangements with the Company or any of its Subsidiaries.

"Spin-Off Securities" means equity share capital of an entity other than the Company or options, warrants or other rights to subscribe for or purchase equity share capital of an entity other than the Company.

A "Subsidiary" of any person means (i) a company more than 50 per cent. of the Voting Rights of which is owned or controlled, directly or indirectly, by such person or by one or more other Subsidiaries of such person or by such person and one or more Subsidiaries thereof or (ii) any other person (other than a company) in which such person, or one or more other Subsidiaries of such person or such person and one or more other Subsidiaries thereof, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Volume Weighted Average Price" means, in respect of a Common Share, Security or, as the case may be, a Spin-Off Security on any Dealing Day, the volume-weighted average price of a Common Share, Security or, as the case may be, a Spin-Off Security published by or derived (in the case of a Common Share) from the Relevant Stock Exchange or (in the case of a Security or Spin-Off Security) from the principal stock exchange or securities market on which such Securities or Spin-Off Securities are then listed or quoted or dealt in, if any or, in any such case, such other source as shall be determined to be appropriate by an Independent Financial Adviser on such Dealing Day, provided that if on any such Dealing Day where such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of a Common Share, Security or a Spin-Off Security, as the case may be, in respect of such Dealing Day shall be the Volume Weighted Average Price, determined as provided above, on the immediately preceding Dealing Day on which the same can be so determined.

SCHEDULE 2

ADJUSTMENT TO CONVERSION PRICE

1. CONSOLIDATION, RECLASSIFICATION OR SUBDIVISION

If and whenever there shall be a consolidation, reclassification or subdivision of Common Shares, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such consolidation, reclassification or subdivision by the following fraction:

$$\frac{A}{B}$$

where:

A is the aggregate number of Common Shares in issue immediately before such consolidation, reclassification or subdivision, as the case may be; and

B is the aggregate number of Common Shares in issue immediately after, and as a result of, such consolidation, reclassification or subdivision, as the case may be.

Such adjustment shall become effective on the date the consolidation, reclassification or subdivision, as the case may be, takes effect.

2. ISSUE OF COMMON SHARES

If and whenever the Company shall issue any Common Shares credited as fully paid to the Shareholders by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve) other than (1) where any such Common Shares issued instead of the whole or part of a cash Dividend which the Shareholders would or could otherwise have received or (2) where the Shareholders may elect to receive a cash Dividend in lieu of such Common Shares, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue by the following fraction:

$$\frac{A}{B}$$

where:

A is the aggregate nominal amount of the issued Common Shares immediately before such issue; and

B is the aggregate nominal amount of the issued Common Shares immediately after such issue.

Such adjustment shall become effective on the date of issue of such Common Shares.

3. DIVIDENDS

If and whenever the Company shall pay or make any Dividend to Shareholders, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the relevant Dividend by the following fraction:

$$\frac{A-B}{A}$$

where:

A is the Current Market Price of one Common Share a Dealing Day immediately preceding the date of the first public announcement of the relevant Dividend or, in the case of a purchase of Common Shares or any receipts or certificates representing shares by or on behalf of the Company or any Subsidiary of the Company, on which such Common Shares are purchased or, in the case of a Spin-Off, is the mean of the Volume Weighted Average Prices of a Common Share for the five consecutive Dealing Days ending on the Dealing Day immediately preceding the first date on which the Common Shares are traded ex-the relevant Spin-Off; and

B is the portion of the Fair Market Value, with such portion being determined by dividing the Fair Market Value of the aggregate Dividend by the number of Common Shares entitled to receive the relevant Dividend (or, in the case of a purchase of Common Shares or any receipts or certificates representing shares by or on behalf of the Company or any Subsidiary of the Company, by the number of Common Shares in issue immediately prior to such purchase), of the Dividend attributable to one Common Share.

Such adjustment shall become effective on the date on which the relevant Dividend is paid or made or, in the case of a purchase of Common Shares or any receipts or certificates representing Common Shares, on the date such purchase is made or, in any such case if later, the first date upon which the Fair Market Value of the relevant Dividend is capable of being determined as provided herein.

For the purposes of the above, the Fair Market Value of a Cash Dividend shall (subject as provided in paragraph (a) of the definition of "Dividend" and in the definition of "Fair Market Value") be determined as at the date of the first public announcement of the relevant Dividend, and in the case of a Non-Cash Dividend, the Fair Market Value of the relevant Dividend shall be the Fair Market Value of the relevant Spin-Off Securities or, as the case may be, the relevant property or assets.

"Non-Cash Dividend" means any Dividend which is not a Cash Dividend, and shall include a Spin-Off.

"Cash Dividend" means (i) any Dividend which is to be paid or made in cash (in whatever currency), but other than falling within paragraph (b) of the definition of "Spin-Off" and (ii) any Dividend determined to be a Cash Dividend pursuant to paragraph (a) of the definition of "Dividend", and for the avoidance of doubt, a Dividend falling within paragraph (c) or (d) of the definition of "Dividend" shall be treated as being a Non-Cash Dividend.

4. ISSUE OF COMMON SHARES AS A CLASS BY WAY OF RIGHTS

If and whenever the Company shall issue Common Shares to Shareholders as a class by way of rights, or issue or grant to Shareholders as a class by way of rights, options, warrants or other rights to subscribe for or purchase any Common Shares, in each case at a price per Common Share which is less than 90 per cent. of the Current Market Price per Common Share on the Dealing Day immediately preceding the date of the first public announcement of the terms of the issue or grant of such Common Shares, options, warrants or other rights, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue or grant by the following fraction:

$$\frac{A+B}{A+C}$$

where:

A is the number of Common Shares in issue immediately before such announcement;

B is the number of Common Shares which the aggregate amount (if any) payable for the Common Shares issued by way of rights, or for the options or warrants or other rights issued by way of rights and for the total number of Common Shares deliverable on the exercise thereof, would purchase at such Current Market Price per Common Share; and

C is the number of Common Shares issued or, as the case may be, the maximum number of Common Shares which may be issued upon exercise of such options, warrants or rights calculated as at the date of issue of such options, warrants or rights.

Such adjustment shall become effective on the first date on which the Common Shares are traded ex-rights, ex-options or ex-warrants on the Relevant Stock Exchange.

5. ISSUE OF SECURITIES TO SHAREHOLDERS AS A CLASS BY WAY OF RIGHTS

If and whenever the Company shall issue any Securities (other than Common Shares or options, warrants or other rights to subscribe for or purchase any Common Shares) to Shareholders as a class by way of rights or grant to Shareholders as a class by way of rights any options, warrants or other rights to subscribe for or purchase any Securities (other than Common Shares or options, warrants or other rights to subscribe for or purchase Common Shares), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue or grant by the following fraction:

$$\frac{A-B}{A}$$

where:

A is the Current Market Price of one Common Share on the Dealing Day immediately preceding the first date on which the terms of such issue or grant are publicly announced; and

B is the Fair Market Value on the date of such announcement of the portion of the rights attributable to one Common Share.

Such adjustment shall become effective on the first date on which the Common Shares are traded ex-rights, ex-options or ex-warrants on the Relevant Stock Exchange.

6. ISSUE OF COMMON SHARES FOR CASH OR NON-CASH CONSIDERATION

If and whenever the Company shall issue (otherwise than as mentioned in paragraph 4 above) wholly for cash or for no consideration any Common Shares (other than Common Shares issued on conversion of the Notes or on the exercise of any rights of conversion into, or exchange or subscription for or purchase of, Common Shares) or issue or grant (otherwise than as mentioned in paragraph (4) above) wholly for cash or for no consideration any options, warrants or other rights to subscribe for or purchase any Common Shares (other than the Notes, which term shall for this purpose include any further notes issued pursuant to Condition 17 and forming a single series with the Notes), in each case at a price per Common Share which is less than 90 per cent. of the Current Market Price per Common Share on the Dealing Day immediately preceding the date of the first public announcement of the terms of such issue or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue or grant by the following fraction:

$$\frac{A+B}{A+C}$$

where:

A is the number of Common Shares in issue immediately before the issue of such Common Shares or the grant of such options, warrants or rights;

B is the number of Common Shares which the aggregate consideration (if any) receivable for the issue of such Common Shares or, as the case may be, for the Common Shares to be issued or otherwise made available upon the exercise of any such options, warrants or rights, would purchase at such Current Market Price per Common Share; and

C is the number of Common Shares to be issued pursuant to such issue of such Common Shares or, as the case may be, the maximum number of Common Shares which may be issued upon exercise of such options, warrants or rights calculated as at the date of issue of such options, warrants or rights.

Such adjustment shall become effective on the date of issue of such Common Shares or, as the case may be, the grant of such options, warrants or rights.

7. ISSUE OF SECURITIES CONVERTIBLE INTO COMMON SHARES

If and whenever the Company or any Subsidiary of the Company or (at the direction or request of or pursuant to any arrangements with the Company or any Subsidiary of the Company) any other company, person or entity (otherwise than as mentioned in paragraphs 4, 5 or 6 above) shall issue wholly for cash or for no consideration any Securities (other than the Notes, which

term shall for this purpose exclude any further notes issued pursuant to Condition 17 and forming a single series with the Notes), which by their terms of issue carry (directly or indirectly) rights of conversion into, or exchange or subscription for, Common Shares (or shall grant any such rights in respect of existing Securities so issued) or Securities which by their terms might be re-designated as Common Shares, and the consideration per Common Share receivable upon conversion, exchange, subscription or re-designation is less than 90 per cent. of the Current Market Price per Common Share on the Dealing Day immediately preceding the date of the first public announcement of the terms of issue of such Securities (or the terms of such grant), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue (or grant) by the following fraction:

$$\frac{A+B}{A+C}$$

where:

A is the number of Common Shares in issue immediately before such issue or grant (but where the relevant Securities carry rights of conversion into or rights of exchange or subscription for Common Shares which have been issued by the Company for the purposes of or in connection with such issue, less the number of such Common Shares so issued);

B is the number of Common Shares which the aggregate consideration (if any) receivable for the Common Shares to be issued or otherwise made available upon conversion or exchange or upon exercise of the right of subscription attached to such Securities or, as the case may be, for the Common Shares to be issued or to arise from any such re- designation would purchase at such Current Market Price per Common Share; and

C is the maximum number of Common Shares to be issued or otherwise made available upon conversion or exchange of such Securities or upon the exercise of such right of subscription attached thereto at the initial conversion, exchange or subscription price or rate or, as the case may be, the maximum number of Common Shares which may be issued or arise from any such re-designation.

Provided that, if at the time of issue of the relevant Securities or date of grant of such rights (as used in this paragraph 7, the "Specified Date") such number of Common Shares is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time (which may be when such Securities are converted or exchanged or rights of subscription are exercised or, as the case may be, such Securities are re-designated or at such other time as may be provided) then for the purposes of this paragraph 7, "C" shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Specified Date and as if such conversion, exchange, subscription, purchase or acquisition or, as the case may be, redesignation had taken place on the Specified Date.

Such adjustment shall become effective on the date of issue of such Securities or, as the case may be, the grant of such rights.

8. MODIFICATION OF THE RIGHTS OF CONVERSION, EXCHANGE OR SUBSCRIPTION

If and whenever there shall be any modification of the rights of conversion, exchange or subscription attaching to any such Securities (other than the Notes, which term shall for this purpose include any further notes issued pursuant to Condition 17 and forming a single series with the Notes) as are mentioned in paragraph 7 above (other than in accordance with the terms (including terms as to adjustment) applicable to such Securities upon issue) so that following such modification the consideration per Common Share receivable has been reduced and is less than 90 per cent. of the Current Market Price per Common Share on the Dealing Day immediately preceding the date of the first public announcement of the proposals for such modification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such modification by the following fraction:

$$\frac{A+B}{A+C}$$

where:

A is the number of Common Shares in issue immediately before such modification (but where the relevant Securities carry rights of conversion into or rights of exchange or subscription for Common Shares which have been issued, purchased or acquired by the Company or any Subsidiary of the Company (or at the direction or request or pursuant to any arrangements with the Company or any Subsidiary of the Company) for the purposes of or in connection with such issue, less the number of such Common Shares so issued, purchased or acquired);

B is the number of Common Shares which the aggregate consideration (if any) receivable for the Common Shares to be issued or otherwise made available upon conversion or exchange or upon exercise of the right of subscription attached to the Securities so modified would purchase at such Current Market Price per Common Share or, if lower, the existing conversion, exchange or subscription price of such Securities; and

C is the maximum number of Common Shares which may be issued or otherwise made available upon conversion or exchange of such Securities or upon the exercise of such rights of subscription attached thereto at the modified conversion, exchange or subscription price or rate but giving credit in such manner as an Independent Financial Adviser shall consider appropriate for any previous adjustment under this paragraph 8 or paragraph 7 above.

Provided that if at the time of such modification (as used in this paragraph 8, the "Specified Date") such number of Common Shares is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time (which may be when such Securities are converted or exchanged or rights of subscription are exercised or at such other time as may be provided) then for the purposes of this paragraph 8, "C" shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Specified Date and as if such conversion, exchange or subscription had taken place on the Specified Date.

Such adjustment shall become effective on the date of modification of the rights of conversion, exchange or subscription attaching to such Securities.

9. OTHER ADJUSTMENTS

If and whenever the Company or any Subsidiary of the Company or (at the direction or request of or pursuant to any arrangements with the Company or any Subsidiary of the Company) any other company, person or entity shall offer any Securities in connection with which offer Shareholders as a class are entitled to participate in arrangements whereby such Securities may be acquired by them (except where the Conversion Price falls to be adjusted under paragraphs 2, 3, 4, 6 or 7 above (or would fall to be so adjusted if the relevant issue or grant was at less than 90 per cent. of the Current Market Price per Common Share on the relevant Dealing Day) or under paragraph 5 above) the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the making of such offer by the following fraction:

$$\frac{A-B}{A}$$

where:

A is the Current Market Price of one Common Share on the Dealing Day immediately preceding the date on which the terms of such offer are first publicly announced; and

B is the Fair Market Value on the date of such announcement of the portion of the relevant offer attributable to one Common Share.

Such adjustment shall become effective on the first date on which the Common Shares are traded ex-rights on the Relevant Stock Exchange.

10. MISCELLANEOUS

10.1 If the Company determines that an adjustment should be made to the Conversion Price as a result of one or more circumstances not referred to above in this schedule (even if the relevant circumstance is specifically excluded from the operation of paragraphs 1 to 9 above), the Company shall, at its own expense and acting reasonably, request an Independent Financial Adviser to determine as soon as practicable what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereof and the date on which such adjustment should take effect and upon such determination such adjustment (if any) shall be made and shall take effect in accordance with such determination, provided that an adjustment shall only be made pursuant to this paragraph 10 if such Independent Financial Adviser is so requested to make such a determination not more than 21 days after the date on which the relevant circumstance arises and if the adjustment would result in a reduction to the Conversion Price.

10.2 Notwithstanding the foregoing provisions, where the events or circumstances giving rise to any adjustment pursuant to this schedule have already resulted or will result in an adjustment to the Conversion Price or where the events or circumstances giving rise to any adjustment arise by virtue of any other events or circumstances which have already

given or will give rise to an adjustment to the Conversion Price or where more than one event which gives rise to an adjustment to the Conversion Price occurs within such a short period of time that, in the opinion of the Company, a modification to the operation of the adjustment provisions is required to give the intended result, such modification shall be made to the operation of the adjustment provisions as may be advised by an Independent Financial Adviser to be in its opinion appropriate to give the intended result and provided further that, for the avoidance of doubt, the issue of Common Shares pursuant to the exercise of Warrants or Conversion Rights shall not result in an adjustment to the Conversion Price.

10.3 For the purpose of any calculation of the consideration receivable or price pursuant to paragraphs 4, 6, 7 and 8, the following provisions shall apply:

(A) the aggregate consideration receivable or price for Common Shares issued for cash shall be the amount of such cash;

(B) (x) the aggregate consideration receivable or price for Common Shares to be issued or otherwise made available upon the conversion or exchange of any Securities shall be deemed to be the consideration or price received or receivable for any such Securities and (y) the aggregate consideration receivable or price for Common Shares to be issued or otherwise made available upon the exercise of rights of subscription attached to any Securities or upon the exercise of any options, warrants or rights shall be deemed to be that part (which may be the whole) of the consideration or price received or receivable for such Securities or, as the case may be, for such options, warrants or rights which are attributed by the Company to such rights of subscription or, as the case may be, such options, warrants or rights or, if no part of such consideration or price is so attributed, the Fair Market Value of such rights of subscription or, as the case may be, such options, warrants or rights as at the date of the first public announcement of the terms of issue of such Securities or, as the case may be, such options, warrants or rights, plus in the case of each of (x) and (y) above, the additional minimum consideration receivable or price (if any) upon the conversion or exchange of such Securities, or upon the exercise of such rights or subscription attached thereto or, as the case may be, upon exercise of such options, warrants or rights and (z) the consideration receivable or price per Common Share upon the conversion or exchange of, or upon the exercise of such rights of subscription attached to, such Securities or, as the case may be, upon the exercise of such options, warrants or rights shall be the aggregate consideration or price referred to in (x) or (y) above (as the case may be) divided by the number of Common Shares to be issued upon such conversion or exchange or exercise at the initial conversion, exchange or subscription price or rate;

(C) if the consideration or price determined pursuant to (A) or (B) above (or any component thereof) shall be expressed in a currency other than US dollars, it shall be converted into US dollars at such rate of exchange as may be determined in good faith by an Independent Financial Adviser to be the spot rate ruling at the close of business on the date of the first public announcement of the terms of issue of such Securities (or if no such rate is available on that

date, the equivalent rate on the immediately preceding date on which such rate is available); and

(D) in determining consideration or price pursuant to the above, no deduction shall be made for any commissions or fees (howsoever described) or any expenses paid or incurred for any underwriting, placing or management of the issue of the relevant Common Shares or Securities or otherwise in connection therewith.

10.4 If the Delivery Date (as defined in the Conditions) in relation to the conversion of any Note shall be after any consolidation, reclassification or sub-division as is mentioned in paragraph 1 above, or after the record date or other due date for the establishment of entitlement for any such issue, distribution, grant or offer (as the case may be) as is mentioned in paragraphs 2, 3 comprising a cash Dividend, 4, 5 or 9, or after any such issue or grant as is mentioned in paragraphs 6 and 7, in any case in circumstances where the relevant Conversion Date falls before the relevant adjustment becomes effective under this schedule (such adjustment, a "Retroactive Adjustment"), then the Company shall (conditional upon the relevant adjustment becoming effective) procure that there shall be issued or delivered to the converting Noteholder, in accordance with the instructions contained in the Conversion Notice, such additional number of Common Shares (if any) (the "Additional Common Shares") as, together with the Common Shares issued or to be issued or delivered on conversion of the relevant Note (together with any fraction of an Common Share not so issued), is equal to the number of Common Shares which would have been required to be issued or delivered on conversion of such Note if the relevant adjustment (more particularly referred to in the said provisions of this schedule) to the Conversion Price had in fact been made and become effective immediately prior to the relevant Conversion Date.

10.5 If any doubt shall arise as to the appropriate adjustment to the Conversion Price in accordance with this schedule, and following consultation between the Company, the Issuer and an Independent Financial Adviser, a written opinion of such Independent Financial Adviser in respect of such adjustment to the Conversion Price shall be conclusive and binding on all concerned, save in the case of manifest or proven error.

10.6 No adjustment will be made to the Conversion Price where Common Shares or other Securities (including rights, warrants and options) are issued, offered, exercised, allotted, appropriated, modified or granted to, or for the benefit of, employees or former employees (including directors holding or formerly holding executive office or the personal service company of any such person) or their spouses or relatives, in each case, of the Company or any of its Subsidiaries or any associated company or to trustees to be held for the benefit of any such person, in any such case pursuant to any employees' share or option scheme.

Exhibit 4.2

MULTICURRENCY REVOLVING CREDIT AND GUARANTEE FACILITY AGREEMENT

US$1,000,000,000

FACILITY AGREEMENT

DATED 10 AUGUST 2010

with

ACERGY TREASURY LIMITED

as the Company

with

ACERGY S.A., ACERGY SHIPPING LIMITED and CLASS 3 SHIPPING LIMITED

as Guarantors

arranged by

ING BANK N.V.

and

DNB NOR BANK ASA

with

ING BANK N.V.

acting as Agent

with

NORDEA BANK FINLAND PLC

acting as Issuing Bank

ALLEN & OVERY

Allen & Overy LLP

CONTENTS

THIS AGREEMENT is dated 10 August 2010 and made

BETWEEN:

(1) **ACERGY TREASURY LIMITED** (registered in England and Wales with number 00974791 with its registered office at 200 Hammersmith Road, Hammersmith, London, W6 7DL) (the **Company**);

(2) **ACERGY S.A.** a public limited liability company (*société anonyme*) incorporated under the laws of the Grand Duchy of Luxembourg with its registered office at 412F, Route d'Esch, L-2086 Luxembourg and registered with the Luxembourg trade and companies register under number B.43172 (the **Parent**);

(3) **THE COMPANIES** listed in Part 1 of Schedule 1 (The Original Parties) under the heading "Original Borrowers" as original borrowers (the **Original Borrowers**);

(4) **THE COMPANIES** listed in Part 1 of Schedule 1 (The Original Parties) under the heading "Original Guarantors" as original guarantors (the **Original Guarantors**);

(5) **DNB NOR BANK ASA** and **ING BANK N.V.** as arrangers (the **Arrangers**);

(6) **THE FINANCIAL INSTITUTIONS** listed in Part 2 of Schedule 1 as banks (the **Original Banks**);

(7) **ING BANK N.V.** as agent of the other Finance Parties (the **Agent**); and

(8) **NORDEA BANK FINLAND PLC, LONDON BRANCH** as issuing bank (the **Issuing Bank**).

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement:

Acceptable Bank means:

(a) a bank or financial institution which has a rating for its long-term unsecured and non credit-enhanced debt obligations of A- or higher by Standard & Poor's Rating Services or Fitch Ratings Ltd or the equivalent or higher by Moody's Investor Services Limited or a comparable rating from an internationally recognised credit rating agency; or

(b) any other bank or financial institution approved by the Agent or, if the Agent is an Impaired Agent, the Majority Banks and, in each case, the Issuing Bank.

Accession Letter means an accession letter, substantially in the form of Schedule 8 (Form of Accession Letter), with such amendments as the Agent and the Parent may agree.

Additional Borrower means a company which becomes a Borrower in accordance with Clause 27.2 (Additional Borrowers).

Additional Cost Rate has the meaning given to is in Schedule 4 (Mandatory Cost Formulae).

Additional Guarantor means a company which becomes a Guarantor in accordance with Clause 27.4 (Additional Guarantors).

Additional Obligor means an Additional Borrower or an Additional Guarantor.

Affiliate means, in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company.

Applicable Accounting Principles means those accounting principles, standards, practices and policies applied in the preparation of the audited consolidated accounts of the Parent for each financial year ending on 30 November.

Authorisation means an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration.

Availability Period means the period from and including the date of this Agreement to and including the date falling one month before the Termination Date.

Available Commitment means a Bank's Commitment minus:

(a) the Base Currency Amount of its participation in any outstanding Utilisations; and

(b) in relation to any proposed Utilisation, the Base Currency Amount of its participation in any Utilisations that are due to be made on or before the proposed Utilisation Date,

other than that Bank's participation in any Utilisations that are due to be repaid or prepaid (excluding for these purposes any repayment or prepayment by way of provision of cash cover) on or before the proposed Utilisation Date.

Available Facility means the aggregate for the time being of each Bank's Available Commitment.

Bank means:

(a) any Original Bank; and

(b) any bank, financial institution, trust, fund or other entity which has become a Party in accordance with Clause 26 (Changes to the Banks),

which in each case has not ceased to be a Party in accordance with the terms of this Agreement.

Base Currency means United States Dollars.

Base Currency Amount means, in relation to a Utilisation, the amount specified in the Utilisation Request delivered by a Borrower for that Utilisation (or, if the amount requested is not denominated in the Base Currency, that amount converted into the Base Currency on the basis of the relevant closing exchange rate published on the FXC page on the Bloomberg screen (or any related link) on the date which is three Business Days before the Utilisation Date or, if later, on the date the Agent receives the Utilisation Request) and, in the case of a Guarantee, as adjusted under Clause 6.7 (Revaluation of Guarantees).

Borrower means an Original Borrower or an Additional Borrower.

Break Costs means the amount (if any) by which:

(a) the interest (excluding the Margin and any Mandatory Cost) which a Bank should have received for the period from the date of receipt of all or any part of its participation in a Loan or Unpaid Sum to the last day of the current Interest Period in respect of that Loan or

Unpaid Sum, had the principal amount or Unpaid Sum received been paid on the last day of that Interest Period;

exceeds:

(b) the amount which that Bank would be able to obtain by placing an amount equal to the principal amount or Unpaid Sum received by it on deposit with a leading bank in the Relevant Interbank Market for a period starting on the Business Day following receipt or recovery and ending on the last day of the current Interest Period.

Business Day means a day (other than a Saturday or Sunday) on which banks are open for general business in Amsterdam, London and Oslo and:

(a) (in relation to any date for payment or purchase of a currency other than euro) in the principal financial centre of the country of that currency; or

(b) (in relation to any date for payment or purchase of euro) any TARGET Day.

Commitment means:

(a) in relation to an Original Bank, the amount in the Base Currency set opposite its name under the heading "Commitment" in Part 2 of Schedule 1 (The Parties) and the amount of any other Commitment transferred to it under this Agreement; and

(b) in relation to any other Bank, the amount in the Base Currency of any Commitment transferred to it under this Agreement,

to the extent not cancelled, reduced or transferred by it under this Agreement.

Compliance Certificate means a certificate substantially in the form set out in Schedule 6 (Form of Compliance Certificate).

CTA means the Corporation Tax Act 2009.

Default means an Event of Default or any event or circumstance specified in Clause 25 (Events of Default) which would (with the expiry of a grace period and/or the giving of notice) be an Event of Default.

Defaulting Lender means any Bank:

(a) which has failed to make its participation in a Loan available or has notified the Agent that it will not make its participation in a Loan available by the Utilisation Date of that Loan in accordance with Clause 5.4 (Banks' participation);

(b) which has otherwise rescinded or repudiated a Finance Document; or

(c) with respect to which an Insolvency Event has occurred and is continuing,

unless, in the case of paragraph (a) above:

(i) its failure to pay is caused by:

(A) administrative or technical error; or

(B) a Disruption Event; and

payment is made within 5 Business Days of its due date; or

(ii) the Bank is disputing in good faith whether it is contractually obliged to make the payment in question.

Disruption Event means either or both of:

(a) a material disruption to those payment or communications systems or to those financial markets which are, in each case, required to operate in order for payments to be made in connection with the Facility (or otherwise in order for the transactions contemplated by the Finance Documents to be carried out) which disruption is not caused by, and is beyond the control of, any of the Parties; or

(b) the occurrence of any other event which results in a disruption (of a technical or systems-related nature) to the treasury or payments operations of a Party preventing that, or any other Party:

(i) from performing its payment obligations under the Finance Documents; or

(ii) from communicating with other Parties in accordance with the terms of the Finance Documents,

and which (in either such case) is not caused by, and is beyond the control of, the Party whose operations are disrupted.

Environmental Claim means any claim by any person in connection with:

(a) a breach, or alleged breach, of an Environmental Law;

(b) any accident, fire, explosion or other event of any type involving an emission or substance which is capable of causing harm to any living organism or the environment; or

(c) any other environmental contamination.

Environmental Law means any law or regulation concerning:

(a) the protection of health and safety;

(b) the environment; or

(c) any contamination, pollution or waste or the release or discharge of any toxic or hazardous substance.

Environmental Permit means any authorisation required by an Environmental Law.

EURIBOR means, in relation to any Loan in euro:

(a) the applicable Screen Rate; or

(b) (if no Screen Rate is available for the Interest Period of that Loan) the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Agent at its request quoted by the Reference Banks to leading banks in the European interbank market,

as of the Specified Time on the Quotation Day for the offering of deposits in euro for a period comparable to the Interest Period of the relevant Loan.

Event of Default means any event or circumstance specified as such in Clause 25 (Events of Default).

Existing Facilities means:

(a) the US$400,000,000 multicurrency revolving credit and guarantee facility agreement dated 8 November 2004 (as amended and restated on 10 August 2006); and

(b) the US$200,000,000 multicurrency guarantee facility agreement dated 26 February 2008.

Expiry Date means, for a Guarantee, the last day of its Term.

Facility means the revolving loan and guarantee facility made available under this Agreement as described in Clause 2 (The Facility).

Facility Office means the office or offices notified by a Bank to the Agent in writing on or before the date it becomes a Bank (or, following that date, by not less than five Business Days' written notice) as the office or offices through which it will perform its obligations under this Agreement.

Fee Letter means any letter or letters dated on or about the date of this Agreement between the Arrangers, Agent or Issuing Bank and the Parent or the Company setting out any of the fees referred to in Clause 14 (Fees).

Finance Document means this Agreement, any Accession Letter, any Fee Letter, the Side Letter and the Account Security Agreement (each as defined in Clause 24.16 (Conditions subsequent)) and any other document designated as such by the Agent and the Parent.

Finance Party means the Agent, the Arrangers, the Issuing Bank or a Bank.

Financial Guarantee has the meaning given to that term in Clause 3.1(b) (Purpose).

Financial Guarantee Fee, in relation to a Financial Guarantee, has the meaning given to that term in (and as adjusted in accordance with) Clause 11.3 (Margin and Guarantee Fee adjustments).

Financial Indebtedness means any indebtedness for or in respect of:

(a) moneys borrowed;

(b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;

(c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;

(d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with GAAP, be treated as a finance or capital lease;

(e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);

(f) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;

(g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);

(h) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution which constitutes or is issued in respect of any of the items referred to elsewhere in this definition; and

(i) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (h) above.

GAAP means generally accepted accounting principles in the jurisdiction of incorporation of the relevant Obligor, including IFRS.

Group means the Parent and all its Subsidiaries from time to time.

Guarantee means a guarantee in a form requested by a Borrower (being either a Financial Guarantee, a Performance Guarantee or the Undertaking to Pay) and in the form agreed by the Issuing Bank and, if the amount of the guarantee exceeds US$10,000,000 (or its equivalent), also agreed by the Agent acting on the instructions of the Majority Banks and the Issuing Bank and in each case setting out the information required pursuant to Clause 6.2 (Completion of a Utilisation Request for Guarantees).

Guarantee Fee means a Financial Guarantee Fee or a Performance Guarantee Fee.

Guarantee Period means each successive period of three months ending on 28 February, 31 May, 31 August and 30 November in each year, (or such shorter period as shall start on the date of issue of the relevant Guarantee until the first to occur of the above dates, or shall end on the Expiry Date for that Guarantee).

Guarantee Proportion means, in relation to a Bank in respect of any Guarantee, the proportion (expressed as a percentage) borne by that Bank's Available Commitment to the Available Facility immediately prior to the issue of that Guarantee, adjusted to reflect any assignment or transfer under this Agreement to or by that Bank.

Guarantor means an Original Guarantor or an Additional Guarantor.

Historical Security means the released security granted by Acergy Shipping Limited or, as the case may be, Class 3 Shipping Limited as set out in Schedule 9 (Historical Security) which remains registered with any applicable registry.

Holding Company means, in relation to a company or corporation, any other company or corporation in respect of which it is a Subsidiary.

IFRS means international accounting standards within the meaning of the IAS Regulation 1606/2002 to the extent applicable to the relevant financial statements.

Interest Period means:

(a) in relation to a Loan, each period determined in accordance with Clause 12 (Interest Periods); and

(b) in relation to an Unpaid Sum, each period determined in accordance with Clause 11.4 (Default interest).

Impaired Agent means the Agent at any time when:

(a) it has failed to make (or has notified a Party that it will not make) a payment required to be made by it under the Finance Documents by the due date for payment;

(b) the Agent otherwise rescinds or repudiates a Finance Document;

(c) (if the Agent is also a Bank) it is a defaulting Bank under paragraph (a) or (b) of the definition of **Defaulting Lender** and, in the case of the events or circumstances referred to in paragraph (a) of the definition of **Defaulting Lender**, none of the exceptions apply to that paragraph; or

(d) an Insolvency Event has occurred and is continuing with respect to the Agent;

unless, in the case of paragraph (a) above:

(i) its failure to pay is caused by:

(A) administrative or technical error; or

(B) a Disruption Event; and

payment is made within 5 Business Days of its due date; or

(ii) the Agent is disputing in good faith whether it is contractually obliged to make the payment in question.

Insolvency Event in relation to a Finance Party means that the Finance Party:

(a) is dissolved (other than pursuant to a consolidation, amalgamation or merger);

(b) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due;

(c) makes a general assignment, arrangement or composition with or for the benefit of its creditors;

(d) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official;

(e) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition is instituted or presented by a person or entity not described in paragraph (d) above and:

(i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation; or

(ii) is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof;

(f) has exercised in respect of it one or more of the stabilisation powers pursuant to Part 1 of the Banking Act 2009 and/or has instituted against it a bank insolvency proceeding pursuant to Part 2 of the Banking Act 2009 or a bank administration proceeding pursuant to Part 3 of the Banking Act 2009;

(g) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);

(h) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets;

(i) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 days thereafter;

(j) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in paragraphs (a) to (i) above; or

(k) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts.

Issue Date means the date on which a Guarantee is to be issued.

Joint Venture means an entity of which a person does not have direct or indirect control or owns directly or indirectly less than or equal to 50% of the voting capital or similar right of ownership and **control** for this purpose means the power to direct the management and the policies of the entity whether through the ownership of voting capital, by contract or otherwise.

For the avoidance of doubt, SapuraAcergy Sdn Bhd, SapuraAcergy Assets Pte Ltd, Global Oceon Engineers Nigeria Limited, NKT Flexibles I/S and the Seaway Heavy Lifting group of companies are Joint Ventures.

LIBOR means, in relation to any Loan (other than a Loan denominated in euro):

(a) the applicable Screen Rate; or

(b) (if no Screen Rate is available for the currency or Interest Period of that Loan) the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Agent at its request quoted by the Reference Banks to leading banks in the London interbank market,

as of the Specified Time on the Quotation Day for the offering of deposits in the currency of that Loan and for a period comparable to the Interest Period for that Loan.

Loan means a loan made or to be made under the Facility or the principal amount outstanding for the time being of that loan.

Luxembourg means the Grand Duchy of Luxembourg.

Majority Banks means:

(a) if there are no Utilisations then outstanding, a Bank or Banks whose Commitments aggregate more than 66 2/3% of the Total Commitments (or, if the Total Commitments have been reduced to zero and there are no Guarantees then outstanding, aggregated more than 66 2/3% of the Total Commitments immediately prior to the reduction); or

(b) at any other time, a Bank or Banks whose participations in the Utilisations then outstanding aggregate more than 66 2/3% of all the Utilisations then outstanding.

Mandatory Cost means the percentage rate per annum calculated by the Agent in accordance with Schedule 4 (Mandatory Cost Formulae).

Margin has the meaning given to that term in (and as adjusted in accordance with) Clause 11.3 (Margin and Guarantee Fee adjustments).

Material Adverse Effect means a material adverse effect on:

(a) the ability of the Group (as a whole) or of any Obligor to perform their obligations under the Finance Documents; or

(b) the validity or enforceability of the Finance Documents (or any of them) or the rights or remedies of any beneficiary under the Finance Documents (or any of them).

Material Subsidiary means:

(a) a Subsidiary of the Parent whose total operating profit, gross assets or turnover (ignoring, in each case, any operating profit, gross assets or turnover which that Subsidiary derives from any other member of the Group) for the period to which its latest audited financial statements relate accounts for 5 per cent. or more of the consolidated total operating profit, consolidated gross assets or consolidated turnover of the Group (all as calculated by reference to the latest audited consolidated financial statements of the Group);

(b) any direct or indirect Holding Company of a Subsidiary (other than the Parent) referred to in paragraph (a) above; and

(c) a Subsidiary of the Parent to which has been transferred (whether in a single transaction or a series of transactions (whether related or not)) the whole or substantially the whole of the assets of a Subsidiary which immediately prior to such transaction(s) was a Material Subsidiary.

For the purposes of this definition:

(i) if a Subsidiary becomes a Material Subsidiary under paragraph (c) above, the Material Subsidiary by which the relevant transfer was made shall, subject to paragraph (a) and (b) above, cease to be a Material Subsidiary; and

(ii) if a Subsidiary is acquired by the Parent after the end of the financial period to which the latest audited consolidated financial statements of the Group relate, those financial statements shall be adjusted as if that Subsidiary had been shown in them by reference to its then latest audited financial statements (consolidated if appropriate) until audited consolidated financial statements of the Group for the financial period in which the acquisition is made have been prepared.

Month means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that:

(a) (subject to paragraph (c) below) if the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in that calendar month in which that period is to end if there is one, or if there is not, on the immediately preceding Business Day;

(b) if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last Business Day in that calendar month; and

(c) if an Interest Period begins on the last Business Day of a calendar month, that Interest Period shall end on the last Business Day in the calendar month in which that Interest Period is to end.

The above rules will only apply to the last Month of any period.

Notional JV Company means, in each case until such time as it becomes a Joint Venture:

(a) Sonacergy - Services E Construcoes Petroliferas;

(b) Sonamet Industrial S.A.; and

(c) Acergy Havila Limited.

Obligor means a Borrower or a Guarantor.

Optional Currency means Australian Dollars, Canadian Dollars, euro, Danish Kroner, Sterling or Norwegian Kroner and, in respect of a Guarantee only, Brazilian Reals or a currency which complies with the conditions set out in Clause 4.4 (Conditions relating to Optional Currencies).

Original Financial Statements means:

(a) in relation to the Parent, the audited consolidated financial statements of the Group for the financial year ended 30 November 2009; and

(b) in relation to any other Borrower, its audited financial statements for its financial year ended 30 November 2009.

Participating Member State means any member state of the European Communities that adopts or has adopted the euro as its lawful currency in accordance with legislation of the European Community relating to Economic and Monetary Union.

Party means a party to this Agreement.

Performance Guarantee has the meaning given to that term in Clause 3.1(b) (Purpose).

Performance Guarantee Fee, in relation to a Performance Guarantee, has the meaning given to that term in (and as adjusted in accordance with) Clause 11.3 (Margin and Guarantee Fee adjustments).

Permitted Reorganisation means a reorganisation (including by way of a merger) on a solvent basis of the Parent where either:

(a) all of the business, assets or shares of the Parent are distributed to another member of the Group which is an Obligor; or

(b) a new topco is incorporated as a direct Holding Company of the Parent (**Topco**) and Topco accedes as an Obligor; or

(c) the Parent merges with a newly incorporated company and the surviving entity accedes as an Obligor,

provided that, in each case:

(i) the relevant surviving entity or Topco (as applicable) is incorporated in a jurisdiction approved by all of the Banks;

(ii) the relevant surviving entity or Topco (as applicable) accedes as a Guarantor and assumes all obligations of the Parent to the extent that the Parent has ceased to exist following the Permitted Reorganisation;

(iii) the relevant surviving entity or Topco (as applicable) is listed on the Oslo Stock Exchange or any stock exchange on the FSA Register of recognised and designated investment exchanges or any other stock exchange acceptable to the Agent; and

(iv) the Agent has received constitutional documents, corporate authorisations, specimen signatures, an officer's certificate and a satisfactory legal opinion in respect of the relevant surviving entity or Topco (as the case may be) as it may reasonably require (all to be in form and substance reasonably satisfactory to the Agent) and any information and evidence which the Agent requires for its compliance with the "know your client" and anti-money laundering procedures.

Project Finance Subsidiary means a Subsidiary of the Parent:

(a) incorporated for the sole purposes of financing the construction and/or acquisition of an asset, such financing to be provided on a non-recourse basis with financiers only being given access to the relevant financed asset and/or revenues generated by that asset without recourse to any other member of the Group; and

(b) which incurs no other Financial Indebtedness.

Qualifying Bank has the meaning given to it in Clause 15 (Tax Gross Up and Indemnities).

Quotation Day means, in relation to any period for which an interest rate is to be determined:

(a) (if the currency is sterling) the first day of that period;

(b) (if the currency is euro) two TARGET Days before the first day of that period; or

(c) (for any other currency) two Business Days before the first day of that period,

unless market practice differs in the Relevant Interbank Market for a currency, in which case the Quotation Day for that currency will be determined by the Agent in accordance with market practice in the Relevant Interbank Market (and if quotations would normally be given by leading banks in the Relevant Interbank Market on more than one day, the Quotation Day will be the last of those days).

Reference Banks means DnB NOR Bank ASA, ING Bank N.V. and Nordea Bank Finland plc or such other banks as may be appointed by the Agent with the consent of the Parent (such consent not to be unreasonably withheld or delayed).

Related Fund means, in relation to a fund (the **first fund**), a fund which is managed or advised by the same investment manager or investment adviser as the first fund or, if it is managed by a different investment manager or investment adviser, a fund whose investment manager or investment adviser is an Affiliate of the investment manager or investment adviser of the first fund.

Relevant Interbank Market means in relation to euro, the European interbank market and, in relation to any other currency, the London interbank market.

Renewal Request means a written notice delivered to the Agent in accordance with Clause 6.6 (Renewal of a Guarantee) in substantially the form of a Utilisation Request.

Repeating Representations means each of the representations set out in Clauses 21.1 (Status) to 21.6 (Governing law and enforcement), 21.9 (No default), 21.10(a) and (b) (Financial statements) and 21.12 (Environmental compliance) and 21.13 (No proceedings pending or threatened).

Representative means any delegate, agent, manager, administrator, nominee, attorney, trustee or custodian.

Rollover Loan means one or more Loans:

(a) made or to be made on the same day that:

  (i) a maturing Loan is due to be repaid; or

  (ii) a Borrower is obliged to pay to the Agent for the Issuing Bank the amount of any claim under a Guarantee;

(b) the aggregate amount of which is equal to or less than the maturing Loan;

(c) in the same currency as the maturing Loan (unless it arose as a result of the operation of Clause 8.2 (Unavailability of a currency)); and

(d) made or to be made to the same Borrower for the purpose of:

  (i) refinancing a maturing Loan; or

  (ii) satisfying the obligations of that Borrower to pay the amount of any claim under a Guarantee.

Screen Rate means:

(a) in relation to LIBOR, the British Bankers Association Interest Settlement Rate for the relevant currency and period; and

(b) in relation to EURIBOR, the percentage rate per annum determined by the Banking Federation of the European Union for the relevant period,

for the relevant Currency and Interest Period displayed on the appropriate page of the Reuters screen. If the agreed page if replaced or service ceases to be available, the Agent may specify another page or service displaying the appropriate rate after consultation with the Parent and the Banks.

Security means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

Specified Time means a time determined in accordance with Schedule 7 (Timetable).

Subsidiary means an entity (other than any Notional JV Company or Joint Venture) of which a person has direct or indirect control or owns directly or indirectly more than 50 per cent. of the voting capital or similar right of ownership and **control** for this purpose means the power to direct the management and the policies of the entity whether through the ownership of voting capital, by contract or otherwise.

TARGET 2 means Trans-European Automated Real-time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007.

TARGET Day means any day on which TARGET 2 is open for the settlement of payments in euro.

Tax means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

Term means each period for which the Issuing Bank may be under a liability under a Guarantee.

Termination Date means the fifth anniversary of the date of this Agreement.

Total Commitments means the aggregate of the Commitments, being US$1,000,000,000 at the date of this Agreement.

Total Revolving Credit Limit means, at any time, an amount equal to 50% of the Total Commitments which are uncancelled at that time.

Transfer Certificate means a certificate substantially in the form set out in Schedule 5 (Form of Transfer Certificate) or any other form agreed between the Agent and the Company.

Transfer Date means, in relation to a transfer, the later of:

(a) the proposed Transfer Date specified in the Transfer Certificate; and

(b) the date on which the Agent executes the Transfer Certificate.

Treasury Policy means the hedging policy of the Parent as approved by its Chief Executive Officer.

UK means the United Kingdom.

Undertaking to Pay means the Guarantee dated on or about the date of this Agreement and given by the Issuing Bank in favour of DnB NOR Bank ASA as issuing bank under the Existing Facilities.

Unpaid Sum means any sum due and payable but unpaid by an Obligor under the Finance Documents.

Utilisation means a Loan or a Guarantee.

Utilisation Date means the date of a Utilisation being that date on which a Loan is to be made or a Guarantee to be issued.

Utilisation Request means:

(a) for a Loan, a notice substantially in the form set out in Part 1 of Schedule 3 (Utilisation Request); and

(b) for a Guarantee, a notice substantially in the form set out in Part 2 of Schedule 3 (Utilisation Request).

VAT means value added tax as provided for in the Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax as implemented in the UK by the Value Added Tax Act 1994 and in Luxembourg by the law of 12 February 1979 on value added tax, as amended, and any other tax of a similar nature.

1.2 Construction

(a) Unless a contrary indication appears, any reference in this Agreement to:

(i) the **Agent**, the **Issuing Bank**, any **Arranger**, any **Finance Party**, any **Bank**, any **Obligor** or any **Party** shall be construed so as to include its successors in title, permitted assigns and permitted transferees;

(ii) **assets** includes present and future properties, revenues and rights of every description;

(iii) a **Finance Document** or any other agreement or instrument is a reference to that Finance Document or other agreement or instrument as amended, novated, supplemented, extended or restated;

(iv) **indebtedness** includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;

(v) a **person** includes any person, firm, company, corporation, government, state or agency of a state or any association, trust or partnership (whether or not having separate legal personality) or two or more of the foregoing;

(vi) a **regulation** includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;

(vii) an amount borrowed includes any amount utilised by way of Guarantee;

(viii) a Utilisation made or to be made to a Borrower includes a Guarantee issued on its behalf;

(ix) a Bank funding its participation in a Utilisation includes a Bank participating in a Guarantee;

(x) amounts outstanding under this Agreement include amounts outstanding under or in respect of any Guarantee;

(xi) an outstanding amount of a Guarantee at any time is the maximum amount that is or may be payable by a Borrower in respect of that Guarantee at that time;

(xii) a Borrower **repaying** or **prepaying** a Guarantee means:

(A) that Borrower providing cash cover for that Guarantee;

(B) the maximum amount payable under the Guarantee being reduced in accordance with its terms; or

(C) the Issuing Bank being satisfied that it has no further liability under that Guarantee,

and the amount by which a Guarantee is repaid or prepaid under subparagraphs (xii)(A) and (xii)(B) above is the amount of the relevant cash cover or reduction;

(xiii) a Borrower providing **cash cover** for a Guarantee means that Borrower paying an amount in the currency of the Guarantee to an interest-bearing account in the name of that Borrower or the Parent and the following conditions are met:

(A) the account is with the Issuing Bank;

(B) withdrawals from the account may only be made to pay a Finance Party amounts due and payable to it under this Agreement in respect of that Guarantee in accordance with Clause 7.2(c)(iii) (Fee payable in respect of Guarantees) until no amount is or may be outstanding under that Guarantee; and

(C) that Borrower has executed a security document, in form and substance satisfactory to the Agent and/or the Issuing Bank creating a first ranking security interest over that account;

(xiv) a reference to a Guarantor being:

(A) **insolvent** means that it is in a state of cessation of payments; and

(B) **bankrupt** (*état de faillite*) means that it is in a state of cessations of payments (*cessation de payments*) and has lost its commercial creditworthiness (*ébranlement de credit*);

(xv) as regards a Luxembourg Guarantor, a reference to:

(A) a winding-up, administration or dissolution includes a Guarantor being declared in a situation of, without limitation, bankruptcy (*faillite*), insolvency, voluntary or judicial liquidation (*liquidation voluntaire ou judiciaire*), composition with creditors (*concordat préventif de faillite*), reprieve from payment (*sursis de paiement*), controlled management (*gestion contrôlée*), fraudulent conveyance (*action pauliana*), general settlement with creditors (*concordat après faillite*), reorganisation or similar laws affecting the rights of creditors generally; and

(B) an administrator, receiver, administrative receiver or the like includes, without limitation, a *juge-délégué*, *commissaire*, *juge-commissaire*, *liquidateur* or *curateur*;

(xvi) a provision of law is a reference to that provision as amended or re-enacted; and

(xvii) a time of day is a reference to London time.

(b) Section, Clause and Schedule headings are for ease of reference only.

(c) Unless a contrary indication appears, a term used in any other Finance Document or in any notice given under or in connection with any Finance Document has the same meaning in that Finance Document or notice as in this Agreement.

(d) A Default (other than an Event of Default) is **continuing** if it has not been remedied or waived and an Event of Default is **continuing** if it has not been remedied or waived.

1.3 Third Party Rights

(a) Unless expressly provided to the contrary in a Finance Document a person who is not a Party has no right under the Contracts (Rights of Third Parties) Act 1999 (the **Third Parties Act**) to enforce or to enjoy the benefit of any term of this Agreement.

(b) Notwithstanding any term of any Finance Document, the consent of any person who is not a Party is not required to rescind or vary this Agreement at any time.

2. THE FACILITY

2.1 The Facility

Subject to the terms of this Agreement, the Banks make available to the Borrowers a multicurrency revolving credit and guarantee facility in an aggregate amount equal to the Total Commitments.

2.2 Guarantees

The Facility includes an option for the Borrowers to request that the Issuing Bank issues Guarantees counter-indemnified by the Banks in an aggregate amount, subject to Clause 2.3 (Facility Limit), equal to the Total Commitments.

2.3 Facility Limit

(a) The aggregate amount of all outstanding Utilisations shall not at any time exceed the Total Commitments; and

(b) the aggregate amount of all outstanding Loans and Financial Guarantees shall not at any time exceed the applicable Total Revolving Credit Limit.

2.4 Finance Parties' rights and obligations

(a) The obligations of each Finance Party under the Finance Documents are several. Failure by a Finance Party to perform its obligations under the Finance Documents does not affect the obligations of any other Party under the Finance Documents. No Finance Party is responsible for the obligations of any other Finance Party under the Finance Documents.

(b) The rights of each Finance Party under or in connection with the Finance Documents are separate and independent rights and any debt arising under the Finance Documents to a Finance Party from an Obligor shall be a separate and independent debt.

(c) A Finance Party may, except as otherwise stated in the Finance Documents, separately enforce its rights under the Finance Documents.

3. PURPOSE

3.1 Purpose

(a) Each Loan shall be applied towards the general corporate purposes and operations of the Group including the financing of vessels and the refinancing of the Existing Facilities of the Group.

(b) Each Guarantee shall be issued to support:

(i) contract performance obligations and other operating requirements of the Group (but which are not guarantees to support Financial Indebtedness) (a **Performance Guarantee**); and/or

(ii) Financial Indebtedness (a **Financial Guarantee**).

3.2 Monitoring

No Finance Party is bound to monitor or verify the application of any amount borrowed pursuant to this Agreement.

4. CONDITIONS OF UTILISATION

4.1 Initial conditions precedent

No Borrower may deliver a Utilisation Request unless the Agent has received all of the documents and other evidence listed in Schedule 2 (Conditions Precedent) in form and substance satisfactory to the Agent. The Agent shall notify each Borrower and the Banks promptly upon being so satisfied.

4.2 Further conditions precedent

The Banks will only be obliged to comply with Clause 5.4 (Bank's Participation) or Clause 6.5 (Issue of Guarantees) if on the date of the Utilisation Request and on the proposed Utilisation Date:

(a) in the case of a Rollover Loans or a Renewal Request, no Event of Default is continuing or would result from the proposed Utilisation and, in the case of any other Utilisation, no Default is continuing or would result from the proposed Utilisation; and

(b) the Repeating Representations to be made by each Obligor are true in all material respects.

4.3 Maximum number of Loans

(a) No Borrower may deliver a Utilisation Request in respect of a Loan if as a result of the proposed Utilisation more than 10 Loans would be outstanding.

(b) Any Loan made by a single Bank under Clause 8.2 (Unavailability of a currency) shall not be taken into account in this Clause 4.3.

4.4 Conditions relating to Optional Currencies

A currency will constitute an Optional Currency in relation to a Utilisation if:

(a) it is readily available in the amount required and freely convertible into the Base Currency in the Relevant Interbank Market on the date which is three Business Days before the Issue Date for that Utilisation or, if later, on the date the Agent receives the Utilisation Request; and

(b) it has been approved by the Agent (having obtained the consent of all of the Banks, such consent not to be unreasonably withheld) on or prior to receipt by the Agent of the relevant Utilisation Request for that Utilisation.

5. UTILISATION – LOANS

5.1 Delivery of a Utilisation Request for Loans

A Borrower may borrow a Loan by delivery to the Agent of a duly completed Utilisation Request not later than the Specified Time.

5.2 Completion of a Utilisation Request for Loans

(a) Each Utilisation Request for a Loan is irrevocable and will not be regarded as having been duly completed unless:

(i) it specifies that it is for a Loan;

(ii) the proposed Utilisation Date is a Business Day within the Availability Period;

(iii) the currency and amount of the Loan comply with Clause 5.3 (Currency and amount); and

(iv) the proposed Interest Period complies with Clause 12 (Interest Periods).

(b) Only one Loan may be requested in each Utilisation Request.

5.3 Currency and amount

(a) The currency specified in a Utilisation Request must be the Base Currency or an Optional Currency.

(b) The amount of the proposed Loan must be:

(i) if the currency selected is the Base Currency, a minimum of US$5,000,000 or, if less, the Available Facility; or

(ii) if the currency selected is an Optional Currency, the minimum amount equivalent to US$5,000,000 in that Optional Currency or, if less, the Available Facility; and

(iii) in any event such that its Base Currency Amount is less than or equal to the Available Facility.

5.4 Banks' participation

(a) If the conditions set out in this Agreement have been met, each Bank shall make its participation in each Loan available by the Utilisation Date through its Facility Office.

(b) The amount of each Bank's participation in each Loan will be equal to the proportion borne by its Available Commitment to the Available Facility immediately prior to making the Loan.

(c) No Bank is obliged to participate in a Loan or Financial Guarantee if, as a result:

(i) its share in the Utilisations would exceed its Commitment;

(ii) the Loans and the aggregate amount of Financial Guarantees would exceed the Total Revolving Credit Limit; or

(iii) the Utilisations would exceed the Total Commitments.

(d) The Agent shall determine the Base Currency Amount of each Loan which is to be made in an Optional Currency and shall notify each Bank of the amount, currency and the Base Currency Amount of each Loan and the amount of its participation in that Loan, in each case by the Specified Time.

6. UTILISATION – GUARANTEES

6.1 Delivery of a Utilisation Request for Guarantees

(a) A Borrower may request a Guarantee to be issued by delivery to the Agent and the Issuing Bank of a duly completed Utilisation Request not later than the Specified Time save for a duly completed Utilisation Request in respect of the Undertaking to Pay which may be delivered to the Agent and the Issuing Bank on or before the Utilisation Date.

(b) Clause 5 (Utilisation – Loans) does not apply to a Utilisation Request for a Guarantee.

6.2 Completion of a Utilisation Request for Guarantees

Each Utilisation Request for a Guarantee is irrevocable and will not be regarded as having been duly completed unless:

(a) it specifies that it is for a Guarantee and it specifies whether it is a Financial Guarantee or a Performance Guarantee;

(b) the proposed Utilisation Date is a Business Day within the Availability Period;

(c) the currency and amount of the Guarantee comply with Clause 6.3 (Currency and amount);

(d) the Expiry Date of the Guarantee is a date falling no later than the date falling 78 months after the Issue Date of such Guarantee;

(e) the delivery instructions for the Guarantee are specified;

(f) the form of the Guarantee has been approved by the Issuing Bank and if the amount of the Guarantee exceeds US$10,000,000 (or its equivalent, as determined by the Agent in accordance with Clause 8 (Optional Currencies)), the form of that Guarantee has also been approved by the Agent acting on the instructions of the Majority Banks; and

(g) the final form of Guarantee is attached to the Utilisation Request.

6.3 Currency and amount

(a) The currency specified in a Utilisation Request must be the Base Currency or an Optional Currency.

(b) The amount of the proposed Guarantee must be an amount whose Base Currency Amount is not more than the Available Facility.

6.4 Form of Guarantee

The form of Guarantee to be attached to a Utilisation Request must be provided by the relevant Borrower to the Issuing Bank in a form agreed between that Borrower and the relevant beneficiary and the Issuing Bank no later than the Specified Time, and provided that, if the amount of the Guarantee exceeds US$10,000,000 (or its equivalent), the form of that Guarantee has also been approved by the Agent acting on the instructions of the Majority Banks and the Issuing Bank.

6.5 Issue of Guarantees

(a) If the conditions set out in this Agreement have been met, the Issuing Bank shall issue the Guarantee on the Issue Date.

(b) No Bank is obliged to participate in a Guarantee if, as a result:

(i) its share in the Utilisations would exceed its Commitment;

(ii) the Loans and the aggregate amount of Financial Guarantees would exceed the Total Revolving Credit Limit; or

(iii) the Utilisations would exceed the Total Commitments.

(c) The amount of each Bank's participation in each Guarantee will be equal to the proportion borne by its Available Commitment to the Available Facility immediately prior to the issue of the Guarantee. In determining the amount of the Available Facility and a Bank's Guarantee Proportion of a proposed Guarantee for the purposes of this Agreement the Available Commitment of a Bank will be calculated ignoring any cash cover provided for any outstanding Guarantee.

(d) The Agent shall determine the Base Currency Amount of each Guarantee which is to be issued in an Optional Currency and shall notify the Issuing Bank and each Bank of the details of the requested Guarantee and its participation in that Guarantee by the Specified Time.

6.6 Renewal of a Guarantee

(a) A Borrower may request any Guarantee issued on its behalf be renewed by delivery to the Agent and the Issuing Bank of a Renewal Request by the Specified Time.

(b) The Finance Parties shall treat any Renewal Request in the same way as a Utilisation Request for a Guarantee except that the conditions set out in Clause 6.2(f) (Completion of a Utilisation Request for Guarantees) shall not apply.

(c) The terms of each renewed Guarantee shall be the same as those of the relevant Guarantee immediately prior to its renewal, except that:

(i) its amount may be less than the amount of the Guarantee immediately prior to its renewal; and

(ii) its Term shall start on the date which was the Expiry Date of the Guarantee immediately prior to its renewal, and shall end on the proposed Expiry Date specified in the Renewal Request.

(d) If the conditions set out in this Agreement have been met, the Issuing Bank shall amend and re-issue any Guarantee pursuant to a Renewal Request.

6.7 Revaluation of Guarantees

(a) If any Guarantee is denominated in an Optional Currency, the Agent shall at three monthly intervals falling on 28 February, 31 May, 31 August and 30 November of each year recalculate the Base Currency Amount of that Guarantee by notionally converting into the Base Currency the outstanding amount of that Guarantee on the basis of the relevant closing exchange rate published on the FXC page on the Bloomberg screen (or any related link) on the date of calculation.

(b) Each Borrower shall, if requested by the Agent within three Business Days of any calculation under paragraph (a) above, ensure that within three Business Days sufficient Utilisations are prepaid to prevent the Base Currency Amount of the Utilisations exceeding the Total Commitments following any adjustment to a Base Currency Amount under paragraph (a) above.

6.8 Cash cover for Guarantees

(a) Unless the Parent procures delivery by no later than the date falling one month before the Termination Date (the **Cash Cover Determination Date**) of a refinancing plan in respect of any Guarantees which have not expired or been cancelled on or prior to the Cash Cover Determination Date which is acceptable to all the Banks (acting reasonably and in good faith), each Borrower (or an Obligor on behalf of a Borrower) shall provide either:

(i) cash cover in an amount equal to all amounts outstanding under each Guarantee issued at the request of that Borrower which has not expired or been cancelled on or prior to the Cash Cover Determination Date; or

(ii) such other security as is acceptable to all the Banks (acting reasonably and in good faith).

(b) Any cash cover shall be provided in the same currency as the currency of the Guarantee for which cash cover is provided and deposited either with the Issuing Bank, or, in the case of a Guarantee in Brazilian Reals, with a branch or affiliate or correspondent bank of the Issuing Bank in Brazil.

(c) If at any time after the Termination Date a Guarantee for which cash cover has been provided is cancelled, the relevant amount of cash cover shall be released promptly to the relevant Borrower.

(d) For the purpose of this clause **cancelled** shall mean, at any time, that the Issuing Bank is satisfied that it is under no obligation or liability (whether actual or contingent) to make any payment under the relevant Guarantee.

7. GUARANTEES

7.1 Immediately payable

If a Guarantee or any amount outstanding under a Guarantee becomes immediately payable under this Agreement, the relevant Borrower shall repay or prepay that amount immediately.

7.2 Fee payable in respect of Guarantees

(a) Subject to paragraph (c)(ii) below, each Borrower shall pay to the Agent (for the account of each Bank) a Guarantee Fee computed in accordance with Clause 11.3 (Margin and Guarantee Fee adjustments) on the outstanding amount of each Guarantee requested by it for the period from the issue of that Guarantee until its Expiry Date. This fee shall be distributed according to each Bank's Guarantee Proportion of that Guarantee.

(b) The accrued Guarantee Fee on a Guarantee shall be payable in the Base Currency on the last day of each Guarantee Period. The Guarantee Fee payable in respect of a Financial Guarantee shall be the Financial Guarantee Fee. The Guarantee Fee payable in respect of a Performance Guarantee shall be the Performance Guarantee Fee.

(c) If a Borrower cash covers any part of a Guarantee then:

(i) the fronting fee payable to the Issuing Bank shall cease to be payable in respect of the relevant part of the Guarantee;

(ii) the Guarantee Fee payable in respect of the portion of that Guarantee that has been cash covered shall be payable for the account of the Issuing Bank; and

(iii) that Borrower will be entitled to withdraw the interest accrued on the cash cover to pay Guarantee Fees.

7.3 Claims under a Guarantee

(a) Each Borrower irrevocably and unconditionally authorises the Issuing Bank to pay any claim made or purported to be made under a Guarantee requested by it and which appears on its face to be in order (a **claim**).

(b) Each Borrower shall, within three Business Days of the date on which the claim is due to be paid by the Issuing Bank, pay to the Agent for the Issuing Bank an amount equal to the amount of any claim under a Guarantee.

(c) Each Borrower acknowledges that the Issuing Bank:

(i) is not obliged to carry out any investigation or seek any confirmation from any other person before paying a claim; and

(ii) deals in documents only and will not be concerned with the legality of a claim or any underlying transaction or any available set-off, counterclaim or other defence of any person.

(d) The obligations of each Borrower under this Clause will not be affected by:

(i) the sufficiency, accuracy or genuineness of any claim or any other document; or

(ii) any incapacity of, or limitation on the powers of, any person signing a claim or other document.

7.4 Indemnities

(a) Each Borrower shall immediately on demand indemnify the Issuing Bank against any cost, loss or liability incurred by the Issuing Bank (otherwise than by reason of the Issuing Bank's gross negligence or wilful misconduct) in acting as the Issuing Bank under any Guarantee requested by that Borrower.

(b) Each Bank shall (according to its Guarantee Proportion) immediately on demand indemnify the Issuing Bank against any cost, loss or liability incurred by the Issuing Bank (otherwise than by reason of the Issuing Bank's gross negligence or wilful misconduct) in acting as the Issuing Bank under any Guarantee (unless the Issuing Bank has been reimbursed by an Obligor pursuant to a Finance Document) except to the extent that cash cover has been provided by an Obligor in respect of a Guarantee in accordance with the terms of this Agreement or to the extent that a back-to-back indemnity or counter-guarantee (in each case, on such terms as have been approved by the Issuing Bank) has been provided in a respect of a Guarantee.

(c) If any Bank is not permitted (by its constitutional documents or any applicable law) to comply with paragraph (b) above, then that Bank will not be obliged to comply with paragraph (b) and shall instead be deemed to have taken, on the date the Guarantee is issued (or if later, on the date the Bank's participation in the Guarantee is transferred or assigned to the Bank in accordance with the terms of this Agreement), an undivided interest and participation in the Guarantee in an amount equal to its Guarantee Proportion of that Guarantee. On receipt of demand from the Agent, that Bank shall pay to the Agent (for the account of the Issuing Bank) an amount equal to its Guarantee Proportion of the amount demanded.

(d) Each Borrower shall immediately on demand reimburse any Bank for any payment it makes to the Issuing Bank under this Clause 7.4 (Indemnities) in respect of a Guarantee which it requested.

(e) The obligations of each Bank under this Clause are continuing obligations and will extend to the ultimate balance of sums payable by that Bank in respect of any Guarantee, regardless of any intermediate payment or discharge in whole or in part.

(f) The obligations of any Bank under this Clause will not be affected by any act, omission, matter or thing which, but for this Clause, would reduce, release or prejudice any of its obligations under this Clause (without limitation and whether or not known to it or any other person) including:

(i) any time, waiver or consent granted to, or composition with, any Obligor, any beneficiary under a Guarantee or other person;

(ii) the release of any other Obligor or any other person under the terms of any composition or arrangement;

(iii) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any Obligor, any beneficiary under a Guarantee or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;

(iv) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of an Obligor, any beneficiary under a Guarantee or any other person;

(v) any amendment (however fundamental) or replacement of a Finance Document, any Guarantee or any other document or security;

(vi) any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document, any Guarantee or any other document or security; or

(vii) any insolvency or similar proceedings.

7.5 Rights of contribution

No Obligor will be entitled to any right of contribution or indemnity from any Finance Party in respect of any payment it may make under Clause 7 (Guarantees).

8. OPTIONAL CURRENCIES

8.1 Selection of currency

Each Borrower shall select the currency of a Utilisation in its Utilisation Request.

8.2 Unavailability of a currency

(a) If before the Specified Time on any Quotation Day:

(i) a Bank notifies the Agent that the Optional Currency requested is not readily available to it in the amount required; or

(ii) a Bank notifies the Agent that compliance with its obligation to participate in a Utilisation in the proposed Optional Currency would contravene a law or regulation applicable to it,

the Agent will give notice to the relevant Borrower to that effect by the Specified Time on that day. In this event, any Bank that gives notice pursuant to this Clause 8.2 will be required to participate in the Utilisation in the Base Currency (in an amount equal to that Bank's proportion of the Base Currency Amount or, in respect of a Rollover Loan or Renewal Request an amount equal to that Bank's proportion of the Base Currency Amount of the maturing Loan or Guarantee that is due to be made) and its participation will be treated as a separate Utilisation denominated in the Base Currency during that Interest Period or Guarantee Period as applicable.

(b) If, following a claim under Clause 7.4(b) (Indemnities), a Bank is unable to indemnify the Issuing Bank in the relevant Optional Currency, that Bank may discharge its obligation to indemnify the Issuing Bank in the Base Currency (provided that the rate of exchange is approved by the Issuing Bank (acting reasonably)).

8.3 Participation in a Utilisation

(a) Each Bank's participation in a Loan will be determined in accordance with paragraph (b) of Clause 5.4 (Bank's participation).

(b) Each Bank's participation in a Guarantee will be determined in accordance with paragraphs (b) and (c) of Clause 6.5 (Issue of Guarantees).

9. REPAYMENT

(a) Each Borrower shall repay each Loan borrowed by that Borrower on the last day of its Interest Period. Each Borrower shall repay each Guarantee on the Termination Date.

(b) Without prejudice to each Borrower's obligation under paragraph (a) above, if one or more Loans are to be made available to a Borrower:

(i) on the same day that a maturing Loan is due to be repaid by that Borrower;

(ii) in the same currency as the maturing Loan (unless it arose as a result of the operation of Clause 8.2 (Unavailiability of a currency)); and

(iii) for the purpose of refinancing the maturing Loan,

the aggregate amount of the new Loans shall be treated as if applied in or towards repayment of the maturing Loan so that:

(A) if the amount of the maturing Loan exceeds the aggregate amount of the new Loans:

I. the relevant Borrower will only be required to pay an amount in cash in the relevant currency equal to that excess; and

II. each Bank's participation (if any) in the new Loans shall be treated as having been made available and applied by the Borrower in or towards repayment of that Bank's participation (if any) in the maturing Loan and that Bank will not be required to make its participation in the new Loans available in cash; and

(B) if the amount of the maturing Loan is equal to or less than the aggregate amount of the new Loans:

I. the relevant Borrower will not be required to make any payment in cash; and

II. each Bank will be required to make its participation in the new Loans available in cash only to the extent that its participation (if any) in the new Loans exceeds that Bank's participation (if any) in the maturing Loan and the remainder of that Bank's participation in the new Loans shall be treated as having been made available and applied by the Borrower in or towards repayment of that Bank's participation in the maturing Loan.

(c) If a Guarantee or any amount outstanding under a Guarantee becomes immediately payable under the Facility Agreement, the Borrower which requested that Guarantee shall repay or prepay that amount immediately.

10. PREPAYMENT AND CANCELLATION

10.1 Illegality

(a) If it becomes unlawful in any applicable jurisdiction for a Bank to perform any of its obligations as contemplated by this Agreement or to fund or maintain its participation in any Utilisation:

(i) that Bank shall promptly notify the Agent upon becoming aware of that event;

(ii) upon the Agent notifying the Parent, the Commitment of that Bank will be immediately cancelled; and

(iii) each Borrower shall repay that Bank's participation in the Utilisations made to that Borrower on the last day of the Interest Period or, in the case of a Guarantee, Guarantee Period for each Utilisation occurring after the Agent has notified the Parent or, if earlier, the date specified by the Bank in the notice delivered to the Agent (being no earlier than the last day of any applicable grace period permitted by law).

(b) If it becomes unlawful for the Issuing Bank to issue a Guarantee, the Issuing Bank shall promptly notify the Agent upon becoming aware of that event, and upon the Agent notifying the Parent, the Facility shall cease to be available for the issue of Guarantees.

10.2 Change of control

(a) If a Change of Control occurs (other than a Permitted Reorganisation):

(i) the Parent shall promptly notify the Agent upon becoming aware of that event;

(ii) a Bank shall not be obliged to fund a Utilisation (except for a Rollover Loan or a Renewal Request);

(iii) if a Bank so requires and notifies the Agent within 30 days of the Parent notifying the Agent of the event, the Agent shall, by not less than 30 days notice to the Parent, cancel the Commitment of that Bank and declare the participation of that Bank in all outstanding Utilisations, together with accrued interest, and all other amounts accrued under the Finance Documents immediately due and payable, whereupon the Commitment of that Bank will be cancelled and all such outstanding amounts will become immediately due and payable.

(b) A **Change of Control** shall occur if:

(i) any person or group of persons acting in concert owns more than half the issued share capital, or gains control, of the Parent; or

(ii) the Parent ceases to own, directly or indirectly, more than half the issued share capital of, or ceases to control, any other Obligor.

(c) For the purpose of paragraph (b) above **control** means the power to direct the management and policies of an entity, whether through the ownership of voting capital, by contract or otherwise.

(d) **Acting in concert** means, a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition directly or indirectly of shares in the Parent by any of them, either directly or indirectly, to obtain or consolidate control of the Parent.

10.3 Voluntary cancellation

The Parent may, if it gives the Agent not less than five Business Days' prior notice, cancel the whole or any part (being a minimum amount of US$10,000,000 (or its equivalent)) of the Available Facility. Any cancellation under this Clause 10.3 shall reduce the Commitments of the Banks rateably.

10.4 Voluntary Prepayment of Loans

A Borrower may, if it gives the Agent not less than five Business Days' (or such shorter period as the Majority Banks may agree) prior notice, prepay the whole or any part of a Loan (but if in part, being an amount that reduces the Base Currency Amount of the Loan by a minimum amount of US$10,000,000 (or its equivalent)).

10.5 Right of repayment and cancellation in relation to a single Bank

(a) If:

(i) any sum payable to any Bank by a Borrower is required to be increased under paragraph (c) of Clause 15.2 (Tax gross-up); or

(ii) any Bank claims indemnification from a Borrower under Clause 15.3 (Tax indemnity) or Clause 16.1 (Increased costs),

that Borrower may, whilst the circumstance giving rise to the requirement for indemnification continues, give the Agent notice of cancellation of the Commitment of that Bank and its intention to procure the repayment of that Bank's participation in the Utilisations.

(b) On receipt of a notice referred to in paragraph (a) above, the Commitment of that Bank shall immediately be reduced to zero.

(c) On the last day of each Interest Period which ends after a Borrower has given notice under paragraph (a) above (or, if earlier, the date specified by that Borrower in that notice), the relevant Borrower shall repay that Bank's participation in that outstanding Loan.

10.6 Restrictions

(a) Any notice of cancellation or prepayment given by any Party under this Clause 10 shall be irrevocable and, unless a contrary indication appears in this Agreement, shall specify the date or

dates upon which the relevant cancellation or prepayment is to be made and the amount of that cancellation or prepayment.

(b) Any prepayment under this Agreement shall be made together with accrued interest on the amount prepaid and, subject to any Break Costs, without premium or penalty.

(c) Unless a contrary indication appears in this Agreement, any part of the Facility which is prepaid may be reborrowed in accordance with the terms of this Agreement.

(d) No Borrower shall repay or prepay all or any part of the Utilisations or cancel all or any part of the Commitments except at the times and in the manner expressly provided for in this Agreement.

(e) No amount of the Total Commitments cancelled under this Agreement may be subsequently reinstated.

(f) If the Agent receives a notice under this Clause 10 it shall promptly forward a copy of that notice to either the Parent or the affected Bank, as appropriate.

10.7 Right of cancellation in relation to a Defaulting Lender

(a) If any Bank becomes a Defaulting Lender, the Parent may, at any time whilst the Bank continues to be a Defaulting Lender, give the Agent 5 Business Days' notice of cancellation of each Available Commitment of that Bank.

(b) On the notice referred to in paragraph (a) above becoming effective, each Available Commitment of the Defaulting Lender shall immediately be reduced to zero.

(c) The Agent shall as soon as practicable after receipt of a notice referred to in paragraph (a) above, notify all the Banks.

10.8 Subsea 7 - Voluntary prepayment of Guarantees

If the Majority Banks do not approve the acquisition of Subsea 7 pursuant to clause 24.4(b) (Subsea 7 Acquisition), a Borrower may, if it gives the Agent not less than five Business Days' (or such shorter period as the Majority Banks may agree) prior notice, but is not obliged to, prepay any outstanding Guarantees, provided that all Loans are simultaneously prepaid in full and all Commitments are simultaneously cancelled in full.

11. INTEREST

11.1 Calculation of interest

The rate of interest on each Loan for each Interest Period is the percentage rate per annum which is the aggregate of the applicable:

(a) Margin;

(b) LIBOR or, in relation to any Loan in euro, EURIBOR; and

(c) Mandatory Cost, if any.

11.2 Payment of interest

The Borrowers shall pay accrued interest on a Loan which has been drawn on the last day of each Interest Period (and, if the Interest Period is longer than six Months, on the dates falling at six monthly intervals after the first day of the Interest Period).

11.3 Margin and Guarantee Fee adjustments

(a) In this Subclause:

Consolidated Net Borrowings, Adjusted Consolidated EBITDA and **Relevant Date** have the meanings given to them in Clause 23 (Financial Covenants).

(b) Subject to the other provisions of this Subclause, each of the Margin, the Financial Guarantee Fee and the Performance Guarantee Fee will be calculated by reference to the table below and the information set out in the relevant Compliance Certificate:

Ratio of Consolidated Net Borrowings to Adjusted EBITDA	Margin (per cent. per annum)	Financial Guarantee Fee (per cent. per annum)	Performance Guarantee Fee (per cent. per annum)
Less than or equal to 0.50	1.75%	1.75%	0.875%
Greater than 0.50 but less than or equal to 1.00	2.00%	2.00%	1.00%
Greater than 1.00 but less than or equal to 1.50	2.25%	2.25%	1.125%
Greater than 1.50 but less than or equal to 2.00	2.50%	2.50%	1.25%
Greater than 2.00	2.75%	2.75%	1.375%

(c) Notwithstanding the above, on and from the date of this Agreement up to and including the first Relevant Date falling after the date of this Agreement:

(i) the applicable Margin shall be 1.75 per cent. per annum;

(ii) the applicable Financial Guarantee Fee shall be 1.75 per cent. per annum; and

(iii) the applicable Performance Guarantee Fee shall be 0.875 per cent. per annum.

(d) Any change in the Margin, the Financial Guarantee Fee and/or the Performance Guarantee Fee will, subject to paragraph (e) below, apply to each Utilisation, or (if a Loan or Guarantee is outstanding) from the next Relevant Date, after the date of receipt by the Agent of the relevant Compliance Certificate.

(e) For so long as an Event of Default is outstanding, each of the Margin, the Financial Guarantee Fee and the Performance Guarantee Fee will be the highest rate under paragraph (b) above.

(f) If a Borrower is in default of its obligation under this Agreement to provide a Compliance Certificate, each of the Margin, the Financial Guarantee Fee and the Performance Guarantee Fee shall continue at its current level until such Compliance Certificate has been provided to the Agent.

If, once delivered, the Compliance Certificate shows that the Margin, the Financial Guarantee Fee and/or the Performance Guarantee Fee should be at a higher level, that Borrower must immediately pay to the Agent any shortfall in the amount which would have been paid to the Banks if the Margin, Financial Guarantee Fee and/or Performance Guarantee Fee (as the case may be) had been calculated at the time the Compliance Certificate should have been delivered.

11.4 Default interest

(a) If an Obligor fails to pay any amount payable by it under a Finance Document on its due date, interest shall accrue on the overdue amount from the due date up to the date of actual payment (both before and after judgment) at a rate equal to the aggregate of:

(i) one per cent. plus the applicable Margin or, in the case of a Guarantee, the applicable Guarantee Fee;

(ii) the rate quoted by the Agent to leading banks in the London interbank market on the relevant rate fixing day for the offering of deposits in the currency of the overdue amount for successive Interest Periods or, in the case of a Guarantee, successive Guarantee Periods each of a duration selected by the Agent (acting reasonably); and

(iii) Mandatory Cost, if any.

Any interest accruing under this Clause 11.4 shall be immediately payable by the Obligor on demand by the Agent.

(b) Default interest (if unpaid) arising on an overdue amount will be compounded with the overdue amount at the end of each Interest Period or, in the case of a Guarantee, each Guarantee Period, in each case applicable to that overdue amount but will remain immediately due and payable.

11.5 Notification of rates of interest

The Agent shall promptly notify the Banks and the Borrowers of the determination of a rate of interest under this Agreement.

12. INTEREST PERIODS

12.1 Selection of Interest Periods

(a) A Borrower may select an Interest Period for a Loan in the Utilisation Request for that Loan.

(b) Subject to this Clause 12, a Borrower may select an Interest Period of one, two, three or six Months or any other period agreed between that Borrower and the Agent (acting on the instructions of all of the Banks) provided that no more than three Interest Periods of one month may be selected in any 12 month period.

(c) An Interest Period for a Loan shall not extend beyond the Termination Date.

(d) Each Interest Period for a Loan shall start on the Utilisation Date.

(e) A Loan has one Interest Period only.

12.2 Non-Business Days

If an Interest Period would otherwise end on a day which is not a Business Day, that Interest Period will instead end on the next Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not).

13. CHANGES TO THE CALCULATION OF INTEREST

13.1 Absence of quotations

Subject to Clause 13.2 (Market disruption), if LIBOR or, if applicable, EURIBOR is to be determined by reference to the Reference Banks but a Reference Bank does not supply a quotation by the Specified Time on the Quotation Day, the applicable LIBOR or EURIBOR shall be determined on the basis of the quotations of the remaining Reference Banks.

13.2 Market disruption

(a) If a Market Disruption Event occurs in relation to a Loan for any Interest Period, then the rate of interest on each Bank's share of that Loan for the Interest Period shall be the percentage rate per annum which is the sum of:

(i) the Margin;

(ii) the rate notified to the Agent by that Bank as soon as practicable and in any event by close of business on the date falling 2 Business Days after the Quotation Day (or, if earlier, on the date falling 2 Business Days prior to the date on which interest is due to be paid in respect of that Interest Period), to be that which expresses as a percentage rate per annum the cost to that Bank of funding its participation in that Loan from whatever source it may reasonably select; and

(iii) the Mandatory Cost, if any, applicable to that Bank's participation in the Loan.

(b) In this Agreement **Market Disruption Event** means:

(i) at or about noon on the Quotation Day for the relevant Interest Period the Screen Rate is not available and none or only one of the Reference Banks supplies a rate to the Agent to determine LIBOR or, if applicable, EURIBOR for the relevant currency and Interest Period; or

(ii) before close of business in London on the Quotation Day for the relevant Interest Period, the Agent receives notifications from a Bank or Banks (whose participations in a Loan exceed 35% of that Loan) that the cost to it of obtaining matching deposits in the Relevant Interbank Market would be in excess of LIBOR or, if applicable, EURIBOR.

13.3 Alternative basis of interest or funding

(a) If a Market Disruption Event occurs and the Agent or the Parent so requires, the Agent and the Parent shall enter into negotiations (for a period of not more than thirty days) with a view to agreeing a substitute basis for determining the rate of interest.

(b) Any alternative basis agreed pursuant to paragraph (a) above shall, with the prior consent of all the Banks and the Parent, be binding on all Parties.

13.4 Break Costs

(a) Each Borrower shall, within three Business Days of demand by a Finance Party, pay to that Finance Party its Break Costs attributable to all or any part of a Loan or Unpaid Sum being paid by the relevant Borrower on a day other than the last day of an Interest Period for that Loan or Unpaid Sum.

(b) Each Bank shall, as soon as reasonably practicable after a demand by the Agent, provide a certificate confirming the amount and basis of calculation of its Break Costs for any Interest Period in which they accrue.

14. FEES

14.1 Commitment fee

(a) The Parent shall (or shall procure that another Obligor will) pay to the Agent (for the account of each Bank) a fee in the Base Currency computed at the percentage rate per annum equal to:

(i) 40 per cent. of the then applicable Margin on each Bank's Available Commitment in respect of the Total Revolving Credit Limit only at that time; and

(ii) 40 per cent. of the then applicable Performance Guarantee Fee on the sum of (x) each Bank's Available Commitment at that time in respect of the Total Commitments less (y) that Bank's Available Commitment in respect of the Total Revolving Credit Limit at that time.

(b) The accrued commitment fee is payable on the last day of each successive period of three months ending on 28 February, 31 May, 31 August and 30 November during the Availability Period, on the last day of the Availability Period and, if cancelled in full, on the cancelled amount of the relevant Bank's Commitment at the time the cancellation is effective.

(c) No commitment fee is payable to the Agent (for the account of a Bank) on any undrawn, uncancelled amount of any Commitment of that Bank for any day on which that Bank is a Defaulting Lender.

14.2 Agency fee

The Parent shall (or shall procure that another Obligor will) pay to the Agent (for its own account) an agency fee in the amount and at the times agreed in a mandate letter dated 11 June 2010 between the Arrangers and the Parent.

14.3 Fronting Fee

The Parent shall (or shall procure that another Obligor will) pay to the Issuing Bank (for its own account) a fronting fee in respect of each Guarantee requested under this Agreement in the amount and at the times agreed in the relevant Fee Letter.

14.4 Upfront Fee

The Parent shall (or shall procure that another Obligor will) pay an upfront fee to the Agent (for the account of each Original Bank) in respect of each Original Bank's Commitment in the amount and at the times agreed in the relevant Fee Letter.

14.5 Issuing Fee

The Parent shall (or shall procure that another Obligor will) pay the Issuing Bank a fee of US$1,500 in respect of each Guarantee requested by it on the Issue Date of that Guarantee and on the date of renewal of any Guarantee.

15. TAX GROSS UP AND INDEMNITIES

15.1 Definitions

(a) In this Agreement:

ITA 2007 means the Income Tax Act 2007.

Protected Party means a Finance Party which is or will be subject to any liability, or required to make any payment, for or on account of Tax in relation to a sum received or receivable (or any sum deemed for the purposes of Tax to be received or receivable) under a Finance Document.

Qualifying Bank means a Bank (other than a Bank within subparagraph (b) below) which is beneficially entitled to interest payable to that Bank in respect of an advance under a Finance Document and is:

(a) a Bank:

(i) which is a bank (as defined for the purpose of section 879 of the ITA 2007) making an advance under a Finance Document; or

(ii) in respect of an advance made under a Finance Document by a person that was a bank (as defined for the purpose of section 879 of the ITA 2007) at the time that that advance was made,

and which is within the charge to United Kingdom corporation tax as respects any payments of interest made in respect of that advance; or

(b) a Bank which is:

(i) a company resident in the United Kingdom for United Kingdom tax purposes;

(ii) a partnership each member of which is:

(A) a company so resident in the United Kingdom; or

(B) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and is required to bring into account in computing its chargeable profits within the meaning of section 19 of the CTA the whole of any share of interest payable to it under this Agreement which is attributable to it by reason of Part 17 of the CTA;

(iii) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and is required to bring into account interest payable in respect of that advance in computing the chargeable profits within the meaning of section 19 of the CTA of that company; or

(c) a Treaty Bank.

Tax Confirmation means a confirmation by a Bank that the person beneficially entitled to interest payable to that Bank in respect of an advance under a Finance Document is either:

(a) a company resident in the United Kingdom for United Kingdom tax purposes;

(b) a partnership each member of which is:

(i) a company so resident in the United Kingdom; or

(ii) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account in computing its chargeable profits (for the purposes of section 19 of the CTA) the whole of any share of interest payable in respect of that advance that falls to it by reason of Part 17 of the CTA; or

(c) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account interest payable in respect of that advance in computing the chargeable profits (for the purposes of section 19 of the CTA) of that company.

Tax Credit means a credit against, relief or remission for, or repayment of any Tax.

Tax Deduction means a deduction or withholding for or on account of Tax from a payment under a Finance Document.

Tax Payment means the amount by which a payment made by an Obligor to a Finance Party is increased under Clause 15.2 (Tax gross-up) or a payment under Clause 15.3 (Tax indemnity).

Treaty Bank means a Bank which:

(a) is treated as a resident of a Treaty State for the purposes of the Treaty;

(b) does not carry on a business in the United Kingdom through a permanent establishment with which that Bank's participation in the Facility is effectively connected.

Treaty State means a jurisdiction having a double taxation agreement (a **Treaty**) with the United Kingdom which makes provision for full exemption from tax imposed by the United Kingdom on interest.

UK Non-Bank means:

(a) where a Bank becomes a Party on the day on which this Agreement is entered into, a Bank listed in Part 3 of Schedule 1 (*The Original Parties*); and

(b) where a Bank becomes a Party after the day on which this Agreement is entered into, a Bank which gives a Tax Confirmation in the Transfer Certificate which it executes on becoming a Party.

(b) Unless a contrary indication appears, in this Clause 15 a reference to **determines** or **determined** means a determination made in the absolute discretion of the person making the determination.

15.2 Tax gross-up

(a) Each Obligor shall make all payments to be made by it without any Tax Deduction, unless a Tax Deduction is required by law.

(b) The Parent shall promptly upon becoming aware that an Obligor must make a Tax Deduction (or that there is any change in the rate or the basis of a Tax Deduction) notify the Agent accordingly. Similarly, a Bank shall notify the Agent on becoming so aware in respect of a payment payable to that Bank. If the Agent receives such notification from a Bank it shall notify the Parent and that Obligor.

(c) If a Tax Deduction is required by law to be made by an Obligor, the amount of the payment due from that Obligor shall be increased to an amount which (after making any Tax Deduction) leaves an amount equal to the payment which would have been due if no Tax Deduction had been required.

(d) An Obligor is not required to make an increased payment to a Bank under paragraph (c) above for a Tax Deduction in respect of tax imposed by the United Kingdom from a payment of interest on the Facility, if on the date on which the payment falls due:

(i) the payment could have been made to the relevant Bank without a Tax Deduction if it was a Qualifying Bank, but on that date that Bank is not or has ceased to be a Qualifying Bank other than as a result of any change after the date it became a Bank under this Agreement in (or in the interpretation, administration, or application of) any law or Treaty, or any published practice or concession of any relevant taxing authority; or

(ii) the relevant Bank is a Qualifying Bank solely under sub-paragraph (i)(B) of the definition of Qualifying Bank;

(A) an officer of HM Revenue and Customs has given (and not revoked) a direction (a **Direction**) under section 931 of the ITA 2007 (as that provision has effect on the date on which the relevant Bank became a Party) which relates to that payment and that Bank has received from that Obligor or the Parent a certified copy of that Direction; and

(B) the payment could have been made to the Bank without any Tax Deduction in the absence of that Direction; or

(iii) the relevant Bank is a Qualifying Bank solely under sub-paragraph (i)(B) of the definition of Qualifying Bank and it has not, other than by reason of any change after the date of this Agreement in (or in the interpretation, administration, or application of) any law, or any published practice or concession of any relevant taxing authority, given a Tax Confirmation to the Parent; or

(iv) the relevant Bank is a Treaty Bank and the Obligor making the payment is able to demonstrate that the payment could have been made to the Bank without the Tax Deduction had that Bank complied with its obligations under paragraph (g) below.

(e) If an Obligor is required to make a Tax Deduction, that Obligor shall make that Tax Deduction and any payment required in connection with that Tax Deduction within the time allowed and in the minimum amount required by law.

(f) Within thirty days of making either a Tax Deduction or any payment required in connection with that Tax Deduction, the Obligor making that Tax Deduction shall deliver to the Agent for the Finance Party entitled to the payment a statement under section 975 of the ITA or other evidence reasonably satisfactory to that Finance Party that the Tax Deduction has been made or (as applicable) any appropriate payment paid to the relevant taxing authority.

(g) A Treaty Bank and each Obligor which makes a payment to which that Treaty Bank is entitled shall co-operate in completing any procedural formalities necessary for that Obligor to obtain authorisation to make that payment without a Tax Deduction.

(h) A UK Non-Bank which becomes a Party on the day on which this Agreement is entered into gives a Tax Confirmation to the Parent by entering into this Agreement.

(i) A UK Non-Bank shall promptly notify the Parent and the Agent if there is any change in the position from that set out in the Tax Confirmation.

15.3 Tax indemnity

(a) The Parent shall (within three Business Days of demand by the Agent) pay to a Protected Party an amount equal to the loss, liability or cost which that Protected Party determines will be or has been (directly or indirectly) suffered for or on account of Tax by that Protected Party in respect of a Finance Document.

(b) Paragraph (a) above shall not apply:

(i) with respect to any Tax assessed on a Finance Party:

(A) under the law of the jurisdiction in which that Finance Party is incorporated or, if different, the jurisdiction (or jurisdictions) in which that Finance Party is treated as resident for tax purposes; or

(B) under the law of the jurisdiction in which that Finance Party's Facility Office is located in respect of amounts received or receivable in that jurisdiction,

if that Tax is imposed on or calculated by reference to the net income received or receivable (but not any sum deemed to be received or receivable) by that Finance Party; or

(ii) to the extent a loss, liability or cost:

(A) is compensated for by an increased payment under Clause 15.2 (Tax gross-up); or

(B) would have been compensated for by an increased payment under Clause 15.2 (Tax gross-up) but was not so compensated solely because one of the exclusions in paragraph (d) of Clause 15.2 (Tax gross-up) applied.

(c) A Protected Party making, or intending to make a claim under paragraph (a) above shall promptly notify the Agent of the event which will give, or has given, rise to the claim, following which the Agent *shall notify* the Parent.

(d) A Protected Party shall, on receiving a payment from an Obligor under this Clause 15.3, notify the Agent.

(e) Any claim by a Protected Party under this Clause 15.3 shall be made within four months after the later of the date on which the relevant Protected Party first became aware of that Tax and the date on which the consequential loss, liability or cost was incurred by that Protected Party.

15.4 Tax Credit

If an Obligor makes a Tax Payment and the relevant Finance Party determines that:

(a) a Tax Credit is attributable either to the circumstances giving rise to the Obligor's obligation to make that Tax Payment, or to that Tax Payment; and

(b) that Finance Party has obtained, utilised and retained that Tax Credit,

the Finance Party shall pay an amount to the Obligor which that Finance Party determines will leave it (after that payment) in no worse position in respect of its Tax liabilities as it would have been in had the Obligor not been required to make the Tax Payment.

15.5 Stamp taxes

The Parent shall pay and, within three Business Days of demand, indemnify each Finance Party against any cost, loss or liability that Finance Party incurs in relation to all stamp duty, registration and other similar Taxes payable in respect of any Finance Document.

15.6 Value added tax

(a) All amounts set out, or expressed to be payable under a Finance Document by any Party to a Finance Party which (in whole or in part) constitute the consideration for VAT purposes shall be deemed to be exclusive of any VAT which is chargeable on such supply, and accordingly, subject to paragraph (c) below, if VAT is chargeable on any supply made by any Finance Party to any Party under a Finance Document, that Party shall pay to the Finance Party (in addition to and at the same time as paying the consideration) an amount equal to the amount of the VAT (and such Finance Party shall promptly provide an appropriate VAT invoice to such Party).

(b) If VAT is chargeable on any supply made by any Finance Party (the **Supplier**) to any other Finance Party (the **Recipient**) under a Finance Document, and any Party (the **Relevant Party**) is required by the terms of any Finance Document to pay an amount equal to the consideration for such supply to the Supplier (rather than being required to reimburse the Recipient in respect of that consideration), such Party shall also pay to the Supplier (in addition to and at the same time as paying such amount) an amount equal to the amount of such VAT. The Recipient will promptly pay to the Relevant Party an amount equal to any credit or repayment from the relevant tax authority which it reasonably determines relates to the VAT chargeable on that supply.

(c) Where a Finance Document requires any Party to reimburse a Finance Party for any costs or expenses, that Party shall also at the same time pay and indemnify the Finance Party against all VAT incurred by the Finance Party in respect of the costs or expenses to the extent that the Finance Party reasonably determines that neither it nor any other member of any group of which it is a member for VAT purposes is entitled to credit or repayment from the relevant tax authority in respect of the VAT.

16. INCREASED COSTS

16.1 Increased costs

(a) Subject to Clause 16.3 (Exceptions) the Parent shall, within three Business Days of a demand by the Agent, pay for the account of a Finance Party the amount of any Increased Costs incurred by that Finance Party or any of its Affiliates as a result of (i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation or (ii) compliance with any law or regulation made after the date of this Agreement.

(b) In this Agreement **Increased Costs** means:

(i) a reduction in the rate of return from the Facility or on a Finance Party's (or its Affiliate's) overall capital;

(ii) an additional or increased cost; or

(iii) a reduction of any amount due and payable under any Finance Document,

which is incurred or suffered by a Finance Party or any of its Affiliates to the extent that it is attributable to that Finance Party having entered into its Commitment or funding or performing its obligations under any Finance Document.

16.2 Increased cost claims

(a) A Finance Party intending to make a claim pursuant to Clause 16.1 (Increased costs) shall notify the Agent of the event giving rise to the claim, following which the Agent shall promptly notify the Parent.

(b) Each Finance Party shall, as soon as practicable after a demand by the Agent, provide a certificate confirming the amount and the basis of calculation (to the extent available) of its Increased Costs.

16.3 Exceptions

(a) Clause 16.1 (Increased costs) does not apply to the extent any Increased Cost is:

(i) attributable to a Tax Deduction required by law to be made by an Obligor;

(ii) compensated for by Clause 15.3 (Tax indemnity) (or would have been compensated for under Clause 15.3 (Tax indemnity) but was not so compensated solely because any of the exclusions in paragraph (b) of Clause 15.3 (Tax indemnity) applied);

(iii) compensated for by the payment of the Mandatory Cost; or

(iv) attributable to the wilful breach by the relevant Finance Party or its Affiliates of any law or regulation or the negligence of any of them.

(b) In this Clause 16.3, a reference to a **Tax Deduction** has the same meaning given to the term in Clause 15.1 (Definitions).

17. OTHER INDEMNITIES

17.1 Currency indemnity

(a) If any sum due from an Obligor under the Finance Documents (a **Sum**), or any order, judgment or award given or made in relation to a Sum, has to be converted from the currency (the **First Currency**) in which that Sum is payable into another currency (the **Second Currency**) for the purpose of:

(i) making or filing a claim or proof against that Obligor;

(ii) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,

that Obligor shall as an independent obligation, within three Business Days of demand, indemnify each Finance Party to whom that Sum is due against any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between (A) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (B) the rate or rates of exchange available to that person at the time of its receipt of that Sum.

(b) Each Obligor waives any right it may have in any jurisdiction to pay any amount under the Finance Documents in a currency or currency unit other than that in which it is expressed to be payable.

17.2 Other indemnities

Each Borrower shall (or the Parent shall procure that an Obligor will), within three Business Days of demand, indemnify each Finance Party against any cost, loss or liability incurred by that Finance Party as a result of:

(a) the occurrence of any Event of Default;

(b) a failure by an Obligor to pay any amount due under a Finance Document on its due date, including without limitation, any cost, loss or liability arising as a result of Clause 30 (Sharing among the Finance Parties);

(c) funding, or making arrangements to fund, its participation in a Utilisation requested by a Borrower in a Utilisation Request but not made by reason of the operation of any one or more of the provisions of this Agreement (other than by reason of default or negligence by that Finance Party alone); or

(d) a Utilisation (or part of a Utilisation) not being prepaid in accordance with a notice of prepayment given by a Borrower.

17.3 Indemnity to the Agent

The Parent shall promptly indemnify the Agent against any cost, loss or liability incurred by the Agent (acting reasonably) as a result of:

(a) investigating any event which it reasonably believes is a Default; or

(b) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised.

18. MITIGATION BY THE BANKS

18.1 Mitigation

(a) Each Finance Party shall, in consultation with the Parent, take all reasonable steps to mitigate any circumstances which arise and which would result in any facility ceasing to be available or any amount becoming payable under or pursuant to, or cancelled pursuant to, any of Clause 10.1 (Illegality), Clause 15 (Tax Gross Up and Indemnities) or Clause 16 (Increased Costs) or paragraph 3 of Schedule 4 (Mandatory Cost Formulae) including (but not limited to) transferring its rights and obligations under the Finance Documents to another Affiliate or Facility Office.

(b) Paragraph (a) above does not in any way limit the obligations of any Obligor under the Finance Documents.

18.2 Limitation of liability

(a) Each Borrower shall indemnify each Finance Party for all costs and expenses reasonably incurred by that Finance Party as a result of steps taken by it under Clause 18.1 (Mitigation).

(b) A Finance Party is not obliged to take any steps under Clause 18.1 (Mitigation) if, in the opinion of that Finance Party (acting reasonably), to do so might be prejudicial to it.

19. COSTS AND EXPENSES

19.1 Transaction expenses

The Parent shall promptly on demand pay to the Agent the amount of all costs and expenses (including legal fees) reasonably incurred by the Agent, the Arrangers and the Issuing Bank in connection with the negotiation, preparation, printing, execution and syndication of:

(a) this Agreement and any other documents referred to in this Agreement; and

(b) any other Finance Documents executed after the date of this Agreement.

19.2 Amendment costs

If (a) an Obligor requests an amendment, waiver or consent or (b) an amendment is required pursuant to Clause 31.10 (Change of currency), the Parent shall, within three Business Days of demand, reimburse the Agent for the amount of all costs and expenses (including legal fees) reasonably incurred by the Agent in responding to, evaluating, negotiating or complying with that request or requirement.

19.3 Enforcement costs

The Parent shall, within three Business Days of demand, pay to each Finance Party the amount of all costs and expenses (including legal fees) incurred by that Finance Party in connection with the enforcement of, or the preservation of any rights under, any Finance Document.

20. GUARANTEE AND INDEMNITY

20.1 Guarantee and indemnity

Each Guarantor irrevocably and unconditionally:

(a) guarantees to each Finance Party punctual performance by each other Obligor of all that Obligor's obligations under the Finance Documents;

(b) undertakes with each Finance Party that whenever another Obligor does not pay any amount when due under or in connection with any Finance Document, that Guarantor shall immediately on demand pay that amount as if it was the principal obligor; and

(c) indemnifies each Finance Party immediately on first demand against any cost, loss or liability suffered by that Finance Party if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal. The amount of the cost, loss or liability shall be equal to the amount which that Finance Party would otherwise have been entitled to recover.

20.2 Continuing guarantee

This guarantee is a continuing guarantee, a separate and independent obligation and will extend to the ultimate balance of sums payable by any Obligor under the Finance Documents, regardless of any intermediate payment or discharge in whole or in part.

20.3 Reinstatement

If any payment by an Obligor or any discharge given by a Finance Party (whether in respect of the obligations of any Obligor or any security for those obligations or otherwise) is avoided or reduced as a result of insolvency or any similar event:

(a) the liability of each Obligor shall continue as if the payment, discharge, avoidance or reduction had not occurred; and

(b) each Finance Party shall be entitled to recover the value or amount of that security or payment from each Obligor, as if the payment, discharge, avoidance or reduction had not occurred.

20.4 Waiver of defences

The obligations of the Guarantors under this Clause 20 will not be affected by an act, omission, matter or thing which, but for this Clause, would reduce, release or prejudice any of its obligations under this Clause 20 (without limitation and whether or not known to it or any Finance Party) including:

(a) any time, waiver or consent granted to, or composition with, any Obligor or other person;

(b) the release of any other Obligor or any other person under the terms of any composition or arrangement with any creditor of any member of the Group;

(c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any Obligor or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;

(d) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of an Obligor or any other person;

(e) any amendment, novation, supplement, extension, restatement (however fundamental and whether or not more onerous) or replacement of any Finance Document or any other document or security including without limitation any change in the purpose of, any extension of or any increase in any facility or the addition of any new facility under any Finance Document or other document or security;

(f) any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document or any other document or security; or

(g) any insolvency or similar proceedings.

For the avoidance of doubt, this guarantee does not constitute a suretyship (*cautionnement*) as governed by article 2011 *et seq*. of the Luxembourg civil code.

20.5 Immediate recourse

Each Guarantor waives any right it may have of first requiring any Finance Party (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person before claiming from a Guarantor under this Clause 20. This waiver applies irrespective of any law or any provision of a Finance Document to the contrary.

20.6 Appropriations

Until all amounts which may be or become payable by the Obligors under or in connection with the Finance Documents have been irrevocably paid in full, each Finance Party (or any trustee or agent on its behalf) may:

(a) refrain from applying or enforcing any other moneys, security or rights held or received by that Finance Party (or any trustee or agent on its behalf) in respect of those amounts, or apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise) and no Guarantor shall be entitled to the benefit of the same; and

(b) hold in a (market rate) interest-bearing suspense account any moneys received from the Guarantors or on account of the Guarantors' liability under this Clause 20.

20.7 Deferral of Guarantors' rights

Until all amounts which may be or become payable by the Obligors under or in connection with the Finance Documents have been irrevocably paid in full and unless the Agent otherwise directs, no Guarantor will exercise any rights which it may have by reason of performance by it of its obligations under the Finance Documents:

(a) to be indemnified by an Obligor;

(b) to claim any contribution from any other Guarantor of any Obligor's obligations under the Finance Documents; and/or

(c) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Finance Parties under the Finance Documents or of any other guarantee or security taken pursuant to, or in connection with, the Finance Documents by any Finance Party.

20.8 Additional security

This guarantee is in addition to and is not in any way prejudiced by any other guarantee or security now or subsequently held by any Finance Party.

21. REPRESENTATIONS

Each Obligor makes the representations and warranties set out in this Clause 21 to each Finance Party on the date of this Agreement.

21.1 Status

(a) It is a corporation, duly incorporated and validly existing under the law of its jurisdiction of incorporation.

(b) It has the power to own its assets and carry on its business as it is being conducted.

21.2 Binding obligations

The obligations expressed to be assumed by it in each Finance Document are, subject to any general principles of law limiting its obligations which are specifically referred to in any legal opinion delivered pursuant to Clause 4 (Conditions of Utilisation) or Clause 27 (Changes to the Obligors), legal, valid, binding and enforceable obligations.

21.3 Non-conflict with other obligations

The entry into and performance by it of, and the transactions contemplated by, the Finance Documents do not and will not conflict with:

(a) any law or regulation applicable to it;

(b) its constitutional documents; or

(c) any agreement or instrument binding upon it or any of its assets where such conflict is reasonably likely to have a Material Adverse Effect.

21.4 Power and authority

It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, the Finance Documents to which it is a party and the transactions contemplated by those Finance Documents.

21.5 Validity and admissibility in evidence

All Authorisations required:

(a) to enable it lawfully to enter into, exercise its rights and comply with its obligations in the Finance Documents to which it is a party; and

(b) to make the Finance Documents to which it is a party admissible in evidence in its jurisdiction of incorporation,

have been obtained or effected and are in full force and effect (or in each case will be when required).

21.6 Governing law and enforcement

(a) The choice of English law as the governing law of the Finance Documents will be recognised and enforced in its jurisdiction of incorporation (except in relation to Class 3 Shipping Limited, those laws (i) which court considers to be procedural in nature, (ii) which are revenue or penal laws, or (iii) the application of which would be inconsistent with public policy, as such term is interpreted under the laws of Bermuda).

(b) Any judgment obtained in England in relation to a Finance Document will be recognised and enforced in its jurisdiction of incorporation (and in accordance with the provisions of the Judgements (Reciprocal Enforcement) Act 1958, in respect of Class 3 Shipping Limited).

21.7 Deduction of Tax

To the best of its knowledge and belief but without having made any enquiries, it is not required to make any deduction for or on account of Tax from any payment it may make:

(a) under any Finance Document to a Bank if the Bank is a Qualifying Bank; and

(b) pursuant to Clause 20 (Guarantee and Indemnity) to a Bank.

21.8 No filing or stamp taxes

Under the law of its jurisdiction of incorporation it is not necessary that the Finance Documents be filed, recorded or enrolled with any court or other authority in that jurisdiction or that any stamp, registration or similar tax be paid on or in relation to the Finance Documents or the transactions contemplated by the Finance Documents.

21.9 No default

(a) No Default is continuing or would reasonably be expected to result from the making of any Utilisation.

(b) No other event or circumstance is outstanding which constitutes a default under any other agreement or instrument which is binding on it or any member of the Group or to which its (or any member of the Group's) assets are subject which would reasonably be expected to have a Material Adverse Effect.

21.10 Financial statements

(a) Its most recent audited financial statements were prepared in accordance with GAAP consistently applied.

(b) Its most recent audited financial statements fairly and accurately represent its financial condition and operations (consolidated in the case of the Parent) as at the end of and for the relevant financial year.

(c) There has been no material adverse change in its assets, operations, business or financial condition (or the business or consolidated financial condition of the Group, in the case of the Parent) since the date of the Original Financial Statements.

21.11 Pari passu ranking

Its payment obligations under the Finance Documents rank at least *pari passu* with the claims of all its other present and future unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally.

21.12 Environmental compliance

Except for those matters disclosed in writing to the Agent prior to the date of this Agreement and to the best of its knowledge and belief, each member of the Group has duly performed and observed all Environmental Laws and Environmental Permits in each case where failure to do so might reasonably be expected to have a Material Adverse Effect.

21.13 No proceedings pending or threatened

Except for those matters disclosed in writing to the Agent prior to the date of this Agreement no litigation, arbitration or administrative proceedings (including Environmental Claims) of or before any court, arbitral body or agency which, if adversely determined, might reasonably be expected to have a Material Adverse Effect have (to the best of its knowledge and belief) been started or threatened against any member of the Group except, in the case of an Environmental Claim, where

the relevant Obligor can satisfy the Agent that such claim is frivolous, of no substance or covered by insurance proceeds payable to it or the Group for application in respect of the relevant claim.

21.14 No misleading information

(a) All written factual information supplied by it or on its behalf to any Finance Party in connection with the Finance Documents was true and accurate in all material respects as at the date it was provided or (if applicable) as at the date (if any) at which it is stated to be given;

(b) any financial projections contained in the information referred to in paragraph (a) above have been prepared as at their date, on the basis of recent historical information and assumptions believed by it to be fair and reasonable; and

(c) nothing has occurred or been omitted from the factual information referred to in paragraph (a) above and no information has been given or withheld that results in the factual information referred to in paragraph (a) above being untrue or misleading in any material respect.

21.15 Repetition

The Repeating Representations are deemed to be made by each Obligor by reference to the facts and circumstances then existing on the date of each Utilisation Request and the first day of each Interest Period.

22. INFORMATION UNDERTAKINGS

The undertakings in this Clause 22 remain in force from the date of this Agreement for so long as any amount is outstanding under the Finance Documents or any Commitment is in force.

22.1 Financial statements

The Parent shall procure delivery to the Agent in sufficient copies for all the Banks:

(a) as soon as the same become available, but in any event within 180 days after the end of each of its financial years:

(i) the audited financial statements of each Borrower for that financial year; and

(ii) the audited consolidated financial statements of the Parent for that financial year; and

(b) as soon as the same become available, but in any event within 60 days after the end of each quarter of each of its financial years and within 90 days after the end of each of its financial years, the Parent's consolidated unaudited quarterly financial statements (including cash flow statements) for that financial quarter.

22.2 Compliance Certificate

(a) The Parent shall procure delivery to the Agent, with each set of financial statements delivered pursuant to paragraph (a)(ii) or (b) of Clause 22.1 (Financial Statements), a Compliance Certificate setting out (in reasonable detail) computations as to compliance with Clause 23 (Financial Covenants) as at the date as at which those financial statements were drawn up.

(b) Each Compliance Certificate shall be signed by the chief financial officer or an authorised signatory of the relevant Borrower or Parent.

22.3 Requirements as to financial statements

(a) Each set of unaudited financial statements delivered by the Parent or a Borrower, as the case may be, pursuant to Clause 22.1 (Financial statements) shall be certified by a director or authorised officer of the relevant company as fairly and accurately representing its financial condition as at the date at which those financial statements were drawn up.

(b) The Parent or the relevant Borrower, as the case may be, shall procure that each set of financial statements delivered pursuant to Clause 22.1(a) (Financial statements) is prepared using GAAP, accounting practices and financial reference periods consistent with those applied in the preparation of its Original Financial Statements (save for, in the case of the Parent, the audited financial statements delivered pursuant to Clause 22.1(a)(i) (Financial Statements), which shall be prepared using Luxembourg GAAP) unless, in relation to any set of financial statements, it notifies the Agent that there has been a change in GAAP, the accounting practices or reference periods and it delivers to the Agent:

(i) a description of any change necessary for those financial statements to reflect the GAAP, accounting practices and reference periods upon which the Original Financial Statements of the Parent or the relevant Borrower, as the case may be, were prepared; and

(ii) sufficient information, in form and substance as may be reasonably required by the Agent, to enable the Banks to determine whether Clause 23 (Financial Covenants) has been complied with and make an accurate comparison between the financial position indicated in those financial statements and the Original Financial Statements of the Parent or the relevant Borrower, as the case may be.

Any reference in this Agreement to those financial statements shall be construed as a reference to those financial statements as adjusted to reflect the basis upon which the Original Financial Statements were prepared.

(c) If the Parent notifies the Agent of any change pursuant to paragraph (b) above, the Parent and the Agent (acting on the instructions of the Majority Banks) shall enter into negotiations in good faith with a view to agreeing any amendments to this Agreement which are necessary as a result of the change. To the extent practicable these amendments will be such as to ensure that the change does not result in any material alteration in the commercial effect of the obligations in this Agreement. If any amendments are agreed, they shall take effect and be binding on each of the Parties in accordance with their terms.

22.4 Information: miscellaneous

The Parent shall supply to the Agent (in sufficient copies for all the Banks, if the Agent so requests):

(a) all documents dispatched by the Parent to its shareholders (or any class of them) or its creditors generally at the same time as they are dispatched;

(b) the annual consolidated budget (including cash flow projections) for the Parent by no later than the start of its financial year;

(c) promptly upon becoming aware of them, the details of any litigation, arbitration or administrative proceedings which are current, threatened or pending against any member of the Group where such claim is: (i) reasonably likely to be adversely determined against such member of the Group and (ii) if so determined, is reasonably likely to have a Material Adverse Effect;

(d) in respect of each of Acergy Shipping Limited and Class 3 Shipping Limited, unaudited management accounts (which will include an unaudited profit and loss account and balance sheet) in respect of each of its financial years, within 180 days after the end of each of its financial years; and

(e) promptly, such further information regarding the financial condition, business and operations of any member of the Group as any Finance Party (through the Agent) may reasonably request, except to the extent that disclosure of the information would breach any law, regulation, stock exchange requirement or duty of confidentiality binding on the Parent or relevant member of the Group.

22.5 Notification of default

(a) The Parent shall notify the Agent of any Default (and the steps, if any, being taken to remedy it) promptly upon becoming aware of its occurrence.

(b) Promptly upon a request by the Agent (acting reasonably), the Parent shall supply to the Agent a certificate signed by two of its directors or authorised officers on its behalf certifying that no Default is continuing (or if a Default is continuing, specifying the Default and the steps, if any, being taken to remedy it).

22.6 Use of websites

(a) The Parent may satisfy its obligation under this Agreement to deliver any information in relation to those Banks (the **Website Banks**) who accept this method of communication by posting this information onto an electronic website designated by the Parent and the Agent (the **Designated Website**) if:

(i) the Agent expressly agrees (after consultation with each of the Banks) that it will accept communication of the information by this method;

(ii) both the Parent and the Agent are aware of the address of and any relevant password specifications for the Designated Website; and

(iii) the information is in a format previously agreed between the Parent and the Agent.

If any Bank (a **Paper Form Bank**) does not agree to the delivery of information electronically then the Agent shall notify the Parent accordingly and the Parent shall supply the information to the Agent (in sufficient copies for each Paper Form Bank) in paper form. In any event the Parent shall supply the Agent with at least one copy in paper form of any information required to be provided by it (other than information required to be delivered pursuant to Clause 22.1(a) (Financial statements).

(b) The Agent shall supply each Website Bank with the address of and any relevant password specifications for the Designated Website following designation of that website by the Parent and the Agent.

(c) The Parent shall promptly upon becoming aware of its occurrence notify the Agent if:

(i) the Designated Website cannot be accessed due to technical failure;

(ii) the password specifications for the Designated Website change;

(iii) any new information which is required to be provided under this Agreement is posted onto the Designated Website;

(iv) any existing information which has been provided under this Agreement and posted onto the Designated Website is amended; or

(v) the Parent becomes aware that the Designated Website or any information posted onto the Designated Website is or has been infected by any electronic virus or similar software.

If the Parent notifies the Agent under paragraph (c)(i) or paragraph (c)(v) above, all information to be provided by the Parent under this Agreement after the date of that notice shall be supplied in paper form unless and until the Agent and each Website Bank is satisfied that the circumstances giving rise to the notification are no longer continuing.

(d) Any Website Bank may request, through the Agent, one paper copy of any information required to be provided under this Agreement which is posted onto the Designated Website. The Parent shall comply with any such request within ten Business Days.

22.7 "Know your customer" checks

(a) If:

(i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation made after the date of this Agreement;

(ii) any change in the status of an Obligor after the date of this Agreement; or

(iii) a proposed assignment or transfer by a Bank of any of its rights and obligations under this Agreement to a party that is not a Bank prior to such assignment or transfer,

obliges the Agent or any Bank (or, in the case of paragraph (iii) above, any prospective new Bank) to comply with "know your customer" or similar identification procedures in circumstances where the necessary information is not already available to it, each Obligor shall promptly upon the request of the Agent or any Bank supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Agent (for itself or on behalf of any Bank) or any Bank (for itself or, in the case of the event described in paragraph (iii) above, on behalf of any prospective new Bank) in order for the Agent, such Bank or, in the case of the event described in paragraph (iii) above, any prospective new Bank to carry out and be satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents.

(b) Each Bank shall promptly upon the request of the Agent supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Agent (for itself) in order for the Agent to carry out and be satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents.

23. FINANCIAL COVENANTS

23.1 Financial Definitions

In this Clause:

Adjusted EBITDA means, in respect of any Relevant Period, EBITDA in respect of such Relevant Period:

(a) plus, in the case of any company or business that has been acquired during such Relevant Period, the aggregate EBITDA attributable to such company or business for that part of such Relevant Period when it was not a member of the Group; and

(b) less, in the case of a company or business which has been disposed of during such Relevant Period, the aggregate EBITDA attributable to such company or business for that part of such Relevant Period when it was a member of the Group.

Available Cash means:

(a) cash in hand or on deposit at call or for periods up to 90 days with any bank or financial institution which is an Acceptable Bank;

(b) securities issued or guaranteed by the UK government, the United States government or the government of any other G7 country or securities issued or guaranteed by the Norwegian or Dutch governments;

(c) (i) marketable debt securities rated at least A-2 by Moody's Investors Service, Inc. or A by Standard & Poor's Rating Service (taken at their market value as at the time for calculation) and (ii) commercial paper rated at least A-1 by Standard & Poor's Rating Service or P1 by Moody's Investors Service, Inc.;

(d) deposits made with the Commissioners of Inland Revenue in respect of which certificates of tax deposits have been issued by Her Majesty's Treasury;

(e) the face amounts of certificates of deposit issued by a bank or a building society rated at least A-2 by Moody's Investors Service Inc. or A by Standard & Poor's Rating Service;

(f) money market funds rated, or held at an institution rated at least A-2 by Moody's Investors Service, Inc. or A by Standard & Poor's Rating Service (taken at their market value as at the time for calculation); and

(g) any other instrument, security or investment approved in writing by the Majority Banks,

in each case, to the extent (i) denominated in any currencies freely convertible and freely transferable into the Base Currency and (ii) beneficially owned by a member of the Group (which, for the avoidance of doubt, shall not include any Notional JV Company or a Joint Venture), which is unencumbered by any Security and which is capable of being applied against Consolidated Net Borrowings.

Consolidated Net Borrowings means as at the end of each Relevant Period the aggregate amount of (a) all obligations of the Group for or in respect of Financial Indebtedness at such time, less (b) Available Cash at such time, but excluding:

(a) any indebtedness referred to in paragraph (g) of the definition of Financial Indebtedness;

(b) any such obligations to any other member of the Group; and

(c) Financial Indebtedness of a Project Finance Subsidiary (excluding loans given by one member of the Group to that Project Finance Subsidiary).

For the avoidance of doubt, Consolidated Net Borrowings shall not include any obligations of a Notional JV Company or a Joint Venture in respect of Financial Indebtedness (as such entities are not members of the Group) except to the extent that the creditor of such Financial Indebtedness has any recourse whatsoever to a member of the Group for all or any part of that Financial Indebtedness.

Consolidated Net Interest means, in respect of any Relevant Period, the aggregate amount of all interest (including, without limitation, (a) the interest element of leasing and hire purchase payments in respect of any lease or hire purchase contract which would in accordance with the Applicable Accounting Principles be treated as a finance or capital lease and (b) amortisation of capitalised interest), commission, fees, discounts, premiums or charges and other finance payments paid or due and payable by the Group where such other finance payments are in accordance with Applicable Accounting Principles treated as "interest" less any interest received or receivable by any member of the Group on any deposit or bank account but excluding:

(a) any such amounts in respect of Financial Indebtedness between one member of the Group and any other member of the Group;

(b) any interest incurred by a Project Finance Subsidiary, Notional JV Company or Joint Venture except to the extent paid by a member of the Group; and

(c) any professional fees and upfront fees payable in connection with the raising of Financial Indebtedness.

Consolidated Operating Profits means, in respect of any period, the total operating profit or loss for continuing operations of the Group (excluding any operating profits or losses of any Project Finance Subsidiary, Notional JV Company or Joint Venture but including any cash dividends received by the Group from such entities) all as calculated and interpreted in accordance with Applicable Accounting Principles and before:

(a) any provision on account of taxation; and

(b) any interest, commission, discounts or other fees incurred or payable, received or receivable by any member of the Group in respect of Financial Indebtedness.

EBITDA means, for any period, Consolidated Operating Profits in respect of such period, before any amount attributable to the amortisation of intangible assets and depreciation of tangible assets during such period.

Net Worth means, as at any particular time, the aggregate of:

(a) the amount paid up or credited as paid up on the issued share capital of the Parent (other than any shares which are expressed to be redeemable); and

(b) the amount standing to the credit of the consolidated reserves of the Group, excluding any amount which is attributable to:

  (i) any Notional JV Company, Joint Venture or Project Finance Subsidiary;

  (ii) goodwill or other intangible assets;

(iii) deferred taxation;

(iv) minority interests;

(v) the amount by which the net book value of any asset has been written up after the date of the Group's latest financial statements (or, in the case of a person becoming a member of the Group after that date, the date on which that person became or becomes a member of the Group) by way of revaluation or on its transfer from one member of the Group to another; and

(vi) any dividend or other distribution approved but not yet paid by the Parent;

(vii) the fair valuation of any debt obligation; and

(viii) exchange gains or losses arising on consolidation accounted for through the consolidated reserves of the Group.

Relevant Date means the last day of each quarter of each of the Parent's financial years and the last day of each of its financial years.

Relevant Period means each period of twelve months ending on a Relevant Date.

23.2 Interpretation

(a) Except as provided to the contrary in this Agreement, an accounting term used in this Clause 23 (Financial Covenants) is to be construed in accordance with the principles applied in connection with the Original Financial Statements including, without limitation, any reference to "Applicable Accounting Principles".

(b) No item must be credited or deducted more than once in any calculation under this Clause.

23.3 Covenants

(a) The ratio of Consolidated Net Borrowings on each Relevant Date to Adjusted EBITDA for the Relevant Period ended on that Relevant Date shall be no greater than 3.0:1.0;

(b) the ratio of Consolidated Operating Profit for each Relevant Period ended on a Relevant Date to Consolidated Net Interest for that Relevant Period shall be equal to or greater than 4.0:1.0; and

(c) the ratio of Consolidated Net Borrowings to Net Worth on each Relevant Date shall be no greater than 1.0:1.0.

24. GENERAL UNDERTAKINGS

The undertakings in this Clause 24 remain in force from the date of this Agreement for so long as any amount is outstanding under the Finance Documents or any Commitment is in force.

24.1 Authorisations

Each Obligor shall promptly:

(a) obtain, comply with and do all that is necessary to maintain in full force and effect; and

(b) supply certified copies to the Agent of,

any Authorisation required under any law or regulation of its jurisdiction of incorporation to enable it to perform its obligations under the Finance Documents and to ensure the legality, validity, enforceability or admissibility in evidence in its jurisdiction of incorporation of any Finance Document.

24.2 Compliance with laws

Each Obligor shall comply in all respects with all laws to which it may be subject, if failure so to comply would materially impair its ability to perform its obligations under the Finance Documents.

24.3 Negative pledge

(a) No Obligor shall (and the Parent shall ensure that no other member of the Group, other than a Project Finance Subsidiary, will) create or permit to subsist any Security over any of its assets.

(b) No Obligor shall (and the Parent shall ensure that no other member of the Group, other than a Project Finance Subsidiary, will):

(i) sell, transfer or otherwise dispose of any of its assets on terms whereby they are or may be leased to or re-acquired by an Obligor or any other member of the Group;

(ii) sell, transfer or otherwise dispose of any of its receivables on recourse terms;

(iii) enter into any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts; or

(iv) enter into any other preferential arrangement having a similar effect,

in circumstances where the arrangement or transaction is entered into primarily as a method of raising Financial Indebtedness or of financing the acquisition of an asset.

(c) Paragraphs (a) and (b) above do not apply to:

(i) any netting or set-off arrangement entered into by any member of the Group in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances;

(ii) any security for costs provided by any member of the Group in order to enable it to continue with court proceedings which are being brought by it or being defended by it in good faith;

(iii) any retention of title arrangement entered into by any member of the Group in the normal course of its trading activities on the counterparty's standard or usual terms;

(iv) any security arising by operation of law or which is otherwise incidental to the normal conduct of the business of the Parent or any other member of the Group, including security arising by operation of law over any vessels owned by a Group member in the ordinary course of business where the underlying claim, in each case, is not more than 60 days overdue;

(v) any security created or outstanding with the prior written consent of the Majority Banks or created or outstanding pursuant to the terms of the Finance Documents;

(vi) any security for Taxes either not yet assessed or, if assessed, not yet due or payable or which are contested;

(vii) any security in the form of pre-emption rights in respect of the shares in any Notional JV Company, Joint Venture or any other person who is not a member of the Group;

(viii) any security in favour of the Government of the Republic of Brazil over land, buildings and other assets in Brazil the value of which does not, in aggregate at any time, exceed US$1,000,000 (or its equivalent);

(ix) any security created in the ordinary course of business over or in respect of motor vehicles, computers and other usual office equipment the value of which does not, in aggregate at any time, exceed US$2,000,000 (or its equivalent);

(x) any security created by Class 3 Shipping Limited in favour of Sembawang Shipyard Pte Ltd pursuant to a deed of assignment and charge dated 12 January 2010 where the conditions for release of such security contained in that deed have not been satisfied;

(xi) any security over or affecting any asset acquired by a member of the Group after the date of this Agreement if: (A) the security was not created in contemplation of the acquisition of that asset by a member of the Group; (B) the principal amount secured has not been increased in contemplation of, or since the acquisition of, that asset by a member of the Group; and (iii) that security is removed or discharged within 6 months of the date of acquisition of such asset;

(xii) any security over or affecting any asset of any company which becomes a member of the Group after the date of this Agreement, where the security is created prior to the date on which that company becomes a member of the Group, if: (A) the security was not created in contemplation of the acquisition of that company; (B) the principal amount secured has not increased in contemplation of or since the acquisition of that company; and (C) the security is removed or discharged within 6 months of that company becoming a member of the Group; and

(xiii) in addition to any security subsisting pursuant to paragraphs (i) to (xii) above any other security, provided that the aggregate amount secured by all such security falling within this paragraph (xiii) does not at any time exceed US$20,000,000 (or its equivalent).

24.4 Subsea 7 Acquisition

(a) Except as permitted under paragraph (b) below, no Obligor shall (and the Parent shall ensure that no member of the Group will) acquire (by way of share, asset or business purchase, merger or otherwise) all or any substantial part of the shares, securities, business, assets or undertaking of Subsea 7 Inc. a company incorporated in the Cayman Islands with registration number MC-115107.

(b) Paragraph (a) above does not apply where the Majority Banks have approved that acquisition based on a prospectus prepared by the Parent and Subsea 7 Inc. which sets out in reasonable detail the proposed acquisition.

For the avoidance of doubt, this Clause 24.4 (Subsea 7 Acquisition) does not prohibit preparatory work relating to the proposed acquisition of Subsea 7 as contemplated by paragraph (b) above.

24.5 Disposals

(a) No Obligor shall (and the Parent shall ensure that no other member of the Group, other than a Project Finance Subsidiary, will), enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of the whole or any part of the assets of the Group.

(b) Paragraph (a) above does not apply to any sale, lease, transfer or other disposal:

(i) the net proceeds of which are applied in prepayment and cancellation of the Facility or reinvested in the business within 12 months of the disposal;

(ii) made in the ordinary and usual course of trade on arm's length commercial terms;

(iii) of assets in exchange for, or those replaced by, other assets comparable or superior as to type, value and quality;

(iv) a disposal made by any member of the Group which is not an Obligor to another member of the Group other than a Project Finance Subsidiary;

(v) a disposal made by an Obligor to another Obligor;

(vi) a disposal made by an Obligor to another member of the Group which is not an Obligor (other than a Project Finance Subsidiary) (the **Acquiring Company**) provided that the aggregate amount transferred (net of the value of any assets transferred from a member of the Group which is not an Obligor to an Obligor) does not exceed US$20,000,000 (or its equivalent) in any financial year or, if in excess of that amount, the Acquiring Company simultaneously accedes to this Agreement as an Additional Guarantor in accordance with Clause 27.4 (Additional Guarantors);

(vii) of cash for a purpose not prohibited under the Finance Documents;

(viii) of obsolete assets not required for the operation of the businesses of the Group by any member of the Group;

(ix) made with the prior written consent of the Majority Banks;

(x) the making of a lawful distribution;

(xi) any sale, lease, transfer or disposal which constitutes a Permitted Reorganisation; and

(xii) any sale, lease, transfer or disposal not permitted under paragraphs (i) to (xi) above provided that the aggregate amount transferred (net of the value of any assets transferred from a member of the Group which is not an Obligor to an Obligor) does not exceed US$20,000,000 (or its equivalent) in any financial year.

24.6 Merger

No Obligor shall (and the Parent shall ensure that no other member of the Group will) enter into any amalgamation, demerger, merger or corporate reconstruction other than:

(a) with the consent of the Majority Banks (such consent not to be unreasonably withheld or delayed);

(b) with one or more other members of the Group (other than an Obligor or a Project Finance Subsidiary) on a solvent basis provided that if the merger involves an Obligor the surviving entity accedes as an Obligor in accordance with Clause 27.4 (Additional Guarantors); and

(c) a Permitted Reorganisation.

24.7 Restriction on subsidiary indebtedness

No member of the Group (excluding any Obligor) will incur or have outstanding any Financial Indebtedness other than:

(a) any Financial Indebtedness existing under or contemplated by the facilities set out in Schedule 10 (Existing Financial Indebtedness) as at on the date of this Agreement;

(b) Financial Indebtedness created with the prior written consent of the Majority Banks or arising under the Finance Documents;

(c) any Financial Indebtedness incurred by a member of the Group (other than a Project Finance Subsidiary) which is owed to:

(i) any Notional JV Company or Joint Venture provided that such Financial Indebtedness does not exceed US$30,000,000 (or its equivalent) in aggregate; or

(ii) another member of the Group (other than a Project Finance Subsidiary);

(d) any Financial Indebtedness incurred by a Project Finance Subsidiary;

(e) any Financial Indebtedness incurred by any company which becomes a member of the Group after the date of this Agreement, where such Financial Indebtedness is incurred prior to the date on which that company becomes a member of the Group, if: (i) the Financial Indebtedness was not incurred in contemplation of the acquisition of that company; (ii) the principal amount of such Financial Indebtedness has not been increased in contemplation of or since the acquisition of that company; and (iii) the Financial Indebtedness is repaid and cancelled within six months of that company becoming a member of the Group; and

(f) in addition to any Financial Indebtedness subsisting pursuant to paragraphs (a) to (e) above, any Financial Indebtedness outstanding from time to time, provided that the maximum aggregate amount of all such indebtedness falling within this paragraph shall not at any time exceed US$50,000,000 (or its equivalent).

24.8 Loans

No member of the Group (excluding any Obligor) shall (and the Parent shall ensure that no other member of the Group will) make any loans or grant any credit or other financial accommodation (except as required by the Finance Documents) to or for the benefit of, or assume any liability of, any other person (together **Loans Out**), other than:

(a) any Loans Out existing at the date of the Agreement;

(b) any Loans Out granted in the ordinary course of trade;

(c) any Loans Out given by one member of the Group (other than a Project Finance Subsidiary) to another member of the Group (where that person is permitted to incur that Financial Indebtedness under paragraphs (b) or (c) of Clause 24.7 (Restriction on subsidiary indebtedness)) or to a Notional JV Company or Joint Venture; and

(d) any Loans Out given to an employee of a member of the Group provided the aggregate amount of all such loans shall not exceed US$3,000,000 (or its equivalent).

24.9 Guarantees

No member of the Group (excluding any Obligor) shall (and the Parent shall ensure that no other member of the Group will) grant any guarantees other than any guarantee:

(a) existing at the date of this Agreement;

(b) granted in the ordinary course of trade;

(c) in respect of Financial Indebtedness of another member of the Group (other than a Project Finance Subsidiary) (where that Financial Indebtedness is permitted to be incurred by that person under paragraphs (b), (c) or (e) of Clause 24.7 (Restriction on subsidiary indebtedness)) or a Notional JV Company or Joint Venture; and

(d) not permitted under paragraphs (a) to (c) above where the aggregate amount guaranteed does not exceed US$50,000,000 (or its equivalent) at any time.

24.10 Insurance

Each Obligor shall (and the Parent shall ensure that each other member of the Group will) maintain insurances on and in relation to its business and assets with reputable underwriters or insurance companies against such risks and to such extent as, in the judgement of the Parent (acting reasonably), the Group is required to maintain in order for it to carry on its business.

24.11 Pari passu

Each Obligor shall ensure that its payment obligations under the Finance Documents rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally.

24.12 Hedging

The Parent shall implement a hedging policy in accordance with the Group's Treasury Policy.

24.13 Listing

The Parent shall maintain a listing on the Oslo Stock Exchange or any stock exchange on the FSA Register of recognised and designated investment exchanges or any other stock exchange acceptable to the Agent acting on the instructions of the Majority Banks.

24.14 Change of business

The Parent shall procure that no substantial change is made to the general nature of the business of any Obligor or the Group from that carried on at the date of this Agreement (except as a result of a permitted disposal) but this shall not prevent:

(a) any member of the Group engaging in any business which is ancillary or related to the business of the Parent or the Group; or

(b) any member of the Group acquiring ownership interests in any other member of the Group (whether as a result of any reorganisation of the Group or otherwise) provided that any acquisition of ownership interests in the Parent (other than an acquisition by the Parent of its own shares under a share buyback arrangement) must constitute a Permitted Reorganisation.

24.15 Acquisitions

(a) Except as permitted under paragraph (b) below, no Obligor shall acquire a company or any shares or securities or a business or undertaking or the whole or substantially the whole of the assets of any person (or, in each case, any interest in any of them).

(b) Paragraph (a) above does not apply to:

(i) an acquisition permitted under Clause 24.4 (Subsea 7 Acquisition);

(ii) any acquisition where 50 per cent. or more of the aggregate consideration (including associated costs and expenses) for that acquisition is financed from an equity issue; and

(iii) any acquisition which does not constitute a Class 1 Transaction as defined in Chapter 10 of the UK Listing Rules (or its equivalent in any other jurisdiction).

24.16 Conditions subsequent

The Parent must:

(a) within 35 days of the date of this Agreement (or such other period as it may agree with the Issuing Bank):

(i) enter into a side letter with the Issuing Bank (the **Side Letter**) confirming, among other things, the survival of ongoing obligations of the Parent (including obligations in respect of Clauses 7.2 (Fee payable in respect of Guarantees), 7.4 (Indemnities), 22.1 (Financial statements), 22.4 (Information: Miscellaneous), 22.7 ("Know your customer" checks), 26.8 (Disclosure of information), 26.9 (Confidentiality) and such other provisions as agreed between the Issuing Bank and the Parent) in respect of any Guarantees and cash cover arrangement in existence on or after the Termination Date;

(ii) open a bank account in England in the name of the Parent (the **Cash Collateral Account**) over which the Issuing Bank shall have sole signing rights, paying a nominal amount into such account at the time of its establishment;

(iii) enter into a security agreement in respect of the Cash Collateral Account in form and substance satisfactory to the Issuing Bank (the **Account Security Agreement**);

(iv) deliver to the Issuing Bank a resolution of the board of directors of the Parent approving the terms of, and the transactions contemplated by, the Side Letter and the Account Security Agreement and authorising a specified person or persons to enter into the Side Letter and the Account Security Agreement, together with supporting legal opinions in relation to the Side Letter and the Account Security Agreement, in each case, in form and substance satisfactory to the Issuing Bank; and

(b) within 60 days of the date of this Agreement, deliver to the Agent evidence in form and substance satisfactory to the Agent that the Historical Security has been removed from any relevant register.

25. EVENTS OF DEFAULT

Each of the events or circumstances set out in Clause 25 (other than Clause 25.14 (Acceleration)) is an Event of Default.

25.1 Non-payment

An Obligor does not pay on the due date any amount payable pursuant to a Finance Document at the place and in the currency in which it is expressed to be payable unless:

(a) its failure to pay is caused by:

(i) administrative or technical error; or

(ii) a Disruption Event; and

(b) payment is made within 3 Business Days of its due date.

25.2 Financial covenants

Any requirement of Clause 23 (Financial Covenants) is not satisfied.

25.3 Other obligations

(a) An Obligor does not comply with any provision of the Finance Documents (other than those referred to in Clause 25.1 (Non-payment) and Clause 25.2 (Financial covenants)).

(b) No Event of Default under paragraph (a) above will occur if the failure to comply is capable of remedy and is remedied within 10 Business Days of the Agent giving notice to the relevant Obligor or the relevant Obligor becoming aware of the failure to comply.

25.4 Misrepresentation

Any representation or statement made or deemed to be made by an Obligor in the Finance Documents or any other document delivered by or on behalf of any Obligor under or in connection with any Finance Document is or proves to have been incorrect or misleading in any material respect when made or deemed to be made and, if capable of remedy, in the reasonable opinion of the Agent, is not remedied within 10 Business Days of the Agent giving notice to the relevant Obligor or the relevant Obligor becoming aware of the misrepresentation.

25.5 Cross default

(a) Any Financial Indebtedness of any member of the Group (other than a Project Finance Subsidiary) is not paid when due nor within any originally applicable grace period.

(b) Any Financial Indebtedness of any member of the Group is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described).

(c) Any commitment for any Financial Indebtedness of any member of the Group is cancelled or suspended by a creditor of any member of the Group as a result of an event of default (however described).

(d) Any creditor of any member of the Group becomes entitled to declare any Financial Indebtedness of any member of the Group due and payable prior to its specified maturity as a result of an event of default (however described).

(e) No Event of Default will occur under this Clause 25.5 if the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness falling within paragraphs (a) to (d) above is less than US$10,000,000 (or its equivalent).

25.6 Insolvency

(a) Any Obligor or any Material Subsidiary is unable or admits inability to pay its debts as they fall due, suspends making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness.

(b) A moratorium is declared in respect of any indebtedness of any Obligor or any Material Subsidiary.

25.7 Insolvency proceedings

Any corporate action, legal proceedings or other procedure or step is taken in relation to:

(a) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of any Obligor or any Material Subsidiary other than:

(i) a solvent liquidation or reorganisation of any Material Subsidiary which is not an Obligor;

(ii) in respect of a winding up petition or any frivolous or vexatious action which is discharged within 28 days;

(b) by reason of financial difficulties a composition, compromise, assignment or arrangement with any creditor of any Obligor or any Material Subsidiary;

(c) the appointment of a liquidator (other than in respect of a solvent liquidation of a Material Subsidiary which is not an Obligor), receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of any Obligor or any Material Subsidiary or any of its assets; or

(d) enforcement of any Security over any assets of any Obligor or any Material Subsidiary having an aggregate value of US$5,000,000 or more (or its equivalent),

or any analogous procedure or step is taken in any jurisdiction.

25.8 Creditors' process

Any expropriation, attachment, sequestration, distress or execution affects any asset or assets of any Obligor or any Material Subsidiary having a Material Adverse Effect.

25.9 Cessation of Business

A Group Member suspends or ceases (or threatens to suspend or cease) to carry on its business, where such suspension or cessation has a Material Adverse Effect.

25.10 Qualification of financial statements

The Parent's auditors adversely qualify their report on any financial statements delivered to the Agent, in a manner which is material in the context of the Finance Documents.

25.11 Unlawfulness

It is or becomes unlawful for an Obligor to perform any of its obligations under the Finance Documents.

25.12 Repudiation

An Obligor repudiates a Finance Document or evidences an intention to repudiate a Finance Document.

25.13 Material adverse change

An event occurs which has or could reasonably be expected to have a material adverse effect on the ability of the Obligors to satisfy their payment obligations under the Finance Documents.

25.14 Acceleration

On and at any time after the occurrence of an Event of Default which is continuing the Agent may, and shall if so directed by the Majority Banks, by notice to the Parent:

(a) cancel the Total Commitments whereupon they shall immediately be cancelled;

(b) declare that all or part of the Utilisations, together with accrued interest, and all other amounts accrued or outstanding under the Finance Documents be immediately due and payable, whereupon they shall become immediately due and payable;

(c) declare that all or part of the Utilisations be payable on demand, whereupon they shall immediately become payable on demand by the Agent on the instructions of the Majority Banks; and/or

(d) declare that full cash cover in respect of each Guarantee is immediately due and payable whereupon it shall become immediately due and payable

26. CHANGES TO THE BANKS

26.1 Assignments and transfers by the Banks

Subject to this Clause 26, a Bank (the **Existing Bank**) may:

(a) assign any of its rights; or

(b) transfer by novation any of its rights and obligations,

to another bank or financial institution or to a trust, fund or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets (the **New Bank**).

The Parent expressly accepts and confirms for the purposes of article 1281 of the Luxembourg civil code that, notwithstanding any assignment, transfer and/or novation made pursuant to this Agreement, the guarantee given by it guarantees all obligations of the Borrowers (including without limitation, all obligations with respect to all rights and/or obligations so assigned, transferred or novated) and shall be preserved for the benefit of any New Bank.

26.2 Conditions of assignment or transfer

(a) The consent of the Parent is required for an assignment or transfer by an Existing Bank, unless the assignment or transfer is to another Bank or an Affiliate of a Bank or an Event of Default has occurred and is continuing.

(b) The consent of the Parent to an assignment or transfer must not be unreasonably withheld or delayed. The Parent will be deemed to have given its consent five Business Days after the Existing Bank has requested it unless consent is expressly refused by the Parent within that time. The consent of the Parent to an assignment or transfer must not be withheld solely because the assignment or transfer may result in an increase in Mandatory Cost.

(c) The consent of the Issuing Bank is required for any assignment or transfer of any Bank's rights and obligations under this Agreement. The consent of the Issuing Bank must not be unreasonably withheld or delayed. The Issuing Bank will be deemed to have given its consent five Business Days after the Existing Bank has requested it unless consent is expressly refused by the Issuing Bank within that time.

(d) An assignment will only be effective on:

(i) receipt by the Agent of written confirmation from the New Bank (in form and substance satisfactory to the Agent) that the New Bank will assume the same obligations to the other Finance Parties as it would have been under if it was an Original Bank; and

(ii) performance by the Agent of all necessary "know your customer" or other similar checks under all applicable laws and regulations in relation to such assignment to a New Bank, the completion of which the Agent shall promptly notify to the Existing Bank and the New Bank.

(e) A transfer will only be effective if the procedure set out in Clause 26.5 (Procedure for transfer) is complied with.

(f) If:

(i) a Bank assigns or transfers any of its rights or obligations under the Finance Documents or changes its Facility Office; and

(ii) as a result of circumstances existing at the date the assignment, transfer or change occurs, an Obligor would be obliged to make a payment to the New Bank or Bank acting through its new Facility Office under Clause 15 (Tax Gross Up and Indemnities) or Clause 16.1 (Increased costs),

then the New Bank or Bank acting through its new Facility Office is only entitled to receive payment under those Clauses to the same extent as the Existing Bank or Bank acting through its previous Facility Office would have been if the assignment, transfer or change had not occurred.

26.3 Assignment or transfer fee

The New Bank shall, on the date upon which an assignment or transfer takes effect, pay to the Agent (for its own account) a fee of US$3,000.

26.4 Limitation of responsibility of Existing Banks

(a) Unless expressly agreed to the contrary, an Existing Bank makes no representation or warranty and assumes no responsibility to a New Bank for:

(i) the legality, validity, effectiveness, adequacy or enforceability of the Finance Documents or any other documents;

(ii) the financial condition of any Obligor;

(iii) the performance and observance by any Obligor of its obligations under the Finance Documents or any other documents; or

(iv) the accuracy of any statements (whether written or oral) made in or in connection with any Finance Document or any other document,

and any representations or warranties implied by law are excluded.

(b) Each New Bank confirms to the Existing Bank and the other Finance Parties that it:

(i) has made (and shall continue to make) its own independent investigation and assessment of the financial condition and affairs of each Obligor and its related entities in connection with its participation in this Agreement and has not relied exclusively on any information provided to it by the Existing Bank in connection with any Finance Document; and

(ii) will continue to make its own independent appraisal of the creditworthiness of each Obligor and its related entities whilst any amount is or may be outstanding under the Finance Documents or any Commitment is in force.

(c) Nothing in any Finance Document obliges an Existing Bank to:

(i) accept a re-transfer from a New Bank of any of the rights and obligations assigned or transferred under this Clause 26; or

(ii) support any losses directly or indirectly incurred by the New Bank by reason of the non-performance by any Obligor of its obligations under the Finance Documents or otherwise.

26.5 Procedure for transfer

(a) Subject to the conditions set out in Clause 26.2 (Conditions of assignment or transfer) a transfer is effected in accordance with paragraph (c) below when the Agent executes an otherwise duly completed Transfer Certificate delivered to it by the Existing Bank and the New Bank. The Agent shall, subject to paragraph (b) below, as soon as reasonably practicable after receipt by it of a duly completed Transfer Certificate appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, execute that Transfer Certificate.

(b) The Agent shall only be obliged to execute a Transfer Certificate delivered to it by the Existing Bank and the New Bank once it is satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations in relation to the transfer to such New Bank.

(c) On the Transfer Date:

(i) to the extent that in the Transfer Certificate the Existing Bank seeks to transfer by novation its rights and obligations under the Finance Documents each of the Obligors and the Existing Bank shall be released from further obligations towards one another under the Finance Documents and their respective rights against one another under the Finance Documents shall be cancelled (being the **Discharged Rights and Obligations**);

(ii) each of the Obligors and the New Bank shall assume obligations towards one another and/or acquire rights against one another which differ from the Discharged Rights and Obligations only insofar as that Obligor and the New Bank have assumed and/or acquired the same in place of that Obligor and the Existing Bank;

(iii) the Agent, the Arrangers, the Issuing Bank, the New Bank and other Banks shall acquire the same rights and assume the same obligations between themselves as they would have acquired and assumed had the New Bank been an Original Bank with the rights and/or obligations acquired or assumed by it as a result of the transfer and to that extent the Agent, the Arrangers, the Issuing Bank and the Existing Bank shall each be released from further obligations to each other under the Finance Documents; and

(iv) the New Bank shall become a Party as a **Bank**.

26.6 Copy of Transfer Certificate to Parent

The Agent shall, as soon as reasonably practicable after it has executed a Transfer Certificate, send to the Parent a copy of that Transfer Certificate.

26.7 Security over Banks' rights

In addition to the other rights provided to Banks under this Clause 26, each Bank may without consulting with or obtaining consent from any Obligor, at any time charge, assign or otherwise create Security in or over (whether by way of collateral or otherwise) all or any of its rights under any Finance Document to secure obligations of that Bank including, without limitation:

(a) any charge, assignment or other Security to secure obligations to a federal reserve or central bank, governmental authority, agency or department including HM Treasury; and

(b) in the case of any Bank which is a fund, any charge, assignment or other Security granted to any holders (or trustee or representatives of holders) of obligations owed, or securities issued, by that Bank as security for those obligations or securities,

except that no such charge, assignment or Security shall:

(i) release a Bank from any of its obligations under the Finance Documents or substitute the beneficiary of the relevant charge, assignment or other Security for the Bank as a party to any of the Finance Documents; or

(ii) require any payments to be made by an Obligor or grant to any person any more extensive rights than those required to be made or granted to the relevant Bank under the Finance Documents.

26.8 Disclosure of information

Any Bank may disclose to any of its Affiliates and Related Funds and any of its or their officers, directors, employees, professional advisers, auditors, partners, Representatives and any other person:

(a) to (or through) whom that Bank assigns or transfers (or may potentially assign or transfer) all or any of its rights and obligations under this Agreement for the purpose of that actual or potential assignment or transfer;

(b) with (or through) whom that Bank enters into (or may potentially enter into) any sub-participation in relation to, or any other transaction under which payments are to be made by reference to, this Agreement or any Obligor for the purpose of that actual or potential sub-participation or transaction;

(c) to its professional advisers;

(d) to whom, and to the extent that, information is required to be disclosed by any applicable law or regulation; or

(e) to whom or for whose benefit that Bank charges, assigns or otherwise creates Security (or may do so) pursuant to Clause 26.7 (Security over Banks' rights),

any information about any Obligor, the Group and the Finance Documents as that Bank shall consider appropriate.

26.9 Confidentiality

Each Finance Party undertakes with each Obligor:

(a) to keep confidential and not to disclose to anyone any information (including any projections) relating to the Group, any member of the Group or any Finance Document, in whatever form, and including information given orally and any document, electronic file or any other way of representing or recording information which contains or is derived or copied from such information except:

(i) for any information lawfully obtained from any other source, or that is or becomes public knowledge, other than as a direct or indirect result of any breach of any obligation of confidentiality; or

(ii) as permitted by Clause 26.8 (Disclosure of Information);

(b) to ensure that such information is protected with security measures and a degree of care that would apply to that Finance Party's own confidential information;

(c) to use that information only for the purpose of, or as permitted by, the Finance Documents; and

(d) to use all reasonable endeavours to ensure that any person to whom that Finance Party passes any such information (unless disclosed under sub-paragraph (d) of Clause 26.8 (Disclosure of information) acknowledges and complies with the provisions of this Clause 26.9 as if that person were also bound by it.

27. CHANGES TO THE OBLIGORS

27.1 Assignments and transfer by Obligors

(a) Subject to paragraph (b) below, no Obligor may assign any of its rights or transfer any of its rights or obligations under the Finance Documents.

(b) A Borrower may transfer all or part of its rights and obligations to another member of the Group (excluding for the purposes of this clause an existing Borrower) (the **New Borrower**) provided that:

(i) such transfer is on terms acceptable to all of the Banks;

(ii) the New Borrower is incorporated in a jurisdiction approved by each of the Banks; and

(iii) the New Borrower simultaneously accedes to the Facility Agreement as an Additional Guarantor in accordance with Clause 27.4 (Additional Guarantors).

27.2 Additional Borrowers

(a) Subject to compliance with the provisions of Clause 22.7 ("Know your customer" checks), the Parent may request that any of its wholly owned Subsidiaries becomes an Additional Borrower. That Subsidiary shall become an Additional Borrower if:

(i) all the Banks approve the addition of that Subsidiary;

(ii) the Subsidiary delivers to the Agent a duly completed and executed Accession Letter;

(iii) the Parent confirms that no Event of Default is outstanding or would occur as a result of that Subsidiary becoming an Additional Borrower; and

(iv) the Agent has received all of the documents and other evidence listed in Part 2 of Schedule 2 (Conditions Precedent) in relation to that Additional Borrower, each in form and substance satisfactory to the Agent.

(b) The Agent shall notify the Company and the Banks promptly upon being satisfied that it has received (in form and substance satisfactory to it) all the documents and other evidence listed in Part 2 of Schedule 2 (Conditions Precedent).

27.3 Resignation of a Borrower

(a) The Parent may request that a Borrower (other than the Parent) ceases to be a Borrower by delivering to the Agent a Resignation Letter.

(b) The Agent shall accept a Resignation Letter and notify the Parent and the Banks of its acceptance if:

(i) no Default is continuing or would result from the acceptance of the Resignation Letter (and the Parent has confirmed this is the case); and

(ii) that Borrower is under no actual or contingent obligations as a Borrower under any Finance Documents,

whereupon that company shall cease to be a Borrower and shall have no further rights or obligations under the Finance Documents.

27.4 Additional Guarantors

(a) Subject to compliance with the provisions of paragraphs (c) and (d) of Clause 22.7 ("Know your customer" checks), the Parent may request that any of its wholly owned Subsidiaries become an Additional Guarantor. That Subsidiary shall become an Additional Guarantor if:

(i) the Parent delivers to the Agent a duly completed and executed Accession Letter; and

(ii) the Agent has received all of the documents and other evidence listed in Part 2 of Schedule 2 (Conditions Precedent) in relation to that Additional Guarantor, each in form and substance satisfactory to the Agent.

(b) The Agent shall notify the Parent and the Banks promptly upon being satisfied that it has received (in form and substance satisfactory to it) all the documents and other evidence listed in Part 2 of Schedule 2 (Conditions Precedent).

27.5 Repetition of Representations

Delivery of an Accession Letter constitutes confirmation by the relevant Subsidiary that the Repeating Representations are true and correct in relation to it as at the date of delivery as if made by reference to the facts and circumstances then existing.

27.6 Resignation of a Guarantor

(a) The Parent may request that a Guarantor (other than the Parent) ceases to be a Guarantor by delivering to the Agent a Resignation Letter.

(b) The Agent shall accept a Resignation Letter and notify the Parent and the Banks of its acceptance if:

(i) no Default is continuing or would result from the acceptance of the Resignation Letter (and the Parent has confirmed this is the case); and

(ii) all the Banks have consented to the Parent's request.

28. ROLE OF THE AGENT, ARRANGERS AND ISSUING BANK

28.1 Appointment of the Agent

(a) Each other Finance Party appoints the Agent to act as its agent under and in connection with the Finance Documents.

(b) Each other Finance Party authorises the Agent to exercise the rights, powers, authorities and discretions specifically given to the Agent under or in connection with the Finance Documents together with any other incidental rights, powers, authorities and discretions.

28.2 Duties of the Agent

(a) The Agent shall promptly forward to a Party the original or a copy of any document which is delivered to the Agent for that Party by any other Party.

(b) Except where a Finance Document specifically provides otherwise, the Agent is not obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another Party.

(c) If the Agent receives notice from a Party referring to this Agreement, describing a Default and stating that the circumstance described is a Default, it shall promptly notify the Finance Parties.

(d) If the Agent is aware of the non-payment of any principal, interest, commitment fee or other fee payable to a Finance Party (other than the Agent or the Arrangers) under this Agreement it shall promptly notify the other Finance Parties.

(e) The Agent's duties under the Finance Documents are solely mechanical and administrative in nature.

(f) The Agent shall provide to the Parent within 5 Business Days of a request by the Parent (but no more frequently than once per quarter), a list (which may be in electronic form) setting out the names of the Banks as at the date of that request, their respective Commitments, the address and fax number (and the department or officer, if any, for whose attention any communication is to be made) of each Bank for any communication to be made or document to be delivered under or in connection with the Finance Documents, the electronic mail address and/or any other information required to enable the sending and receipt of information by electronic mail or other electronic means to and by each Bank to whom any communication under or in connection with the Finance Documents may be

made by that means and the account details of each Bank for any payment to be distributed by the Agent to that Bank under the Finance Documents.

28.3 Role of the Arrangers

Except as specifically provided in the Finance Documents, the Arrangers have no obligations of any kind to any other Party under or in connection with any Finance Document.

28.4 No fiduciary duties

(a) Nothing in this Agreement constitutes the Agent, the Arrangers or the Issuing Bank as a trustee or fiduciary of any other person.

(b) Neither the Agent, the Arrangers nor the Issuing Bank shall be bound to account to any Bank for any sum or the profit element of any sum received by it for its own account.

28.5 Business with the Group

The Agent, the Arrangers and the Issuing Bank may accept deposits from, lend money to and generally engage in any kind of banking or other business with any member of the Group.

28.6 Rights and discretions of the Agent and Issuing Bank

(a) The Agent and Issuing Bank may rely on:

(i) any representation, notice or document believed by it to be genuine, correct and appropriately authorised; and

(ii) any statement made by a director, authorised signatory or employee of any person regarding any matters which may reasonably be assumed to be within his knowledge or within his power to verify.

(b) The Agent may assume (unless it has received notice to the contrary in its capacity as agent for the Banks) that:

(i) no Default has occurred (unless it has actual knowledge of a Default arising under Clause 25.1 (Non-payment));

(ii) any right, power, authority or discretion vested in any Party or the Majority Banks has not been exercised; and

(iii) any notice or request made by a Borrower (other than an Utilisation Request) is made on behalf of and with the consent and knowledge of all the Obligors.

(c) The Agent and the Issuing Bank may engage, pay for and rely on the advice or services of any lawyers, accountants, surveyors or other experts.

(d) The Agent and the Issuing Bank may act in relation to the Finance Documents through its personnel and agents.

(e) The Agent may disclose to any other Party any information it reasonably believes it has received as agent under this Agreement.

(f) Without prejudice to the generality of paragraph (e) above, the Agent may disclose the identity of a Defaulting Lender to the other Finance Parties and the Parent and shall disclose the same upon request of the Parent or the Majority Banks.

(g) The Agent is not obliged to disclose to any Finance Party any details of the rate notified to the Agent by any Bank or the identity of such Bank for the purpose of paragraph (a)(ii) of Clause 13.2 (Market disruption).

(h) Notwithstanding any other provision of any Finance Document to the contrary, neither the Agent, the Arrangers or the Issuing Bank is obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation or a breach of a fiduciary duty or duty of confidentiality.

28.7 Majority Banks' instructions

(a) Unless a contrary indication appears in a Finance Document, the Agent shall (i) exercise any right, power, authority or discretion vested in it as Agent in accordance with any instructions given to it by the Majority Banks (or, if so instructed by the Majority Banks, refrain from exercising any right, power, authority or discretion vested in it as Agent) and (ii) not be liable for any act (or omission) if it acts (or refrains from taking any action) in accordance with an instruction of the Majority Banks.

(b) Unless a contrary indication appears in a Finance Document, any instructions given by the Majority Banks will be binding on all the Finance Parties.

(c) The Agent may refrain from acting in accordance with the instructions of the Majority Banks (or, if appropriate, the Banks) until it has received such security as it may require for any cost, loss or liability (together with any associated VAT) which it may incur in complying with the instructions.

(d) In the absence of instructions from the Majority Banks, (or, if appropriate, the Banks) the Agent may act (or refrain from taking action) as it considers to be in the best interest of the Banks.

(e) The Agent is not authorised to act on behalf of a Bank (without first obtaining that Bank's consent) in any legal or arbitration proceedings relating to any Finance Document.

28.8 Responsibility for documentation

Neither the Agent, the Arrangers nor the Issuing Bank:

(a) is responsible for the adequacy, accuracy and/or completeness of any information (whether oral or written) supplied by the Agent, the Arrangers, the Issuing Bank, an Obligor or any other person given in or in connection with any Finance Document, the transactions contemplated by the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document; or

(b) is responsible for the legality, validity, effectiveness, adequacy or enforceability of any Finance Document or any other agreement, arrangement or document entered into, made or executed in anticipation of or in connection with any Finance Document.

28.9 Exclusion of liability

(a) Without limiting paragraph (b) or (c) below (and without prejudice to the provisions of paragraph (e) of Clause 31.11 (Disruption to Payment Systems etc.), neither the Agent nor the Issuing Bank will be liable (including, without limitation, for negligence or any other category of liability whatsoever)

for any action taken by it under or in connection with any Finance Document, unless directly caused by its gross negligence or wilful misconduct.

(b) The Agent will not be liable for any delay (or any related consequences) in crediting an account with an amount required under the Finance Documents to be paid by the Agent if the Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Agent for that purpose.

(c) No Party (other than the Issuing Bank) may take any proceedings against any officer, employee or agent of the Issuing Bank in respect of any claim it might have against the Issuing Bank or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Finance Document.

(d) Nothing in this Agreement shall oblige the Agent or the Arrangers to carry out any "know your customer" or other checks in relation to any person on behalf of any Bank and each Bank confirms to the Agent and the Arrangers that it is solely responsible for any such checks it is required to carry out and that it may not rely on any statement in relation to such checks made by the Agent or the Arrangers.

28.10 Banks' indemnity to the Agent

(a) Each Bank shall (in proportion to its share of the Total Commitments or, if the Total Commitments are then zero, to its share of the Total Commitments immediately prior to their reduction to zero) indemnify the Agent, within three Business Days of demand, against any cost, loss or liability (including, without limitation, for negligence or any other category of liability whatsoever) incurred by the Agent (otherwise than by reason of the Agent's gross negligence or wilful misconduct) (or, in the case of any cost, loss or liability pursuant to Clause 31.11 (Disruption to Payment Systems etc.) notwithstanding the Agent's negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the Agent) in acting as Agent under the Finance Documents (unless the Agent has been reimbursed by an Obligor pursuant to a Finance Document).

(b) The Parent shall, within three Business Days of demand, indemnify each Bank against any cost, loss or liability incurred by that Bank (otherwise than by reason of that Bank's gross negligence or wilful misconduct) as a result of that Bank's obligation to indemnify the Agent under Clause 31.11 (Disruption to Payment Systems etc.).

28.11 Resignation of the Agent

(a) The Agent may resign and appoint one of its Affiliates acting through an office in the United Kingdom as successor by giving notice to the other Finance Parties and the Parent.

(b) Alternatively the Agent may resign by giving notice to the other Finance Parties and the Parent, in which case the Majority Banks (with the consent of the Parent, such consent not to be unreasonably withheld or delayed) may appoint a successor Agent.

(c) If the Majority Banks have not appointed a successor Agent in accordance with paragraph (b) above within 30 days after notice of resignation was given, the Agent (with the consent of the Parent, such consent not to be unreasonably withheld or delayed) may appoint a successor Agent (acting through an office in the United Kingdom).

(d) The retiring Agent shall, at its own cost, make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under the Finance Documents.

(e) The Agent's resignation notice shall only take effect upon the appointment of a successor.

(f) Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of this Clause 28. Its successor and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.

28.12 Replacement of the Agent

(a) After consultation with the Parent, the Majority Banks may, by notice to the Agent (or, at any time the Agent is an Impaired Agent, by giving any shorter notice determined by the Majority Banks) replace the Agent by appointing a successor Agent (acting through an office in the United Kingdom).

(b) The retiring Agent shall (at its own cost if it is an Impaired Agent and otherwise at the expense of the Banks) make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under the Finance Documents.

(c) The appointment of the successor Agent shall take effect on the date specified in the notice from the Majority Banks to the retiring Agent. As from this date, the retiring Agent shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of this Clause 28 (and any agency fees for the account of the retiring Agent shall cease to accrue from (and shall be payable on) that date).

(d) Any successor Agent and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.

28.13 Confidentiality

(a) In acting as agent for the Finance Parties, the Agent shall be regarded as acting through its agency division which shall be treated as a separate entity from any other of its divisions or departments.

(b) If information is received by another division or department of the Agent, it may be treated as confidential to that division or department and the Agent shall not be deemed to have notice of it.

28.14 Relationship with the Banks

(a) The Agent may treat each Bank as a Bank, entitled to payments under this Agreement and acting through its Facility Office unless it has received not less than five Business Days prior notice from that Bank to the contrary in accordance with the terms of this Agreement.

(b) Each Bank shall supply the Agent with any information required by the Agent in order to calculate the Mandatory Cost in accordance with Schedule 4 (Mandatory Cost Formulae).

28.15 Credit appraisal by the Banks

Without affecting the responsibility of any Obligor for information supplied by it or on its behalf in connection with any Finance Document, each Bank confirms to the Agent, the Arrangers and the Issuing Bank that it has been, and will continue to be, solely responsible for making its own independent appraisal and investigation of all risks arising under or in connection with any Finance Document including but not limited to:

(a) the financial condition, status and nature of each member of the Group;

(b) the legality, validity, effectiveness, adequacy or enforceability of any Finance Document and any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document;

(c) whether that Bank has recourse, and the nature and extent of that recourse, against any Party or any of its respective assets under or in connection with any Finance Document, the transactions contemplated by the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document; and

(d) the adequacy, accuracy and/or completeness of any information provided by the Agent, any Party or by any other person under or in connection with any Finance Document, the transactions contemplated by the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document.

28.16 Reference Banks

If a Reference Bank (or, if a Reference Bank is not a Bank, the Bank of which it is an Affiliate) ceases to be a Bank, the Agent shall (with the consent of the Parent, such consent not to be unreasonably withheld or delayed) appoint another Bank or an Affiliate of a Bank to replace that Reference Bank.

28.17 Deduction from amounts payable by the Agent

If any Party owes an amount to the Agent under the Finance Documents the Agent may, after giving notice to that Party, deduct an amount not exceeding that amount from any payment to that Party which the Agent would otherwise be obliged to make under the Finance Documents and apply the amount deducted in or towards satisfaction of the amount owed. For the purposes of the Finance Documents that Party shall be regarded as having received any amount so deducted.

29. CONDUCT OF BUSINESS BY THE FINANCE PARTIES

No provision of this Agreement will:

(a) interfere with the right of any Finance Party to arrange its affairs (tax or otherwise) in whatever manner it thinks fit;

(b) oblige any Finance Party to investigate or claim any credit, relief, remission or repayment available to it or the extent, order and manner of any claim; or

(c) oblige any Finance Party to disclose any information relating to its affairs (tax or otherwise) or any computations in respect of Tax.

30. SHARING AMONG THE FINANCE PARTIES

30.1 Payments to Finance Parties

If a Finance Party (a **Recovering Finance Party**) receives or recovers any amount from an Obligor other than in accordance with Clause 31 (Payment Mechanics) and applies that amount to a payment due under the Finance Documents then:

(a) the Recovering Finance Party shall, within three Business Days, notify details of the receipt or recovery, to the Agent;

(b) the Agent shall determine whether the receipt or recovery is in excess of the amount the Recovering Finance Party would have been paid had the receipt or recovery been received or made by the Agent and distributed in accordance with Clause 31 (Payment Mechanics), without taking account of any Tax which would be imposed on the Agent in relation to the receipt, recovery or distribution; and

(c) the Recovering Finance Party shall, within three Business Days of demand by the Agent, pay to the Agent an amount (the **Sharing Payment**) equal to such receipt or recovery less any amount which the Agent determines may be retained by the Recovering Finance Party as its share of any payment to be made, in accordance with Clause 31.6 (Partial payments).

30.2 Redistribution of payments

The Agent shall treat the Sharing Payment as if it had been paid by the relevant Obligor and distribute it between the Finance Parties (other than the Recovering Finance Party) in accordance with Clause 31.6 (Partial payments).

30.3 Recovering Finance Party's rights

(a) On a distribution by the Agent under Clause 30.2 (Redistribution of payments), the Recovering Finance Party will be subrogated to the rights of the Finance Parties which have shared in the redistribution.

(b) If and to the extent that the Recovering Finance Party is not able to rely on its rights under paragraph (a) above, the relevant Obligor shall be liable to the Recovering Finance Party for a debt equal to the Sharing Payment which is immediately due and payable.

30.4 Reversal of redistribution

If any part of the Sharing Payment received or recovered by a Recovering Finance Party becomes repayable and is repaid by that Recovering Finance Party, then:

(a) each Finance Party which has received a share of the relevant Sharing Payment pursuant to Clause 30.2 (Redistribution of payments) shall, upon request of the Agent, pay to the Agent for account of that Recovering Finance Party an amount equal to the appropriate part of its share of the Sharing Payment (together with an amount as is necessary to reimburse that Recovering Finance Party for its proportion of any interest on the Sharing Payment which that Recovering Finance Party is required to pay); and

(b) that Recovering Finance Party's rights of subrogation in respect of any reimbursement shall be cancelled and the relevant Obligor will be liable to the reimbursing Bank for the amount so reimbursed.

30.5 Exceptions

(a) This Clause 30 shall not apply to the extent that the Recovering Finance Party would not, after making any payment pursuant to this Clause, have a valid and enforceable claim against the relevant Obligor.

(b) A Recovering Finance Party is not obliged to share with any other Bank any amount which the Recovering Finance Party has received or recovered as a result of taking legal or arbitration proceedings, if:

(i) it notified that other Finance Party of the legal or arbitration proceedings; and

(ii) that other Finance Party had an opportunity to participate in those legal or arbitration proceedings but did not do so as soon as reasonably practicable having received notice and did not take separate legal or arbitration proceedings.

31. PAYMENT MECHANICS

31.1 Payments to the Agent

(a) On each date on which an Obligor or a Bank is required to make a payment under a Finance Document, that Obligor or Bank shall make the same available to the Agent (unless a contrary indication appears in a Finance Document) for value on the due date at the time and in such funds specified by the Agent as being customary at the time for settlement of transactions in the relevant currency in the place of payment.

(b) Payment shall be made to such account in the principal financial centre of the country of that currency (or, in relation to euro, in a principal financial centre in a Participating Member State or London) with such bank as the Agent specifies.

31.2 Distributions by the Agent

Each payment received by the Agent under the Finance Documents for another Party shall, subject to Clause 31.3 (Distributions to an Obligor) and Clause 31.4 (Clawback) be made available by the Agent as soon as practicable after receipt to the Party entitled to receive payment in accordance with this Agreement (in the case of a Bank, for the account of its Facility Office), to such account as that Party may notify to the Agent by not less than five Business Days' notice with a bank in the principal financial centre of the country of that currency (or, in relation to euro, in the principal financial centre of a Participating Member State or London).

31.3 Distributions to an Obligor

The Agent may (with the consent of the Obligor or in accordance with Clause 32 (Set-off)) apply any amount received by it for that Obligor in or towards payment (on the date and in the currency and funds of receipt) of any amount due from that Obligor under the Finance Documents or in or towards purchase of any amount of any currency to be so applied.

31.4 Clawback

(a) Where a sum is to be paid to the Agent under the Finance Documents for another Party, the Agent is not obliged to pay that sum to that other Party (or to enter into or perform any related exchange contract) until it has been able to establish to its satisfaction that it has actually received that sum.

(b) If the Agent pays an amount to another Party and it proves to be the case that the Agent had not actually received that amount, then the Party to whom that amount (or the proceeds of any related exchange contract) was paid by the Agent shall on demand refund the same to the Agent together with interest on that amount from the date of payment to the date of receipt by the Agent, calculated by the Agent to reflect its cost of funds.

31.5 Impaired Agent

(a) If, at any time, the Agent becomes an Impaired Agent, an Obligor or a Bank which is required to make a payment under the Finance Documents to the Agent in accordance with Clause 31.1 (Payments to the Agent) may instead either pay that amount direct to the required recipient or pay that amount to an interest-bearing account held with an Acceptable Bank within the meaning of paragraph (a) of the definition of Acceptable Bank and in relation to which no Insolvency Event has

occurred and is continuing, in the name of the Obligor or the Bank making the payment and designated as a trust account for the benefit of the Party or Parties beneficially entitled to that payment under the Finance Documents. In each case such payments must be made on the due date for payment under the Finance Documents.

(b) All interest accrued on the amount standing to the credit of the trust account shall be for the benefit of the beneficiaries of that trust account *pro rata* to their respective entitlements.

(c) A Party which has made a payment in accordance with this Clause 31.5 shall be discharged of the relevant payment obligation under the Finance Documents and shall not take any credit risk with respect to the amounts standing to the credit of the trust account.

(d) Promptly upon the appointment of a successor Agent in accordance with Clause 28.12 (Replacement of the Agent), each Party which has made a payment to a trust account in accordance with this Clause 31.5 shall give all requisite instructions to the bank with whom the trust account is held to transfer the amount (together with any accrued interest) to the successor Agent for distribution in accordance with Clause 31.2 (Distributions by the Agent).

31.6 Partial payments

(a) If the Agent receives a payment that is insufficient to discharge all the amounts then due and payable by an Obligor under the Finance Documents, the Agent shall apply that payment towards the obligations of that Obligor under the Finance Documents in the following order:

(i) **first**, in or towards payment *pro rata* of any unpaid fees, costs and expenses of the Agent, the Arrangers and the Issuing Bank under the Finance Documents;

(ii) **secondly**, in or towards payment *pro rata* of any accrued interest, fee or commission due but unpaid under this Agreement;

(iii) **thirdly**, in or towards payment *pro rata* of any principal due but unpaid under this Agreement and any amount due but unpaid under Clauses 7.3 (Claims under a Guarantee) and 7.4 (Indemnities); and

(iv) **fourthly**, in or towards payment *pro rata* of any other sum due but unpaid under the Finance Documents.

(b) The Agent shall, if so directed by the Majority Banks, vary the order set out in paragraphs (a)(ii) to (iv) above.

(c) Paragraphs (a) and (b) above will override any appropriation made by an Obligor.

31.7 No set-off by Obligors

All payments to be made by an Obligor under the Finance Documents shall be calculated and be made without (and free and clear of any deduction for) set-off (including, for the purposes of Luxembourg law, legal set-off) or counterclaim.

31.8 Business Days

(a) Any payment which is due to be made on a day that is not a Business Day shall be made on the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).

(b) During any extension of the due date for payment of any principal or Unpaid Sum under this Agreement interest is payable on the principal or Unpaid Sum at the rate payable on the original due date.

31.9 Currency of account

(a) Subject to paragraphs (b) to (e) below, the Base Currency is the currency of account and payment for any sum due from an Obligor under any Finance Document.

(b) A repayment of a Utilisation or Unpaid Sum or a part of a Utilisation or Unpaid Sum shall be made in the currency in which that Utilisation or Unpaid Sum is denominated on its due date.

(c) Each payment of interest shall be made in the currency in which the sum in respect of which the interest is payable was denominated when that interest accrued.

(d) Each payment in respect of costs, expenses or Taxes shall be made in the currency in which the costs, expenses or Taxes are incurred.

(e) Any amount expressed to be payable in a currency other than the Base Currency shall be paid in that other currency.

31.10 Change of currency

(a) Unless otherwise prohibited by law, if more than one currency or currency unit are at the same time recognised by the central bank of any country as the lawful currency of that country, then:

(i) any reference in the Finance Documents to, and any obligations arising under the Finance Documents in, the currency of that country shall be translated into, or paid in, the currency or currency unit of that country designated by the Agent (acting reasonably and after consultation with the Parent); and

(ii) any translation from one currency or currency unit to another shall be at the official rate of exchange recognised by the central bank for the conversion of that currency or currency unit into the other, rounded up or down by the Agent (acting reasonably and after consultation with the Parent).

(b) If a change in any currency of a country occurs, this Agreement will, to the extent the Agent (acting reasonably and after consultation with the Parent) specifies to be necessary, be amended to comply with any generally accepted conventions and market practice in the Relevant Interbank Market and otherwise to reflect the change in currency.

31.11 Disruption to Payment Systems etc.

If either the Agent determines (in its discretion) that a Disruption Event has occurred or the Agent is notified by the Parent that a Disruption Event has occurred:

(a) the Agent may, and shall if requested to do so by the Parent, consult with the Parent with a view to agreeing with the Parent such changes to the operation or administration of the Facility as the Agent may deem necessary in the circumstances;

(b) the Agent shall not be obliged to consult with the Parent in relation to any changes mentioned in paragraph (a) if, in its opinion, it is not practicable to do so in the circumstances and, in any event, shall have no obligation to agree to such changes;

(c) the Agent may consult with the Finance Parties in relation to any changes mentioned in paragraph (a) but shall not be obliged to do so if, in its opinion, it is not practicable to do so in the circumstances;

(d) any such changes agreed upon by the Agent and the Parent shall (whether or not it is finally determined that a Disruption Event has occurred) be binding upon the Parties as an amendment to (or, as the case may be, waiver of) the terms of the Finance Documents notwithstanding the provisions of Clause 37 (Amendments and Waivers);

(e) the Agent shall not be liable for any damages, costs or losses whatsoever (including, without limitation for negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the Agent) arising as a result of its taking, or failing to take, any actions pursuant to or in connection with this Clause 31.11; and

(f) the Agent shall notify the Finance Parties of all changes agreed pursuant to paragraph (d) above.

32. SET-OFF

A Finance Party may set off any matured obligation due from an Obligor under the Finance Documents (to the extent beneficially owned by that Finance Party) against any matured obligation owed by that Finance Party to that Obligor, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Finance Party may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off. That Finance Party shall promptly notify that Obligor of any set-off or conversion.

33. NOTICES

33.1 Communications in writing

Any communication to be made under or in connection with the Finance Documents shall be made in writing and, unless otherwise stated, may be made by fax, email or letter.

33.2 Addresses

The address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with the Finance Documents is:

(a) in the case of the Company:

Address:	Acergy Treasury Limited 200 Hammersmith Road London W6 7DL England
Fax:	+44 20 8210 5501
Email:	group.treasury@acergy-group.com
Attention:	Group Treasurer

(b) in the case of the Parent:

Address: Acergy S.A.
412F
Route d'Esch
L-2086 Luxembourg

Fax: +44 352 46 61 112701

Attention: General Counsel

With a copy to:
Acergy M.S. Limited
200 Hammersmith Road
London
W6 7DL
England

Fax: +44 20 8210 5501

Attention: General Counsel

(c) in the case of each Bank or any Obligor, that notified in writing to the Agent on or prior to the date on which it becomes a Party; and

(d) in the case of the Issuing Bank:

Nordea Bank Finland plc, London Branch
Trade Finance
8th Floor City place House
55 Basinghall Street
London
EC2V 5NB

Fax: +44 20 7726 9102

Attention: Mike Sheppard / Paul Bernard

(e) In the case of the Agent:

ING Bank N.V.
Agency Desk
P.O. Box 1800
Location code AMP.D.02.007
1000 BV Amsterdam
The Netherlands

Fax: +31 (20) 5658226

Email: Agency.Services.ams@ingbank.com

Attention: Martin Preuss / Hans van Alebeek

or any substitute address or fax number or department or officer as the Party may notify to the Agent (or the Agent may notify to the other Parties, if a change is made by the Agent) by not less than five Business Days' notice.

33.3 Delivery

(a) Any communication or document made or delivered by one person to another under or in connection with the Finance Documents will only be effective:

(i) if by way of fax, when received in legible form; or

(ii) if by way of letter, when it has been left at the relevant address or five Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address;

and, if a particular department or officer is specified as part of its address details provided under Clause 33.2 (Addresses), if addressed to that department or officer.

(b) Any communication or document to be made or delivered to the Agent will be effective only when actually received by the Agent and then only if it is expressly marked for the attention of the department or officer identified with the Agent's signature below (or any substitute department or officer as the Agent shall specify for this purpose).

(c) All notices from or to an Obligor shall be sent through the Agent.

(d) Any communication or document made or delivered to the Parent in accordance with this Clause will be deemed to have been made or delivered to each of the Obligors.

33.4 Notification of address and fax number

Promptly upon receipt of notification of an address or fax number or change of address or fax number pursuant to Clause 33.2 (Addresses) or changing its own address or fax number, the Agent shall notify the other Parties.

33.5 Communication when Agent is Impaired Agent

If the Agent is an Impaired Agent the Parties may, instead of communicating with each other through the Agent, communicate with each other directly and (while the Agent is an Impaired Agent) all the provisions of the Finance Documents which require communications to be made or notices to be given to or by the Agent shall be varied so that communications may be made and notices given to or by the relevant Parties directly. This provision shall not operate after a replacement Agent has been appointed.

33.6 Electronic communication

(a) Any communication to be made between the Agent and a Bank under or in connection with the Finance Documents may be made by electronic mail or other electronic means, if the Agent and the relevant Bank:

(i) agree that, unless and until notified to the contrary, this is to be an accepted form of communication;

(ii) notify each other in writing of their electronic mail address and/or any other information required to enable the sending and receipt of information by that means; and

(iii) notify each other of any change to their address or any other such information supplied by them.

(b) Any electronic communication made between the Agent and a Bank will be effective only when actually received in readable form and in the case of any electronic communication made by a Bank to the Agent only if it is addressed in such a manner as the Agent shall specify for this purpose.

33.7 English language

(a) Any notice given under or in connection with any Finance Document must be in English.

(b) All other documents provided under or in connection with any Finance Document must be:

(i) in English; or

(ii) if not in English, and if so required by the Agent, accompanied by a certified English translation and, in this case, the English translation will prevail unless the document is a constitutional, statutory or other official document.

34. CALCULATIONS AND CERTIFICATES

34.1 Accounts

In any litigation or arbitration proceedings arising out of or in connection with a Finance Document, the entries made in the accounts maintained by a Finance Party are *prima facie* evidence of the matters to which they relate.

34.2 Certificates and Determinations

Any certification or determination by a Finance Party of a rate or amount under any Finance Document shall set out the basis of calculation in reasonable detail and is, in the absence of manifest error, conclusive evidence of the matters to which it relates.

34.3 Day count convention

Any interest, commission or fee accruing under a Finance Document will accrue from day to day and is calculated on the basis of the actual number of days elapsed and a year of 360 days or, in any case where the practice in the Relevant Interbank Market differs, in accordance with that market practice.

35. PARTIAL INVALIDITY

If, at any time, any provision of the Finance Documents is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

36. REMEDIES AND WAIVERS

No failure to exercise, nor any delay in exercising, on the part of any Finance Party, any right or remedy under the Finance Documents shall operate as a waiver, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies provided by law.

37. AMENDMENTS AND WAIVERS

37.1 Required consents

(a) Subject to Clause 37.2 (Exceptions) any term of the Finance Documents may be amended or waived only with the consent of the Majority Banks and the Obligors and any such amendment or waiver will be binding on all Parties.

(b) The Agent may effect, on behalf of any Finance Party, any amendment or waiver permitted by this Clause.

37.2 Exceptions

(a) An amendment or waiver that has the effect of changing or which relates to:

(i) the definition of "Majority Banks" in Clause 1.1 (Definitions);

(ii) an extension to the date of payment of any amount or by which any Guarantee may be issued under the Finance Documents;

(iii) a reduction in the Margin and/or any Guarantee Fee or a reduction in the amount of any payment of principal, interest, fees or commission payable;

(iv) an increase in or an extension of any Commitment;

(v) any provision which expressly requires the consent of all the Banks;

(vi) the release of an Obligor from any guarantee given under any Finance Document otherwise than in accordance with the express terms of that Finance Document;

(vii) Clause 2.4 (Finance Parties' rights and obligations), Clause 26 (Changes to the Banks) or this Clause 37 (Amendments and Waivers); or

(viii) any change of the currency in which any amount is payable under or pursuant to any Finance Document,

shall not be made without the prior consent of all the Banks.

(b) An amendment or waiver which relates to the rights or obligations of the Agent, the Arrangers or the Issuing Bank may not be effected without the consent of the respective Agent, the Arrangers or Issuing Bank.

37.3 Disenfranchisement of Defaulting Lenders

(a) For so long as a Defaulting Lender has any Available Commitment, in ascertaining the Majority Banks or whether any given percentage (including, for the avoidance of doubt, unanimity) of the Total Commitments or Total Revolving Commitments has been obtained to approve any request for a consent, waiver, amendment or other vote under the Finance Documents, that Defaulting Lender's Commitments will be reduced by the amount of its Available Commitments.

(b) For the purposes of this Clause 37.3, the Agent may assume that the following Banks are Defaulting Lenders:

(i) any Bank which has notified the Agent that it has become a Defaulting Lender;

(ii) any Bank in relation to which it is aware that any of the events or circumstances referred to in paragraphs (a), (b) or (c) of the definition of **Defaulting Lender** has occurred and in the case of the events or circumstances referred to in paragraph (a) of the definition of **Defaulting Lender** none of the exceptions to that paragraph apply,

unless it has received notice to the contrary from the Bank concerned (together with any supporting evidence reasonably requested by the Agent) or the Agent is otherwise aware that the Bank has ceased to be a Defaulting Lender.

37.4 Replacement of a Defaulting Lender

(a) The Parent may, at any time a Bank has become and continues to be a Defaulting Lender, by giving 5 Business Days' prior written notice to the Agent and such Bank:

(i) replace such Bank by requiring such Bank to (and such Bank shall) transfer pursuant to Clause 26 (Changes to the Banks) all (and not part only) of its rights and obligations under this Agreement;

(ii) require such Bank to (and such Bank shall) transfer pursuant to Clause 26 (Changes to the Banks) all (and not part only) of the undrawn Revolving Commitment of the Bank; or

(iii) require such Bank to (and such Bank shall) transfer pursuant to 26 (Changes to the Banks) all (and not part only) of its rights and obligations in respect of the Revolving Facility,

to a Bank or other bank, financial institution, trust, fund or other entity (a **Replacement Lender**) selected by the Parent, and which (unless the Agent is an Impaired Agent) is acceptable to the Agent (acting reasonably) and (in the case of any transfer of a Revolving Facility Commitment) to the Issuing Bank, which confirms its willingness to assume and does assume all the obligations or all the relevant obligations of the transferring Bank (including the assumption of the transferring Bank's participations or unfunded participations (as the case may be) on the same basis as the transferring Bank) for a purchase price in cash payable at the time of transfer equal to the outstanding principal amount of such Bank's participation in the outstanding Utilisations and all accrued interest and/or Margin, Guarantee Fees, Break Costs and other amounts payable in relation thereto under the Finance Documents.

(b) Any transfer of rights and obligations of a Defaulting Lender pursuant to this Clause shall be subject to the following conditions:

(i) the Parent shall have no right to replace the Agent or Security Agent;

(ii) neither the Agent nor the Defaulting Lender shall have any obligation to the Parent to find a Replacement Lender;

(iii) the transfer must take place no later than 5 days after the notice referred to in paragraph (a) above; and

(iv) in no event shall the Defaulting Lender be required to pay or surrender to the Replacement Lender any of the fees received by the Defaulting Lender pursuant to the Finance Documents.

37.5 Disclosure to numbering service providers

(a) Any Finance Party may disclose to any national or international numbering service provider appointed by that Finance Party to provide identification numbering services in respect of this Agreement, the Facilities and/or one or more Obligors the following information:

(i) names of Obligors;

(ii) country of domicile of Obligors;

(iii) place of incorporation of Obligors;

(iv) date of this Agreement;

(v) the names of the Agent and the Arrangers;

(vi) date of each amendment and restatement of this Agreement;

(vii) amount of Total Commitments;

(viii) currencies of the Facilities;

(ix) type of Facilities;

(x) ranking of Facilities;

(xi) Termination Date for Facilities;

(xii) changes to any of the information previously supplied pursuant to paragraphs (i) to (xi) above; and

(xiii) such other information agreed between such Finance Party and the Parent,

to enable such numbering service provider to provide its usual syndicated loan numbering identification services.

(b) The Parties acknowledge and agree that each identification number assigned to this Agreement, the Facilities and/or one or more Obligors by a numbering service provider and the information associated with each such number may be disclosed to users of its services in accordance with the standard terms and conditions of that numbering service provider.

(c) Each Obligor represents that none of the information set out in paragraphs (i) to (xiii) of paragraph (a) above is, nor will at any time be, unpublished price-sensitive information.

(d) The Agent shall notify the Parent and the other Finance Parties of:

(i) the name of any numbering service provider appointed by the Agent in respect of this Agreement, the Facilities and/or one or more Obligors; and

(ii) the number or, as the case may be, numbers assigned to this Agreement, the Facilities and/or one or more Obligors by such numbering service provider.

38. COUNTERPARTS

Each Finance Document may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of the Finance Document.

39. GOVERNING LAW

This Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

40. ENFORCEMENT

40.1 Jurisdiction

(a) The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including a dispute regarding the existence, validity or termination of this Agreement or any non-contractual obligation arising out of or in connection with this Agreement) (a **Dispute**).

(b) The Parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no Party will argue to the contrary.

(c) This Clause 40.1 is for the benefit of the Finance Parties only. As a result, no Finance Party shall be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Finance Parties may take concurrent proceedings in any number of jurisdictions.

40.2 Service of process

Without prejudice to any other mode of service allowed under any relevant law, each Guarantor:

(a) irrevocably appoints the Company as its agent for service of process in relation to any proceedings before the English courts in connection with any Finance Document; and

(b) agrees that failure by a process agent to notify the relevant Obligor of the process will not invalidate the proceedings concerned.

THIS AGREEMENT has been entered into on the date stated at the beginning of this Agreement.

SCHEDULE 1

THE PARTIES

PART 1

THE OBLIGORS

The Original Borrowers

Name of Borrower	**Registration number (or equivalent, if any)**
Acergy Treasury Limited	00974791 (England)
Acergy S.A.	R.C.S. Luxembourg B.43172

The Original Guarantors

Name of Guarantor	**Registration number (or equivalent, if any)**
Acergy S.A.	R.C.S. Luxembourg B.43172
Acergy Treasury Limited	00974791 (England)
Acergy Shipping Limited	062044C (Isle of Man)
Class 3 Shipping Limited	27529 (Bermuda)

PART 2

THE ORIGINAL BANKS

Name of Original Bank	Commitment (US$)	Title
DnB NOR Bank ASA	120,000,000	Bookrunner, Arranger and Mandated Lead Arranger
ING Bank N.V.	120,000,000	Bookrunner, Arranger and Mandated Lead Arranger
Lloyds TSB Bank plc	120,000,000	Bookrunner and Mandated Lead Arranger
Nordea Bank Finland Plc, London Branch	120,000,000	Bookrunner and Mandated Lead Arranger
ABN AMRO Bank N.V.	80,000,000	Mandated Lead Arranger
Barclays Bank PLC	80,000,000	Mandated Lead Arranger
Credit Agricole Corporate & Investment Bank	80,000,000	Mandated Lead Arranger
HSBC Bank plc	80,000,000	Mandated Lead Arranger
Natixis	80,000,000	Mandated Lead Arranger
DBS Bank Ltd, London Branch	40,000,000	Lead Arranger
NIBC Bank N.V.	40,000,000	Lead Arranger
Swedbank AB (publ)	40,000,000	Lead Arranger
Total	1,000,000,000	

SCHEDULE 2

CONDITIONS PRECEDENT

PART 1

TO BE DELIVERED BEFORE THE FIRST UTILISATION REQUEST

1. Original Obligors

(a) A copy of the up-to-date constitutional documents / articles of incorporation (as applicable) of each Obligor.

(b) A copy of a resolution of the board of directors of each Obligor:

(i) approving the terms of, and the transactions contemplated by, the Finance Documents to which it is a party and resolving that it execute the Finance Documents to which it is a party;

(ii) authorising a specified person or persons to execute the Finance Documents to which it is a party on its behalf; and

(iii) authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices (including, if relevant, any Utilisation Request) to be signed and/or despatched by it under or in connection with the Finance Documents to which it is a party.

(c) A specimen of the signature of each person authorised by the resolution referred to in paragraph (b) above.

(d) A copy of the resolution of the member of Acergy Shipping Limited approving its entry into the Finance Documents to which it is a party.

(e) A certificate of an authorised signatory of each Obligor:

(i) confirming that borrowing or guaranteeing the Total Commitments in full would not cause any borrowing, guaranteeing or similar limit binding on any Obligor to be exceeded; and

(ii) certifying that each copy document relating to it specified in this Schedule 2 is correct, complete and in full force and effect as at a date no earlier than the date of this Agreement.

(f) An up-to-date excerpt from the Luxembourg trade and companies register in relation to the Parent.

(g) A negative certificate from the Luxembourg Register of Commerce and Companies in relation to the Parent.

2. Legal opinions

(a) A legal opinion of Allen & Overy LLP, legal advisers to the Arrangers and the Agent in England, substantially in the form distributed to the Original Banks prior to signing this Agreement.

(b) A legal opinion of Allen & Overy LLP (Luxembourg), legal advisers to the Arrangers and the Agent in Luxembourg, substantially in the form distributed to the Original Banks prior to signing this Agreement.

(c) A legal opinion of Cains, legal advisers to the Arrangers and the Agent in the Isle of Man.

(d) A legal opinion of Appleby, legal advisers to the Arrangers and the Agent in Bermuda.

3. Other documents and evidence

(a) Evidence that any process agent referred to in Clause 36.2 (Service of process), if not an Obligor, has accepted its appointment.

(b) A copy of any other Authorisation or other document, opinion or assurance which the Agent (acting reasonably) considers to be necessary in connection with the entry into and performance of the transactions contemplated by any Finance Document or for the validity and enforceability of any Finance Document.

(c) The Original Financial Statements of each Obligor (other than Acergy Shipping Limited and Class 3 Shipping Limited).

(d) Each Finance Document duly executed on behalf of each Obligor party thereto.

(e) Evidence that each of the Existing Facilities will be repaid and cancelled in full on or before the first Utilisation Date.

(f) Evidence that the Undertaking to Pay has been or will be issued on or before the first Utilisation Date.

(g) Evidence that the fees, costs and expenses then due from the Parent pursuant to Clause 14 (Fees) and Clause 19 (Costs and expenses) have been paid or will be paid by the first Issue Date.

(h) Such documentation and other evidence as Banks may reasonably request for the purpose of complying with "know your customer" checks.

PART 2

FOR AN ADDITIONAL OBLIGOR

1. Corporate documentation

(a) An Accession Letter, duly entered into by the Parent and the Additional Obligor.

(b) A copy of the up-to-date constitutional documents / articles of incorporation (as applicable) of the Additional Obligor.

(c) A copy of a resolution of the board of directors of the Additional Obligor:

(i) approving the terms of, and the transactions contemplated by, the Accession Letter to which it is a party and resolving that it execute the Accession Letter to which it is a party;

(ii) authorising a specified person or persons to execute the Accession Letter to which it is a party on its behalf; and

(iii) authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices (including, if relevant, any Utilisation Request) to be signed and/or despatched by it under or in connection with the Finance Documents to which it is a party.

(d) A specimen of the signature of each person authorised by the resolution referred to in paragraph (c) above.

(e) A certificate of an authorised signatory of the Additional Obligor:

(i) confirming that borrowing or guaranteeing the Total Commitments in full would not cause any borrowing, guaranteeing or similar limit binding on it to be exceeded; and

(ii) certifying that each copy document relating to it specified in Part 2 of this Schedule is correct, complete and in full force and effect as at a date no earlier than the date of the Accession Letter.

(f) An up-to-date excerpt from the Luxembourg trade and companies register in relation to an Additional Obligor incorporated in Luxembourg.

(g) A solvency certificate issued by an Additional Obligor incorporated in Luxembourg.

2. Legal opinions

(a) A legal opinion of Allen & Overy LLP, legal advisers to the Arrangers and the Agent in England, addressed to the Finance Parties.

(b) If the Additional Obligor is incorporated in a jurisdiction other than England & Wales, a legal opinion from legal advisers in that jurisdiction, addressed to the Finance Parties.

3. Other documents and evidence

(a) Evidence that any process agent of the Additional Obligor, if not an Obligor, has accepted its appointment.

(b) A copy of any other Authorisation or other document, opinion or assurance which the Agent (acting reasonably) considers to be necessary in connection with the entry into and performance of the transactions contemplated by the Accession Letter or for the validity and enforceability of any Finance Document.

(c) The Original Financial Statements of the Additional Obligor.

(d) Evidence that the fees, costs and expenses then due from the Parent in respect of the Accession Letter have been paid.

(e) Such documentation and other evidence as Banks may reasonably request for the purpose of complying with "know your customer" checks.

SCHEDULE 3

UTILISATION REQUEST

PART 1

LOANS

From: [Acergy Treasury Limited] [Acergy S.A.]

To: ING Bank N.V.

Att: Credit Administration

Dated: [ ]

Dear Sirs

Acergy Treasury Limited – US$1,000,000,000 Revolving Credit and Guarantee Facility Agreement dated [●] 2010 (the **Agreement**)

1. We refer to the Agreement. This is a Utilisation Request for a Loan. Terms defined in the Agreement have the same meaning in this Utilisation Request unless given a different meaning in this Utilisation Request.
2. We wish to borrow a Loan on the following terms:

Proposed Utilisation Date:	[ ] (or, if that is not a Business Day, the next Business Day)
Currency of Loan:	[ ]
Amount:	[ ] or, if less, the Available Facility
Interest Period:	[ ]
	[ ]

3. We confirm that each condition specified in Clause 4.2 (Further conditions precedent) is satisfied on the date of this Utilisation Request.
4. The proceeds of this Loan should be credited to [*account*].
5. This Utilisation Request is irrevocable.

Yours faithfully

_____

authorised signatory for
[Acergy Treasury Limited] [Acergy S.A.]

PART 2

GUARANTEES

From: Acergy Treasury Limited
To: ING Bank N.V. (as Agent) and [Nordea Bank Finland Plc, London Branch] (as Issuing Bank)
Att: Credit Administration / [•]

Acergy Treasury Limited – US$1,000,000,000 Revolving Credit and Guarantee Facility Agreement dated [•] 2010 (the Agreement)

1. We refer to the Agreement. This is a Utilisation Request for a Guarantee. Terms defined in the Agreement have the same meaning in this Utilisation Request unless given a different meaning in this Utilisation Request.

2. We wish to request that a Guarantee is issued on the following terms:

(a) Type of Guarantee	[Financial Guarantee]/[Performance Guarantee].
(b) Wording of Guarantee	In the form of the attached Guarantee or as otherwise agreed in writing between the relevant Borrower and the Issuing Bank. [Bank Guarantees in excess of USD 10,000,000 to be approved by the Issuing Bank and the Agent acting on behalf of the Majority Banks].
(c) Delivery instructions	[ ] (e.g. Guarantee beneficiary, Borrower, etc.)
(d) Amount	[ ] (In figures, words and currency)
(e) Name and address of beneficiary:	[ ]
(f) (i) Start date:	[ ]
(ii) Period of Guarantee:	[ ]
(iii) Expiry Date	[ ]
(g) Details of Tender/Order/Contract:	
Date:	[ ]
Reference Number:	[ ]
Brief description of services:	[ ]
Applicable reduction:	[ ]
Extension period:	[ ]

3. We confirm that each condition specified in clause 4.2 (Further conditions precedents) is satisfied on the date of this Utilisation Request.
4. This Utilisation Request is irrevocable.

Yours faithfully

_____

authorised signatory for

[Acergy Treasury Limited]/[Acergy S.A.]

SCHEDULE 4

MANDATORY COST FORMULAE

1. The Mandatory Cost is an addition to the interest rate to compensate Banks for the cost of compliance with (a) the requirements of the Bank of England and/or the Financial Services Authority (or, in either case, any other authority which replaces all or any of its functions) or (b) the requirements of the European Central Bank.

2. On the first day of each Interest Period (or as soon as possible thereafter) the Agent shall calculate, as a percentage rate, a rate (the **Additional Cost Rate**) for each Bank, in accordance with the paragraphs set out below. The Mandatory Cost will be calculated by the Agent as a weighted average of the Banks' Additional Cost Rates (weighted in proportion to the percentage participation of each Bank in the relevant Loan) and will be expressed as a percentage rate per annum.

3. The Additional Cost Rate for any Bank lending from a Facility Office in a Participating Member State will be the percentage notified by that Bank to the Agent. This percentage will be certified by that Bank in its notice to the Agent to be its reasonable determination of the cost (expressed as a percentage of that Bank's participation in all Loans made from that Facility Office) of complying with the minimum reserve requirements of the European Central Bank in respect of loans made from that Facility Office.

4. The Additional Cost Rate for any Bank lending from a Facility Office in the United Kingdom will be calculated by the Agent as follows:

   (a) in relation to a sterling Loan:

   $$\frac{AB + C(B - D) + E \times 0.01}{100 - (A + C)}$$ per cent. per annum

   (b) in relation to a Loan in any currency other than sterling:

   $$\frac{E \times 0.01}{300}$$ per cent. per annum.

   Where:

   A is the percentage of Eligible Liabilities (assuming these to be in excess of any stated minimum) which that Bank is from time to time required to maintain as an interest free cash ratio deposit with the Bank of England to comply with cash ratio requirements.

   B is the percentage rate of interest (excluding the Margin and the Mandatory Cost and, if the Loan is an Unpaid Sum, the additional rate of interest specified in paragraph (a) of Clause 11.4 (*Default interest*)) payable for the relevant Interest Period on the Loan.

   C is the percentage (if any) of Eligible Liabilities which that Bank is required from time to time to maintain as interest bearing Special Deposits with the Bank of England.

   D is the percentage rate per annum payable by the Bank of England to the Agent on interest bearing Special Deposits.

   E is designed to compensate Banks for amounts payable under the Fees Rules and is calculated by the Agent as being the average of the most recent rates of charge supplied by the

Reference Banks to the Agent pursuant to paragraph 7 below and expressed in pounds per £1,000,000.

5. For the purposes of this Schedule:

   (a) **Eligible Liabilities** and **Special Deposits** have the meanings given to them from time to time under or pursuant to the Bank of England Act 1998 or (as may be appropriate) by the Bank of England;

   (b) **Fees Rules** means the rules on periodic fees contained in the Financial Services Authority Fees Manual or such other law or regulation as may be in force from time to time in respect of the payment of fees for the acceptance of deposits;

   (c) **Fee Tariffs** means the fee tariffs specified in the Fees Rules under the activity group A.1 Deposit acceptors (ignoring any minimum fee or zero rated fee required pursuant to the Fees Rules but taking into account any applicable discount rate); and

   (d) **Tariff Base** has the meaning given to it in, and will be calculated in accordance with, the Fees Rules.

6. In application of the above formulae, A, B, C and D will be included in the formulae as percentages (i.e. 5 per cent. will be included in the formula as 5 and not as 0.05). A negative result obtained by subtracting D from B shall be taken as zero. The resulting figures shall be rounded to four decimal places.

7. If requested by the Agent, each Reference Bank shall, as soon as practicable after publication by the Financial Services Authority, supply to the Agent, the rate of charge payable by that Reference Bank to the Financial Services Authority pursuant to the Fees Rules in respect of the relevant financial year of the Financial Services Authority (calculated for this purpose by that Reference Bank as being the average of the Fee Tariffs applicable to that Reference Bank for that financial year) and expressed in pounds per £1,000,000 of the Tariff Base of that Reference Bank.

8. Each Bank shall supply any information required by the Agent for the purpose of calculating its Additional Cost Rate. In particular, but without limitation, each Bank shall supply the following information on or prior to the date on which it becomes a Bank:

   (a) the jurisdiction of its Facility Office; and

   (b) any other information that the Agent may reasonably require for such purpose.

   Each Bank shall promptly notify the Agent of any change to the information provided by it pursuant to this paragraph.

9. The percentages of each Bank for the purpose of A and C above and the rates of charge of each Reference Bank for the purpose of E above shall be determined by the Agent based upon the information supplied to it pursuant to paragraphs 7 and 8 above and on the assumption that, unless a Bank notifies the Agent to the contrary, each Bank's obligations in relation to cash ratio deposits and Special Deposits are the same as those of a typical bank from its jurisdiction of incorporation with a Facility Office in the same jurisdiction as its Facility Office.

10. The Agent shall have no liability to any person if such determination results in an Additional Cost Rate which over or under compensates any Bank and shall be entitled to assume that the information provided by any Bank or Reference Bank pursuant to paragraphs 3, 7 and 8 above is true and correct in all respects.

11. The Agent shall distribute the additional amounts received as a result of the Mandatory Cost to the Banks on the basis of the Additional Cost Rate for each Bank based on the information provided by each Bank and each Reference Bank pursuant to paragraphs 3, 7 and 8 above.

12. Any determination by the Agent pursuant to this Schedule in relation to a formula, the Mandatory Cost, an Additional Cost Rate or any amount payable to a Bank shall, in the absence of manifest error, be conclusive and binding on all Parties.

13. The Agent may from time to time, after consultation with the Parent and the Banks, determine and notify to all Parties any amendments which are required to be made to this Schedule in order to comply with any change in law, regulation or any requirements from time to time imposed by the Bank of England, the Financial Services Authority or the European Central Bank (or, in any case, any other authority which replaces all or any of its functions) and any such determination shall, in the absence of manifest error, be conclusive and binding on all Parties.

SCHEDULE 5

FORM OF TRANSFER CERTIFICATE

To: ING BANK N.V. as Agent

- From: [The Existing Bank] (the **Existing Bank**) and [The New Bank] (the **New Bank**)

Dated: [ ]

Acergy Treasury Limited – US$1,000,000,000 Revolving Credit and Guarantee Facility Agreement dated [•] 2010 (the Agreement)

1. We refer to the Agreement. This is a Transfer Certificate. Terms defined in the Agreement have the same meaning in this Transfer Certificate unless given a different meaning in this Transfer Certificate.
2. We refer to Clause 26.5 (Procedure for transfer):
   (a) The Existing Bank and the New Bank agree to the Existing Bank transferring to the New Bank by novation all or part of the Existing Bank's Commitment, rights and obligations referred to in the Schedule in accordance with Clause 26.5 (Procedure for transfer).
   (b) The proposed Transfer Date is [ ].
   (c) The Facility Office and address, fax number and attention details for notices of the New Bank for the purposes of Clause 33.2 (Addresses) are set out in the Schedule.
3. The New Bank expressly acknowledges the limitations on the Existing Bank's obligations set out in paragraph (c) of Clause 26.4 (Limitation of responsibility of Existing Banks).

[4.] This Transfer Certificate may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Transfer Certificate.

[5.] This Transfer Certificate and any non-contractual obligations arising out of or in connection with it are governed by English law.

THE SCHEDULE

Commitment/rights and obligations to be transferred

[insert relevant details]
[Facility Office address, fax number and attention details for notices and account details for payments,]

Guarantee Commitment	[ ]
Guarantee Participation	[ ]
[Existing Bank]	[New Bank]
By:	By:

This Transfer Certificate is accepted by the Agent and the Transfer Date is confirmed as [ ].

ING BANK N.V.

By:

SCHEDULE 6

FORM OF COMPLIANCE CERTIFICATE

To: ING BANK N.V. as Agent
From: [Borrower]

Dated: [ ]

Dear Sirs

Acergy Treasury Limited – US$1,000,000,000 Revolving Credit and Guarantee Facility Agreement dated [•] 2010 (the Agreement)

1. We refer to the Agreement. This is a Compliance Certificate. Terms defined in the Agreement have the same meaning when used in this Compliance Certificate unless given a different meaning in this Compliance Certificate.
2. We further certify that, as at [insert date] or, as the case may be, for the financial year ended on that date:
   (a) the required ratio of Consolidated Net Borrowings to Adjusted EBITDA under clause 23.3.(a) for the Relevant Period ended on [date] is [3.0:1.0];
   (b) the required ratio of Consolidated Operating Profit to Consolidated Net Interest under clause 23.2.(b) for the Relevant Period ended on [date] is for the Relevant Period ended on [date] is [4.0:1.0]; and
   (c) the required ratio of Consolidated Net Borrowings to Net Worth under clause 23.3.(c) on [date] is [1.0:1.0].
3. [We confirm that no Default is continuing.][*]

Signed: _____
Chief Financial Officer/Authorised signatory of [Borrower]

[*] If this statement cannot be made, the certificate should identify any Default that is continuing and the steps, if any, being taken to remedy it.

SCHEDULE 7

TIMETABLE

Delivery of a duly completed Utilisation Request for a Loan (Clause 5.1 (Delivery of a Utilisation Request)	9 a.m. CET U-4
Delivery of a duly completed Utilisation Request for a Guarantee (Clause 6.1 (Delivery of a Utilisation Request for Guarantees):	
(a) where the amount of the Guarantee is US$10,000,000 or less	9 a.m. CET U-4
(b) where the amount of the Guarantee exceeds US$10,000,000	9 a.m. CET U-5
Delivery of a duly completed Renewal Request for a Guarantee (Clause 6.6 (Renewal of a Guarantee)):	
(a) where the amount of the Guarantee is US$10,000,000 or less	9 a.m. CET U-4
(b) where the amount of the Guarantee exceeds US$10,000,000	9 a.m. CET U-5
Agent notifies the Banks of the Loan in accordance with Clause 5.4 (Banks' participation) or, in the case of a Guarantee, in accordance with Clause 6.5 (Issue of Guarantees) or Clause 6.6 (Renewal of Guarantee), as the case may be	12 p.m. CET U-3
Agent determines (in relation to a Utilisation) the Base Currency Amount of the Utilisation, if required under Clause 5.4 (Banks' participation), Clause 6.5 (Issue of Guarantees) and Clause 6.6 (Renewal of a Guarantee) and notifies the Banks	12 p.m CET U-3
Agent receives a notification from a Bank under Clause 8.2 (Unavailiabilty of a currency)	10 a.m. CET U-2
Agent gives notice in accordance with Clause 8.2 (Unavailiabilty of a currency)	11 a.m. CET U-2
LIBOR or EURIBOR is fixed	Quotation Day as of 11.00 a.m. CET (for

	EURIBOR) and 11:00a.m. GMT (for LIBOR)

Where:

U= Utilisation Date

The number indicates the number of Business Days prior to the Utilisation Date that an action is due

SCHEDULE 8

FORM OF ACCESSION LETTER

To: [AGENT] as Agent

From: ACERGY S.A. and [Proposed Guarantor]

Date: [ ]

ACERGY TREASURY LIMITED – US$1,000,000,000 Credit Agreement dated [ ], 2010 (the **Agreement**)

We refer to the Agreement. This is an Accession Letter.

[Name of company] of [address/registered office] agrees to become an Additional Guarantor and to be bound by the terms of the Agreement as an Additional Guarantor.

[This Accession Agreement is intended to take effect as a deed.]

This Accession Agreement is governed by English law.

ACERGY S.A.

By:

Title:

[PROPOSED GUARANTOR]

By:

SCHEDULE 9

HISTORICAL SECURITY

Acergy Shipping Limited:

1. First Preferred Panamanian Fleet Mortgage, dated 09/11/04, in favour of DnB NOR Bank ASA.

Class 3 Shipping Limited:

1. First Preferred Ship Mortgage, dated 11.07.2002, over the Vessel DLB 801 in favour of Nordea Bank Norge ASA, Grand Cayman Branch;
2. First Preferred Ship Mortgage, dated 11.07.2002, over the Vessel Seaway Polaris in favour of Nordea Bank Norge ASA, Grand Cayman Branch;
3. Deed of Assignment, dated 11.07.2002, of the insurances relating to Vessel DLB 801, in favour of Nordea Bank Norge ASA, Grand Cayman Branch;
4. Deed of Assignment, dated 11.07.2002, of the insurances relating to Vessel Seaway Polaris, in favour of Nordea Bank Norge ASA, Grand Cayman Branch;
5. Assignment of Receivables, dated 08.11.2004, in favour of DnB NOR Bank ASA, New York Branch;
6. First Preferred Panamanian Fleet Mortgage, dated 08.11.2004, over the vessels Seaway Polaris and LB200 (subsequently renamed Acergy Piper) in favour of DnB NOR Bank ASA, New York Branch;
7. Deed of Assignment, dated 08.11.2004, of the insurances relating to Vessel Seaway Polaris in favour of DnB NOR Bank ASA, New York Branch; and
8. Deed of Assignment, dated 08.11.2004, of the insurances relating to Vessel LB200 (subsequently renamed Acergy Piper) in favour of DnB NOR Bank ASA, New York Branch.

SCHEDULE 10

EXISTING FINANCIAL INDEBTEDNESS

1. A SGD 1,000,000 facility agreement between DnB NOR Bank ASA (Singapore Branch) and Acergy Singapore Pte Ltd;
2. A NOK 30,000,000 facility agreement between DnB NOR Bank ASA and Acergy Norway AS; and
3. A BRL 38,000,000 facility agreement between HSBC Bank Brasil SA and Acergy Brasil SA.

SIGNATORIES

Company

ACERGY TREASURY LIMITED

By: /s/ M. de Rhune

Parent

ACERGY S.A.

By: /s/ B Salt

Title:

Borrowers

ACERGY TREASURY LIMITED

By: /s/ M de Rhune

ACERGY S.A.

By: **/s/ B Salt**

Title:

Guarantors

ACERGY S.A.

By: /s/ B Salt

Title:

ACERGY TREASURY LIMITED

By: /s/ M de Rhune

ACERGY SHIPPING LIMITED

By: /s/ M de Rhune

CLASS 3 SHIPPING LIMITED

By: /s/ B Salt

Arrangers

DNB NOR BANK ASA

By: /s/ M Piene

ING BANK N.V.

By: /s/ C A Goodhuis

Banks /s/ E P NederKoorn

ABN AMRO BANK N.V.

By: /s/ M M Messer

/s/ M N Hoogeveen

BARCLAYS BANK PLC

By: /s/ J Wilson

CREDIT AGRICOLE CORPORATE & INVESTMENT BANK

By: /s/ T Buonet

/s/ P Le Prado

DBS BANK LTD, LONDON BRANCH

By: /s/ S Boyd

DNB NOR BANK ASA

By: /s/ M. Piene

HSBC BANK PLC

By: /s/ D Stent

ING BANK N.V.

By: /s/ C A Goodhuis

/s/ E P Nederkoorn

LLOYDS TSB BANK PLC

By: /s/ A Geddes

NATIXIS

By: /s/ Jean-Etienne L

/s/ M Jay

NIBC BANK N.V.

By: /s/ A Hendriksen

/s/ W A Van Wijngaarden

NORDEA BANK FINLAND PLC, LONDON BRANCH

By: /s/ M Sheppard

/s/ M F Ristredt

SWEDBANK AB (publ)

By: /s/ J Erland

Issuing Bank

NORDEA BANK FINLAND PLC LONDON BRANCH

By: /s/ M Sheppard

/s/ M F Ristredt

Agent

ING BANK N.V.

By: /s/ C A Goodhuis

/s/ E P Nederkoorn

Exhibit 4.3

20 June 2010

SUBSEA 7 INC.

and

ACERGY S.A.

and

SIEM INDUSTRIES INC.

RELATIONSHIP AGREEMENT

CONTENTS

Schedule 2

THIS AGREEMENT is made on 20 June 2010

BETWEEN

(1) **Subsea 7 Inc.**, a company incorporated in the Cayman Islands with registered number MC - 115107 and with registered office address as PO Box 309, Ugland House, South Church Street, George Town, Grand Cayman, KY1-1104, Cayman Islands (**Spring**);

(2) **Acergy S.A.**, a société anonyme having its registered office in Luxembourg, 412F route d'Esch, L-2086 Luxembourg, Grand Duchy of Luxembourg, registered with the Registre de Commerce et des Sociétés de Luxembourg under no: B 43 172 (**Autumn**); and

(3) **Siem Industries Inc.**, a company incorporated in the Cayman Islands, with registered number CR – 1248 and with registered office address as PO Box 309, Ugland House, South Church Street, George Town, Grand Cayman, KY1-1104, Cayman Islands (**Summer**).

WHEREAS

(A) Spring and Autumn have, contemporaneously with entering into this agreement, entered into a combination agreement, dated the same date as this agreement, governing the proposed combination of Spring and Autumn.

(B) This agreement sets out certain matters agreed between the parties in relation to the relationship between them.

In consideration for the respective obligations of the parties hereto under this agreement the parties hereby agree as follows

1. Definitions

1.1 In this agreement:

Affiliate	means with respect to any person, any other person directly or indirectly controlling, controlled by or under direct or indirect control with such person, provided that for the purpose of this definition "control" (and with correlative meanings, "controlled by" and "under common control with"), as used with respect to any person, shall mean the possession of the power to direct or cause the direction of the management and policies of such person through the ownership of voting securities or otherwise (and for the purposes of this agreement Kristian Siem shall be deemed to be an Affiliate of Summer);
Aggregate Percentage Shareholdings	has the meaning given in clause 4.6;
Autumn Articles	means the articles of incorporation of Autumn from time to

	time;
Autumn Board	means the board of directors of Autumn from time to time;
Autumn Shares	means the common shares of US$2.00 each in the capital of Autumn;
Combination Agreement	means the agreement entered into on the same date as this agreement between Spring and Autumn governing the proposed combination of Spring and Autumn;
Equity Interests	means beneficial holdings in ordinary shares, securities convertible or exchangeable for ordinary shares, or an option to acquire such securities or ordinary shares;
Existing Framework Agreement	means the framework agreement dated 29 September 2009 between Summer, DnB Nor Bank ASA and ABG Sundal Collier Norge ASA;
Independent Director	has the meaning given in the Combination Agreement;
Lock-up Period	means the period of 6 months commencing on Completion;
Minimum Interest	means an interest in at least 10% of the Outstanding Autumn Shares;
Outstanding Autumn Shares	means the total number of issued Autumn Shares as of the applicable time, excluding any Autumn Shares held in treasury;
Percentage Shareholding	means the number of Autumn Shares held beneficially by a person expressed as a percentage of the total number of Outstanding Autumn Shares at the applicable time;
Proceedings	has the meaning given in clause 22.2;
Restricted Shares	has the meaning given in clause 3.1;
Standstill Period	means the period of 30 months commencing on the date of this agreement;
Summer Limited Recourse Exchangeable Bonds	means the USD 275 million zero coupon secured limited recourse exchangeable bonds 2007/2017 issued by Summer;
Summer Nominee	means a person nominated by Summer for appointment to the Autumn Board in accordance with clause 4; and

Threshold Interest means a beneficial holding in Autumn Shares representing at least 80% of the Percentage Shareholding of Summer and its Affiliates on Completion.

1.2 In this agreement, terms defined in the Combination Agreement shall have the same meaning in this agreement unless otherwise defined above or the context otherwise provides.

1.3 In this agreement:

(A) headings are inserted for ease of reference only and shall not affect the interpretation of this agreement;

(B) references to clauses are to be construed as references to the clauses of this agreement unless otherwise stated;

(C) words importing the plural shall include the singular and vice versa and words importing the masculine gender shall include the feminine and vice versa;

(D) references to any statutes, statutory provisions, code or rule include any regulation, statute, statutory provision, code or rule which amends, extends, consolidates or replaces the same, or which has been amended, extended, consolidated or replaced by the same, and shall include any orders, regulations, instruments, other subordinate legislation, codes or rules made under the relevant provision from time to time;

(E) references to a person shall be construed so as to include any individual, firm, company or other body corporate, trust, government, state or agency of a state, local or municipal authority or government body or any joint venture, association or partnership (whether or not having a separate legal personality);

(F) a reference to a day (including within the phrase Business Day) shall mean a period of 24 hours running from midnight to midnight;

(G) a reference to any English legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, official or any legal concept of thing shall in respect of any jurisdiction other than England be treated as a reference to any analogous term in that jurisdiction; and

(H) the rule known as the *ejusdem generis* rule shall not apply and general words shall not be given a restrictive meaning by reason of that fact they are accompanied by words indicating a particular class of acts, matters or things.

2. Standstill

2.1 For the duration of the Standstill Period, Summer shall not, and shall procure that its Affiliates shall not, without the prior consent of Spring and Autumn (in the period prior to Completion) or Autumn (in the period after Completion), as applicable, acquire any

Equity Interests in Spring or Autumn which would increase directly or indirectly the aggregate number of Autumn Shares beneficially held by Summer and its Affiliates to more than 24.9% of the Outstanding Autumn Shares after Completion. For the purposes of this clause 2 only (and not, for the avoidance of doubt, any other provision of this agreement), the acquisition by or holdings of Summer and/or its Affiliates of any convertible bonds under (i) the Spring Convertible Bonds; (ii) the Acergy S.A. USD500,000,000 2.50 per cent. Convertible Note Issue 2013; and (iii) any bonds issued by Spring or Autumn convertible into shares in Spring or Autumn (as applicable) after the date hereof, in each case shall not be counted towards the restriction on acquiring or holding Equity Interests in Spring or Autumn until the conversion thereof.

2.2 If, during the Standstill Period, any Affiliate of Summer acquires any Equity Interests in Spring or Autumn which increases directly or indirectly the aggregate number of Autumn Shares beneficially held by Summer and its Affiliates to more than 24.9% of the Outstanding Autumn Shares, then Summer shall, on request by Autumn, promptly sell such number of Equity Interests so as to reduce such aggregate number of Autumn Shares beneficially held by Summer and its Affiliates to not more than 24.9% of the Outstanding Autumn Shares. For the avoidance of doubt, neither Summer nor any Affiliate shall be required to sell any Equity Interests pursuant to this clause 2.2 if its Percentage Shareholding in Autumn has increased as a result of any reduction in the number of Outstanding Autumn Shares at the relevant time.

2.3 The restrictions in clauses 2.1 and 2.2 above shall cease to apply immediately following the announcement of a bona fide offer by a third party for the acquisition of control of either Spring or Autumn.

2.4 For the avoidance of doubt, the provisions of Clause 7 of the Confidentiality and Standstill Agreement shall cease to apply from the date of this agreement.

3. Lock-up

3.1 For the duration of the Lock-up Period, Summer shall not, and shall procure that its Affiliates shall not transfer, dispose of, or agree to transfer or dispose of any Autumn Shares beneficially held by it which would result in the aggregate number of Autumn Shares beneficially held by Summer and its Affiliates falling below 80% of the number of Autumn Shares beneficially held by Summer and its Affiliates immediately after Completion (such number of shares being the **Restricted Shares**).

3.2 If at any time or times in the period of 6 months commencing on the expiry of the Lock-up Period, Summer or its Affiliates wishes to transfer or dispose of any Restricted Shares, such transfers or disposals shall be carried out in consultation with Autumn and Summer shall use all reasonable endeavours to dispose of or transfer such Autumn Shares in a manner that does not disrupt the market for the issued capital of Autumn. All transaction expenses relating to such transfers or disposals of Autumn Shares by Summer or its Affiliates pursuant to this clause 3.2 shall be borne by Summer, but for the avoidance of doubt any expenses in relation to any US registration will be borne by Autumn.

3.3 Nothing in clause 3.1 or 3.2 shall prevent Summer or its Affiliates from:

(A) accepting or giving an undertaking to accept an offer for Autumn Shares made to all or substantially all the shareholders of Autumn;

(B) lending Autumn Shares under the Existing Framework Agreement;

(C) granting security over Autumn Shares in relation to the provision of finance (whether debt, equity or other type of finance);

(D) transferring the legal and/or beneficial interest in any Autumn Shares between Summer and its Affiliates, provided that if the transferee ceases to be an Affiliate of Summer, then Summer must procure that such Autumn Shares are promptly transferred back to Summer or to an Affiliate of Summer and provided that Summer shall procure that any such Affiliate to whom Autumn Shares are transferred in accordance with this sub-clause 3.3 (D) complies with the restrictions of this clause 3;

(E) disposing of Autumn Shares pursuant to a court order, arbitral award or judgment or as otherwise required by law or regulation;

(F) effecting any transfer or disposal pursuant to a compromise or arrangement (including without limitation, mergers, divisions, share repurchases or redemptions or other similar reorganisations) between Autumn and/or its shareholders, or any class of them, in accordance with Luxembourg law; or

(G) transferring any of its Autumn Shares to any holder of any Summer Limited Recourse Exchangeable Bonds to the extent Summer is required to or has elected to deliver Autumn Shares to any such holder pursuant to the terms of the Summer Limited Recourse Exchangeable Bonds.

4. Representation on Autumn Board

4.1 It is agreed that, with effect from Completion, and subject at all times to the majority of the directors of the Autumn Board being comprised of (i) Independent Directors for the duration of the Standstill Period and (ii) "independent directors" (as determined in accordance with the Autumn Articles) thereafter:

(A) for as long as Summer (together with its Affiliates) has a Threshold Interest, Summer may, by notice in writing to Autumn, from time to time nominate two persons for appointment to the Autumn Board (the **Summer Nominees**) (who shall always be deemed not to be Independent Directors). For the purposes of this clause 4.1(A) and this agreement, Kristian Siem is the first Summer Nominee, it being understood that at the date of this agreement Summer has not exercised its right to nominate a second Summer Nominee but reserves the right to do so at any time. If, when Summer first exercises its right to nominate a second Summer Nominee, one of the Designated Spring Directors who was not independent when appointed as an Autumn director at Completion remains

a director of Autumn, Summer will, if it so elects, support the removal of such Designated Spring Director to provide a vacancy for the second Summer Nominee and in such circumstances the second Summer Nominee shall not be appointed to the Autumn Board until such Designated Spring Director has resigned (or otherwise been removed) from the Autumn Board. Following his resignation, the Autumn Board may re-appoint such Designated Spring Director as a new director of Autumn provided always that the penultimate paragraph of this clause 4.1 is followed with the references to "Summer Nominee" being deemed references to such Designated Spring Director; and

(B) for so long as Summer (together with its Affiliates) has an interest below the Threshold Interest but at least the Minimum Interest, Summer may, by notice in writing to Autumn, from time to time nominate one person (a **Summer Nominee**) for appointment to the Autumn Board.

If the appointment of a Summer Nominee to the Autumn Board in accordance with this clause 4 would result in a majority of the Autumn Board ceasing to be comprised of Independent Directors in the Standstill Period or "independent directors" (as determined in accordance with the Autumn Articles) thereafter, before such Summer Nominee is elected to the Autumn Board, another Independent Director or "independent director" (as applicable) (in each case who shall be selected by the Autumn Board) must at the same time be elected to the Autumn Board and Summer undertakes to vote in favour of any resolution at a general meeting of Autumn to elect such person as an Independent Director or independent director (as applicable) of Autumn.

If a shareholder of Autumn, not being an Affiliate of Summer, gains representation on the Autumn Board, such representative shall be deemed to be an Independent Director for the purposes of this agreement.

4.2 Autumn shall take all necessary or reasonably required actions within its control in order to ensure that any Summer Nominee nominated pursuant to clause 4.1 is promptly and duly appointed to the Autumn Board (whether by board resolution or otherwise). If a resolution of the Autumn shareholders is required for the appointment of any Summer Nominee to the Autumn Board, Autumn shall take all necessary or reasonably required actions within its control to ensure that such Summer Nominee is appointed at a general meeting of Autumn promptly following the nomination pursuant to clause 4.1. In the event that the nominated Summer Nominee is not appointed to the Autumn Board at the general meeting, Summer is entitled to nominate another person in accordance with clause 4.1, and this clause 4.2 shall apply to such further nomination.

4.3 If a Summer Nominee has not been appointed to the Autumn Board within 3 months after the nomination pursuant to clause 4.1, provided the failure to appoint such Summer Nominee does not arise from a Designated Spring Director not leaving the Autumn Board, the restrictions under clauses 2, 3 and 5.2 shall cease to apply.

4.4 If any Summer Nominee appointed to the Autumn Board is required under the Autumn Articles or by law to submit himself for re-appointment as a director of Autumn at any general meeting of Autumn, the Autumn Board shall include a resolution for the re-

appointment of such Summer Nominee as a director of Autumn in the notice of such general meeting sent to the shareholders of Autumn and Autumn shall take all necessary or reasonably required actions within its control to ensure the approval of such re-appointment. In the event that any such Summer Nominee is not re-appointed as a director of Autumn, Summer may nominate another person for appointment to the Autumn Board in accordance with clause 4.1. For the avoidance of doubt, if such other person is not appointed to the Autumn Board within 3 months of the general meeting of Autumn at which the Summer Nominee was proposed to be re-appointed, the restrictions under clauses 2, 3 and 5.2 shall cease to apply.

4.5 Summer shall be entitled at any time to cause any Summer Nominee appointed to the Autumn Board to vacate his office as a director of Autumn by procuring his resignation and nominating another person as a Summer Nominee in accordance with clause 4.1.

4.6 If at any time Summer's holdings (when aggregated with those of its Affiliates) in Autumn Shares falls below the Threshold Interest and at such time there are two Summer Nominees on the Autumn Board, Summer shall procure that one Summer Nominee on the Autumn Board resigns from his position on the Autumn Board. For the avoidance of doubt, Summer shall not be required to procure the resignation of a Summer Nominee from the Autumn Board at any time when there is only one Summer Nominee on the Autumn Board, notwithstanding any change in Summer's shareholding in Autumn.

4.7 Summer shall procure that a resignation from any Summer Nominee from his position on the Autumn Board in accordance with clause 4.5 and 4.6 is on such terms that such Summer Nominee does not seek compensation for loss of office and waives all claims that he may have against Autumn in connection therewith. If any Summer Nominee refuses to resign in accordance with clause 4.5 and 4.6, the parties shall take all necessary or reasonably required actions within their control to ensure that such Summer Nominee is removed from the Autumn Board as soon as practicable.

4.8 Where a Summer Nominee appointed to the Autumn Board receives information in a capacity other than in his position on the Autumn Board, which imposes on him a duty of confidentiality, he shall not be obliged to disclose that information to Autumn. This clause 4.8 is without prejudice to any obligation on a Summer Nominee appointed to the Autumn Board to disclose any conflict of interest under applicable laws and regulations, including the governance code applicable to Autumn from time to time.

4.9 The rights granted pursuant to this clause 4 are personal to Summer only and are not rights attached to any Autumn Shares held by Summer. None of the rights granted under this clause 4 may be assigned or transferred to any other person other than any Affiliates of Summer.

4.10 Summer acknowledges and agrees that any decisions made by the Autumn Board (including the Summer Nominees appointed to the Autumn Board) shall be in accordance with the fiduciary duties of the directors.

4.11 The parties acknowledge that no director that has been appointed to the Autumn Board shall use any information obtained through his position on the Autumn Board for any commercial purpose other than:

(A) for Autumn's business; and

(B) in the case of the Summer Nominees appointed to the Autumn Board, in connection with Summer's and its Affiliate's shareholding in Autumn (but always subject to any applicable laws and regulations).

5. Election of Independent Directors

5.1 Following Completion and for the remainder of the Standstill Period, whenever the Autumn Board proposes a candidate for election as a new director of Autumn at a general meeting of Autumn and such candidate is proposed by the Autumn Board as an independent director, the Autumn Board shall either:

(A) make such proposal on the basis that such candidate satisfies the definition of Independent Director; or

(B) if the Autumn Board determines that such candidate should be proposed as an independent director notwithstanding that he or she does not satisfy the definition of Independent Director, then the Autumn Board shall provide the shareholders of Autumn, in the notice for the relevant general meeting, with the reasons as to why the Autumn Board proposes such candidate despite such non-compliance.

5.2 Following Completion, for the remainder of the Standstill Period Summer undertakes to either abstain from voting or to vote against (in its discretion) any resolution at a general meeting of Autumn to elect a person that has been proposed as a new director of Autumn if the election of such person would mean that a majority of the Autumn Board would cease to be comprised of Independent Directors, except that Summer shall at all times be free to vote in favour or against or abstain from voting (in its discretion) in respect of any resolution at a general meeting of Autumn to elect or re-elect a person as a director of Autumn where:

(A) that person has been nominated by Summer in accordance with clause 4; or

(B) the Autumn Board has proposed such person as a director of Autumn or has recommended that shareholders vote in favour of the election or re-election of such person as a director of Autumn.

5.3 Any candidate appointed to the Autumn Board shall be deemed to be an Independent Director for the purposes of this agreement if that person was proposed by the Autumn Board in accordance with clause 5.1(B). Each member of the Autumn Board appointed at the Effective Time in accordance with the Combination Agreement shall be deemed to be an Independent Director for the purposes of this agreement if that person is

referred to as an "Independent Director" in clause 4 of the Combination Agreement, unless such person is nominated as a Summer Nominee.

5.4 Following Completion and for the remainder of the Standstill Period, the Autumn Board shall insert the provisions included at Schedule 2 to this agreement in the then current terms of reference for the Autumn nominations committee as adopted by the Autumn Board from time to time.

6. Summer undertaking

6.1 Summer irrevocably and unconditionally undertakes in favour of Spring and Autumn that it will exercise all voting rights attaching to its shareholding in Spring at the relevant time by voting (either in person or by proxy):

(A) in favour of the resolutions (whether or not amended and whether put on a show of hands or poll) in relation to the proposed combination of Spring and Autumn and the Scheme to be proposed at the Spring General Meeting and the Court Meeting or any adjournment thereof; and

(B) against any shareholder resolution relating to any proposal, agreement or action made in opposition to the proposed combination of Spring and Autumn and the Scheme or the transactions contemplated thereby.

6.2 Nothing in clause 6.1 shall prevent Summer voting in favour of any resolution or other motion to adjourn the Spring General Meeting and the Court Meeting to a date not later than the date on which a quorate general meeting of Autumn to seek the Autumn Shareholder Approval is validly convened and held and Autumn shareholders vote on resolutions relating to the Autumn Shareholder Approval.

6.3 The undertakings in clause 6.1 above shall cease to apply immediately following the announcement of an offer by a third party for the acquisition of control of either Spring or Autumn which represents an offer on better terms than the Scheme.

7. Non-solicitation

Summer undertakes that, from the date hereof until the Effective Time, neither it nor any of its Affiliates or their respective officers, directors or employees shall solicit or initiate any Acquisition Proposal relating to Spring.

8. Warranties

8.1 Summer warrants to Spring and Autumn that:

(A) Schedule 1 sets out all Equity Interests held by Summer and its Affiliates in Spring and Autumn at the date of this agreement and Summer confirms that (except in respect of the Equity Interests marked with a ** in Schedule 1 lent out under the Existing Framework Agreement) it is the registered holder of (or is

otherwise able to control the exercise of the voting rights attaching to) the Spring Shares against its and its Affiliates names therein; and

(B) at the date of this agreement neither it nor any of its Affiliates owns any Equity Interest or has any other legal or beneficial interest in any other security conferring voting rights in either Spring or Autumn other than as set out in (A) above.

Notwithstanding any other provisions of this agreement, for the purposes of clauses 2, 4 and 6, shares in Spring (marked with a * in Schedule 1) (or shares derived therefrom) which have been lent to Lehman Brothers International (Europe) to be on-lent to third parties shall be deemed not to be shareholdings or Equity Interests held by Summer or its Affiliates to the extent Summer or its Affiliates (as applicable) are unable at the relevant time to control the voting rights attaching to such Equity Interests.

8.2 Each party hereto warrants to the other parties hereto that:

(A) it is a legal entity duly organised or formed, validly existing and in good standing (insofar as such term applies as a legal concept in the jurisdiction of incorporation of such party) under the laws of its jurisdiction of organisation or formation, and has all requisite power and capacity, and is duly and validly authorised, to execute and deliver this agreement and to perform its obligations hereunder, and no other actions or proceedings are necessary to authorise the execution and delivery by it of this agreement and the performance of its obligations hereunder. This agreement constitutes its legal, valid and binding obligations, and is enforceable against it in accordance with its terms; and

(B) the execution and delivery of this agreement by it does not, and the performance of this agreement by it will not result in or constitute a violation of any obligation, instrument, permit, concession, franchise, license, judgment, order, decree, statute, law, ordinance, rule or regulation applicable to it or by which it is bound or affected.

9. Consent

Summer consents to any public disclosure made by Spring or Autumn incorporating references to this agreement and to its and/or its Affiliates' ownership of Equity Interests in Spring and Autumn as described in this agreement, in each case where such references are required by any Applicable Laws; provided that Summer shall have a reasonable opportunity to review and comment on such disclosure prior to the making of such disclosure. Summer understands that, if the Scheme is proposed, this agreement may be made available for inspection prior to the Effective Time and that particulars of it will be contained in the Scheme Document and the Prospectus. Summer undertakes to provide Spring and Autumn with any further information in relation to its and any of its Affiliates' interests in Spring or Autumn as Spring or Autumn may reasonably require in order to comply with:

(A) the requirements of any relevant securities exchange or applicable regulatory or governmental body to which Spring or Autumn is subject, wherever situated, and whether or not the requirement for such information has the force of law; and

(B) any other legal or regulatory requirements for inclusion of such information in the Scheme Document (or any other document required in connection with the Scheme) and the Prospectus.

10. Termination

10.1 This agreement (except for clause 11 and 19 which shall continue to apply after the termination of this agreement without limitation in time) shall continue in force unless and until any of the following events occur, in which case this agreement shall automatically terminate:

(A) the termination of the Combination Agreement for any reason prior to Completion;

(B) an acquisition by a person or a group of persons acting in concert at any time prior to Completion of shares in Autumn and/or Spring that (assuming Completion occurred at that time) would result in such person or group of persons holding an aggregate shareholding in Autumn that would be greater than that held legally and/or beneficially by Summer and its Affiliates, whether directly or indirectly, at that time (again assuming that Completion occurred at that time); or

(C) an acquisition by a person or a group of persons acting in concert at any time after Completion of shares in Autumn that would result in such person or group of persons holding an aggregate shareholding in Autumn that is greater than the shareholding in Autumn held legally and/or beneficially by Summer and its Affiliates, whether directly or indirectly, at that time.

10.2 Any termination of this agreement shall be without prejudice to any provisions hereof which are expressed to continue in force thereafter and shall be without prejudice to any rights or obligations which may have accrued prior to the date on which this agreement terminated in respect of the relevant party.

11. Confidentiality

11.1 Each party shall treat as confidential all information obtained as a result of entering into or performing this agreement which relates to:

(A) the provisions of this agreement;

(B) the negotiations relating to this agreement;

(C) the subject matter of this agreement; or

(D) the other parties.

11.2 Each party shall not disclose any such confidential information to any person other than any of its directors or employees who needs to know such information in order to discharge his duties.

11.3 Notwithstanding the other provisions of this clause 11, a party may disclose any such confidential information:

(A) to the extent required by law or any Governmental Entity;

(B) to the extent required by any securities exchange or regulatory or governmental body to which that party is subject wherever situated, whether or not the requirement for information has the force of law;

(C) to its professional advisers, auditors and bankers provided they have a duty to keep such information confidential;

(D) to the extent the information has come into the public domain through no fault of that party; or

(E) to the extent the other parties have given prior written consent to the disclosure.

Any information to be disclosed pursuant to sub-clauses 11.3(A) or 11.3(B) shall be disclosed only after notice to the other parties, to the extent permitted by applicable law.

11.4 The restrictions contained in this clause 11 shall continue to apply after the termination of this agreement without limit in time.

12. Assignment

Unless the parties specifically agree in writing or as set out in this agreement, no person shall assign, transfer or charge all or any of its rights under this agreement nor grant, declare, create or dispose of any right or interest in it.

13. Invalidity

If at any time any provision of this agreement is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, that shall not affect or impair:

(A) the legality, validity or enforceability in that jurisdiction of any other provision of this agreement; or

(B) the legality, validity or enforceability under the law of any other jurisdiction of that or any other provision of this agreement.

14. Waivers, rights and remedies

No failure or delay by any party hereto in exercising any right, power, privilege or remedy by law or under or pursuant to this agreement shall impair such right, power, privilege or remedy or operate or be construed as a waiver or variation of it or preclude its exercise at any subsequent time and no single or partial exercise of any right, power, privilege or remedy in connection with this agreement shall preclude any further or other exercise of it or the exercise of any other right or remedy.

15. Entire agreement

15.1 This agreement constitutes the whole and only agreement between the parties relating to the subject matter of this agreement.

15.2 Each party acknowledges that in entering into this agreement it is not relying upon any pre contractual statement which is not set out in this agreement.

15.3 Except in the case of fraud, no party shall have any right of action against any other party to this agreement arising out of or in connection with any pre contractual statement except to the extent that it is repeated in this agreement.

15.4 For the purposes of this clause 15, "pre contractual statement" means any draft, agreement, undertaking, representation, warranty, promise, assurance or arrangement of any nature whatsoever, whether or not in writing, relating to the subject matter of this agreement made or given by any person at any time prior to this agreement becoming legally binding.

15.5 This agreement may only be varied in writing signed by each of the parties.

16. Notices

16.1 Any notice or other communication to be given under or in connection with this Agreement (a Notice) shall be in the English language in writing and signed by or on behalf of the party giving it and marked for the attention of the relevant party. A Notice may be delivered personally, by pre-paid recorded delivery, international courier or email to the address provided in this clause 16.

16.2 A notice shall be deemed to have been received:

(A) at the time of delivery if delivered personally;

(B) at the time it is sent if sent by email;

(C) two Business Days after the time and date of posting if sent by pre-paid recorded delivery; or

(D) three Business Days after the time and date of posting if sent by international courier,

provided that if deemed receipt of any Notice occurs after 6.00 p.m. or is not on a Business Day, deemed receipt of the Notice shall be 9.00 a.m. on the next Business Day. References to time in this clause 16 are to local time in the country of the addressee.

16.3 The addresses for service of Notice are:

Party:	Address:	Email:
Spring	Subsea7 Inc. PO Box 309 Ugland House South Church Street Grand Cayman KY1-1104 Cayman Island For the attention of: Michael Delouche	Email - mikedelo@swbell.net
	cc to: Subsea 7 Prospect Road Arnhall Business Park Westhill Aberdeenshire AB32 6FE For the attention of: Graeme Murray	Email - Graeme.Murray@Subsea7.com
Autumn	Acergy M.S. Limited 200 Hammersmith Road London W6 7DL For the attention of Johan Rasmussen	Email: johan.rasmussen@acergy-group.com
Summer	Siem Industries Inc. PO Box 309 Ugland House South Church Street George Town Grand Cayman KY1-1104 Cayman Islands For the attention of Michael Delouche	Email: mikedelo@swbell.net

or to such other address as any party shall specify by written notice so given, and such notice shall be deemed to have been delivered as of the date so emailed, personally delivered or mailed.

17. Counterparts

This agreement may be executed in any number of counterparts, and by the parties on separate counterparts, but shall not be effective until each party has executed at least one counterpart. Each counterpart shall constitute an original of this agreement, but all the counterparts shall together constitute but one and the same instrument.

18. No partnership

Nothing in this agreement and no action taken by the parties under this agreement shall constitute a partnership, joint-venture or agency relationship between any of the parties.

19. Costs and expenses

Each party shall pay its own costs and expenses incurred in connection with the negotiation, preparation and implementation of this agreement.

20. Third party rights

The parties to this agreement do not intend that any term of this agreement should be enforceable, by virtue of the Contracts (Rights of Third Parties) Act 1999, by any person who is not a party to this agreement.

21. Enforcement

Each party hereto understands and agrees that money damages would not be a sufficient remedy for any breach of this agreement by it or its Affiliates and that the other parties hereto shall be entitled to specific performance and injunctive relief as remedies for any such breach of this agreement. Such remedies shall not be deemed to be the exclusive remedies for any breach of this agreement, but shall be in addition to all other remedies available at law.

22. Governing law and jurisdiction

22.1 This agreement is to be governed by and construed in accordance with English law. Any matter, claim or dispute arising out of or in connection with this agreement, whether contractual or non-contractual, is to be governed by and determined in accordance with English law.

22.2 The courts of England are to have exclusive jurisdiction to settle any dispute, whether contractual or non-contractual, arising out of or in connection with this agreement. Any proceeding, suit or action arising out of or in connection with this agreement or the negotiation, existence, validity or enforceability of this agreement (Proceedings) shall be brought only in the courts of England.

22.3 Each party waives (and agrees not to raise) any objection, on the ground of forum non conveniens or on any other ground, to the taking of Proceedings in the courts of England. Each party also agrees that a judgment against it in Proceedings brought in

England shall be conclusive and binding upon it and may be enforced in any other jurisdiction

22.4 Each party irrevocably submits and agrees to submit to the jurisdiction of the courts of England.

23. Agent for service of process

23.1 Autumn irrevocably appoints Acergy M.S. Limited of 200 Hammersmith Road, London, W6 7DL, to be its agent for the receipt of Service Documents. It agrees that any Service Document may be effectively served on it in connection with Proceedings in England and Wales by service on its agent effected in any manner permitted by the Civil Procedure Rules.

If Autumn's agent at any time ceases for any reason to act as such, Autumn shall appoint a replacement agent having an address for service in England or Wales and shall notify Spring and Summer of the name and address of the replacement agent. Failing such appointment and notification, Spring and Summer shall be entitled by notice to Autumn to appoint a replacement agent to act on behalf of Autumn. The provisions of this 23.1 applying to service on Autumn's agent apply equally to service on such a replacement agent.

A copy of any Service Document served on Autumn's agent shall be sent by post to Autumn. Failure or delay in so doing shall not prejudice the effectiveness of service of the Service Document.

23.2 Spring irrevocably appoints Subsea 7 Engineering Limited, 17th Floor, Quadrant House, Sutton, The Quadrant, Sutton, Surrey, SM2 5AS (for the attention of Graham Sharland) to be its agent for the receipt of Service Documents. It agrees that any Service Document may be effectively served on it in connection with Proceedings in England and Wales by service on its agent effected in any manner permitted by the Civil Procedure Rules.

If Spring's agent at any time ceases for any reason to act as such, Spring shall appoint a replacement agent having an address for service in England or Wales and shall notify Autumn and Summer of the name and address of the replacement agent. Failing such appointment and notification, Autumn and Summer shall be entitled by notice to Spring to appoint a replacement agent to act on behalf of Spring. The provisions of this Clause 23.2 applying to service on Spring's agent apply equally to service on such a replacement agent.

A copy of any Service Document served on Spring's agent shall be sent by post to Spring. Failure or delay in so doing shall not prejudice the effectiveness of service of the Service Document.

23.3 Summer irrevocably appoints Siem Capital UK Limited of 30 Charles II Street, London SW1Y 4AE (for the attention of to be its agent for the receipt of Service Documents. It agrees that any Service Document may be effectively served on it in connection with

Proceedings in England and Wales by service on its agent effected in any manner permitted by the Civil Procedure Rules.

If Summer's agent at any time ceases for any reason to act as such, Summer shall appoint a replacement agent having an address for service in England or Wales and shall notify Autumn and Spring of the name and address of the replacement agent. Failing such appointment and notification, Autumn and Spring shall be entitled by notice to Summer to appoint a replacement agent to act on behalf of Summer. The provisions of this Clause 23.3 applying to service on Summer's agent apply equally to service on such a replacement agent.

A copy of any Service Document served on Summer's agent shall be sent by post to Summer. Failure or delay in so doing shall not prejudice the effectiveness of service of the Service Document.

SIGNED	)	/s/ M Fitzgerald
for and on behalf of	)	/s/ A Schultz
SUBSEA 7 INC.	)	

SIGNED	)	/s/ J Cahuzac
for and on behalf of	)	
ACERGY S.A.	)	

SIGNED	)	/s/ M Delouche
for and on behalf of	)	
SIEM INDUSTRIES INC.	)	

Schedule 1

Summer shareholdings as at 19 June 2010

Spring common shares	Number
Legally and/or beneficially owned by Summer	60,429,045
Pledged for share lending under the Existing Framework Agreement comprised of:	
(i) shares pledged but not loaned out	4,438,500^
(ii) shares loaned out **	561,500^
	5,000,000^
Total legally and/ or beneficially owned by Summer	**65,247,545**
Lent to Lehman Brothers International (Europe) *	4,680,000

Note:

***** not to be considered shareholdings or Equity Interest held by Summer or its Affiliates

^ the total number of Spring shares pledged for share lending is 5,000,000 but the exact number loaned out may from time to time vary.

Schedule 2

Where the nominations committee considers a candidate for proposal to the board of directors of the Company for a role as an independent director, the nominations committee shall have regard to the following definition of "Independent Director" in making its evaluations:

"**Independent Director**" means a person who:

(a) has not been an employee of Spring, Autumn and/or their respective Affiliates in the last five years;

(b) has not, and has not had within the last three years, a material business relationship with Spring, Autumn and/or their respective Affiliates either directly, or as a partner, a material shareholder, director or senior employee of a body that has such a relationship with Spring, Autumn and/or their respective Affiliates;

(c) is not a direct or indirect shareholder in Spring or Autumn having an interest in excess of 1% of the issued share capital (excluding shares held in treasury) of Spring or Autumn, and is not a director, senior employee or authorised representative of such a direct or indirect shareholder in Spring or Autumn;

(d) has not received and does not receive additional remuneration from Spring, Autumn and/or their respective Affiliates apart from a director's fee (other than through participation in any share option schemes of Spring, Autumn and/or their respective Affiliates), does not participate in any performance-related pay scheme of Spring, Autumn and/or their respective Affiliates and is not a member of any pension scheme of Spring, Autumn and/or their respective Affiliates;

(e) is not associated with a company that is an adviser or consultant to Spring or Autumn;

(f) is not employed as an executive director or senior employee of another company where any of the executive directors or senior employees of Spring, Autumn and/or their respective Affiliates serve on that company's board of directors;

(g) has no close family ties with any of the advisers, directors or senior employees of Spring or Autumn;

(h) is not a member of the immediate family of any individual who is, or has been during the past five years, employed by Spring, Autumn and/or their respective Affiliates as a director or senior employee; and

(i) has not served on the board of directors of Autumn for more than nine years from the date of first election.

For the purposes of this definition, a Person shall be "**associated**" with a party if such person (i) has a direct or indirect ownership interest of 5% or more in that party; or (ii) is employed by such party as a senior employee.

For the purposes of this definition, a person shall be a "**material shareholder**" of a body if such person has a direct or indirect ownership interest of 5% or more in such body.

For the purposes of this definition, a person shall be a "**senior employee**" of a company if that person receives a basic salary from that company (excluding bonuses and benefits in kind) in excess of £125,000.

For the purposes of this definition, a person shall have a "**close family tie**" with another person if that other person is his/her spouse, parent or child.

For the purposes of this definition, references to an "**adviser**" or "**consultant**" to a company shall be construed as references to a person that provides material advisory or consultancy services directly to that company.

For the purposes of this definition, a person is an "**authorised representative**" of another person if that person is authorised to represent that other person."

If the nominations committee proposes such candidate for a role as independent director who does not satisfy the criteria in the definition of "Independent Director" above, then the Board of Directors shall, in the notice of general meeting for the relevant meeting at which such candidate is to be proposed for election by the Board of Directors, disclose to the shareholders the non-compliance with the criteria.

Exhibit 4.4

BUSINESS COMBINATION AGREEMENT

between

ACERGY S.A.

and

SUBSEA 7 INC.

Dated 20th June 2010

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BUSINESS COMBINATION AGREEMENT

THIS BUSINESS COMBINATION AGREEMENT (this "**Agreement**") is entered into on __ June 2010, by and between:

1. Acergy S.A., a company incorporated under the laws of Luxembourg, with registered office at 412, Route d'Esch, L-2086 Luxembourg ("**Autumn**"); and
2. Subsea 7 Inc., an exempted company incorporated under the laws of the Cayman Islands, with registered office at the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, South Church Street, Grand Cayman, KY1-1104 Cayman Islands ("**Spring**").

RECITALS

A. Each of the parties acknowledges that a combination of the businesses of the parties would offer benefits and be in the interest of each party and their subsidiaries (in particular those with operating businesses in the UK, Norway, France, Nigeria, Angola, USA and Australia), and their respective shareholders, customers, employees and other stakeholders.

B. The Combination is a "merger of equals" which is intended to be effected by means of a scheme of arrangement of Spring under Section 86 of the Cayman Companies Law for Cayman Law purposes and a contribution in kind for Luxembourg law purposes.

C. The parties have agreed to take certain steps to effect the completion of the Combination and wish to enter into this Agreement to record their respective obligations relating to such matters.

D. The board of directors of Autumn, at a meeting thereof duly called and held, (i) approved and declared advisable the Combination, this Agreement and the transactions contemplated by this Agreement, (ii) declared that it is in their opinion in the best interests of Autumn's shareholders that Autumn enter into this Agreement and consummate the Combination on the terms and subject to the conditions set forth in this Agreement and (iii) agreed to recommend the Combination to the shareholders of Autumn and to recommend that they vote in favour of all shareholders resolutions required to be passed by Autumn shareholders to implement the Combination in accordance with the terms of this Agreement.

E. The board of directors of Spring, at a meeting thereof duly called and held, (i) approved and declared advisable the Combination, this Agreement and the transactions contemplated by this Agreement, (ii) declared that it is in their opinion in the best interests of Spring's shareholders that Spring enter into this Agreement and consummate the Combination on the terms and subject to the conditions set forth in this Agreement and (iii) agreed to recommend to the shareholders of Spring that they vote in favour of the Scheme at the Court Meeting and that they

vote in favour of the shareholder resolutions required to be passed by Spring shareholders to implement the Combination in accordance with the terms of this Agreement.

F. Concurrently with the execution of this Agreement, Summer is entering into a Relationship Agreement with Autumn and Spring in the form attached hereto as Appendix A (the "**Relationship Agreement**") that will become effective as of the date hereof, providing for certain relationship arrangements between Summer, Autumn and Spring, including those relating to (i) certain restrictions on acquisitions and disposals by Summer and its "Affiliates" (as defined in the Relationship Agreement) of Autumn Shares; (ii) certain arrangements in respect of Summer's rights to appoint directors of Autumn; (iii) voting by Summer in respect of resolutions to appoint directors of Autumn; and (iv) an undertaking by Summer to vote its Spring Shares in favour of the Scheme.

1. DEFINITIONS; INTERPRETATION

In this Agreement (including the Schedules hereto), the following terms shall have the following meanings:

"**ACCC**" has the meaning given in Clause 8.2(j);

"**Acceptable Confidentiality Agreement**" has the meaning given to it in Clause 7.2(g)(i);

"**Acquisition Proposal**" has the meaning given in Clause 7.2(a);

"**Adverse Recommendation Change**" has the meaning given in Clause 7.2(g)(ii);

"**Affiliate**" means as to any specified Person, any other Person that, directly or indirectly through one or more intermediaries or otherwise, controls, is controlled by or is under common control with the specified Person and, for the purposes of this definition, "control" means (i) the control directly or indirectly of a majority of the voting rights of a Person or (ii) the right to appoint and/or remove a majority of the members of the board or other governing body of such Person, whether obtained directly or indirectly and whether obtained by ownership of share capital, voting rights or otherwise;

"**Agreement**" means this agreement including its schedules and appendices;

"**Amended and Restated Autumn Articles**" has the meaning given in Clause 3.1;

"**Applicable Laws**" shall mean, with respect to any Person, any national, supra-national, local, municipal or provincial law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling or other similar requirement enacted, adopted, promulgated or applied by a Governmental Entity that is binding upon or applicable to such Person or such Person's properties or assets, as the same may be amended from time to time unless expressly specified otherwise herein;

"**Auditor's Report**" has the meaning given in Clause 2.5;

"**Autumn Forms of Proxy**" means the forms of proxy for use at the Autumn General Meeting;

"**Autumn General Meeting**" means the extraordinary general meeting of Autumn shareholders to be convened in connection with the Combination to seek the Autumn Shareholder Approval and any adjournment thereof;

"**Autumn Shares**" means ordinary shares in the capital of Autumn with a par value of USD2 per share;

"**Autumn Shareholder Approval**" has the meaning given in Clause 8.1(a)(ii);

"**Benefit Plans**" means all material employee benefit plans, pension plans and other material benefit arrangements, and all other employee benefit, bonus, incentive, deferred compensation, stock option (or other equity-based), severance, welfare (including post-retirement medical and life insurance) and fringe benefit plans, practices or agreements, whether written or oral, sponsored, maintained or contributed to or required to be contributed to by such party or any of its Subsidiaries, to which such party or any of its Subsidiaries is a party or is required to provide benefits under Applicable Laws;

"**Business Day**" means any day on which banks are open for ordinary business in the Cayman Islands, Luxembourg, Oslo (Norway) and London (United Kingdom);

"**Cayman Companies Law**" means the Cayman Islands Companies Law (2009 Revision);

"**Combination**" means the repurchase and cancellation of all of the issued and outstanding common shares in the capital of Spring, the issue by Spring of new ordinary shares in its capital to Autumn and the issue of Autumn Shares to Spring shareholders, to be implemented by means of the Scheme (including the Contribution);

"**Competition Action**" has the meaning given in Clause 7.4(g);

"**Competition Commission**" has the meaning given in Clause 8.2(g);

"**Competition Laws**" shall mean any Applicable Law that is designed or intended to prohibit, restrict or regulate actions having the purpose or effect of monopolisation, anti-competition or restraint of trade;

"**Completion**" has the meaning given in Clause 2.6;

"**Conditions**" means the conditions set out in Clause 8.2;

"**Confidentiality and Standstill Agreement**" means the confidentiality and standstill agreement between Autumn and Spring dated 3 May 2010;

"**Contribution**" means the issue of the New Autumn Shares against the contribution in kind to Autumn of the New Spring Shares pursuant to the Scheme;

"**Convertible Bond Trustee**" means in relation to the USD300,000,000 2.80 per cent. Spring Convertible Note Issue 2006/2011, The Law Debenture Trust Corporation p.l.c. and in relation to the USD 275,000,000 3.50 per cent. Spring Convertible Bond Issue 2009/2014, Norsk Tillitsmann ASA;

"**Court**" means the Grand Court of the Cayman Islands;

"**Court Hearing**" means the hearing by the Court to sanction the Scheme pursuant to Section 86(2) of the Cayman Companies Law;

"**Court Meeting**" means the meeting of Spring shareholders to be convened pursuant to an order of the Court under Section 86(1) of the Cayman Companies Law to consider and, if thought fit, approve the Scheme (with or without modification), and any adjournment thereof;

"**Court Order**" means the order of the Court under Section 86(2) of the Cayman Companies Law sanctioning the Scheme;

"**CSSF**" means the Commission de Surveillance du Secteur Financier, the Luxembourg regulator of the financial sector;

"**Cut-off Date**" has the meaning given in Clause 7.2(g)(iv);

"**Designated Autumn Directors**" has the meaning given in Clause 4.1;

"**Designated Spring Directors**" has the meaning given in Clause 4.1;

"**Disclosure Letter**" has the meaning given in Clause 6;

"**Effective Time**" means the time at which Completion occurs;

"**Environment**" means all or any of the following media, namely air (including the air within buildings or other natural or man-made structures above or below ground), water (including surface or groundwater and water in pipe, drainage or sewerage systems) and land and humans and any living organisms or systems supported by those media;

"**Environmental Laws**" means any and all of the following:

- any international, European Union, national, state, federal, regional or local laws (including common law, statute law, civil, criminal and administrative law);
- any subordinate legislation and codes of practice, including without limitation guidance notes, circulars, decisions, regulations and judgements; and
- any judicial or administrative interpretation of each of the foregoing,

which relate to human health or the Environment;

"**Exchange Act**" means the United States Securities Exchange Act of 1934;

"**Executive Management Team**" has the meaning given in Clause 4.2(a);

"**FCPA**" means the United States Foreign Corrupt Practices Act of 1977;

"**Governmental Entity**" means in relation to anywhere in the world, any supra-national, national, state, municipal, provincial or local government, any sub-division, court, administrative agency or commission or other authority thereof, or any quasi-governmental or private body exercising any regulatory, taxing, importing or other governmental or quasi governmental authority, including without limitation the OFT, the Competition Commission, the Norwegian Competition Authority and the Norwegian Ministry of Trade and Industry;

"**Hazardous Materials**" has the meaning given in Clause 6.13(b);

"**HMRC**" means Her Majesty's Revenue & Customs;

"**IFRS**" means International Financial Reporting Standards as issued by the International Accounting Standards Board;

"**Indemnified Person**" has the meaning given to it in Clause 7.12(a);

"**Independent Auditor**" has the meaning given in Clause 2.5;

"**Independent Director**" means a person who:

(a) has not been an employee of Spring, Autumn and/or their respective Affiliates in the last five years;

(b) has not, and has not had within the last three years, a material business relationship with Spring, Autumn and/or their respective Affiliates either directly, or as a partner, a material shareholder, director or senior employee of a body that has such a relationship with Spring, Autumn and/or their respective Affiliates;

(c) is not a direct or indirect shareholder in Spring or Autumn having an interest in excess of 1% of the issued share capital (excluding shares held in treasury) of Spring or Autumn, and is not a director, senior employee or authorised representative of such a direct or indirect shareholder in Spring or Autumn;

(d) has not received and does not receive additional remuneration from Spring, Autumn and/or their respective Affiliates apart from a director's fee (other than through participation in any share option schemes of Spring, Autumn and/or their respective Affiliates), does not participate in any performance-related pay scheme of Spring, Autumn and/or their respective Affiliates and is not a member of any pension scheme of Spring, Autumn and/or their respective Affiliates;

(e) is not associated with a company that is an adviser or consultant to Spring or Autumn;

(f) is not employed as an executive director or senior employee of another company where any of the executive directors or senior employees of Spring, Autumn and/or their respective Affiliates serve on that company's board of directors;

(g) has no close family ties with any of the advisers, directors or senior employees of Spring or Autumn;

(h) is not a member of the immediate family of any individual who is, or has been during the past five years, employed by Spring, Autumn and/or their respective Affiliates as a director or senior employee; and

(i) has not served on the board of directors of Autumn for more than nine years from the date of first election.

For the purposes of this definition, a Person shall be "**associated**" with a party if such person (i) has a direct or indirect ownership interest of 5% or more in that party; or (ii) is employed by such party as a senior employee.

For the purposes of this definition, a person shall be a "**material shareholder**" of a body if such person has a direct or indirect ownership interest of 5% or more in such body.

For the purposes of this definition, a person shall be a "**senior employee**" of a company if that person receives a basic salary from that company (excluding bonuses and benefits in kind) in excess of £125,000.

For the purposes of this definition, a person shall have a "**close family tie**" with another person if that other person is his/her spouse, parent or child.

For the purposes of this definition, references to an "**adviser**" or "**consultant**" to a company shall be construed as references to a person that provides material advisory or consultancy services directly to that company.

For the purposes of this definition, a person is an "**authorised representative**" of another person if that person is authorised to represent that other person.

"**Joint Ventures**" means, in relation to Autumn, the following companies in which Autumn has an indirect part ownership interest:

(i) Sapura Acergy Sdn Bhd;

(ii) Sapura Acergy Pte Ltd;

(iii) Sonamet Industrial, S.A.;

(iv) Sonautumn – Serviços e Construções Petrolíferas Lda (Zona Franca da Madeira);

(v) NKT Flexibles I/S;

(vi) Seaway Heavy Lifting Limited;

(vii) Seaway Heavy Lifting Holding Limited;

(viii) the following wholly-owned subsidiaries of Seaway Heavy Lifting Holding Limited:

(A) Seaway Heavy Lifting Contracting Limited;

(B) Seaway Heavy Lifting Shipping Limited;

(C) Seaway Heavy Lifting Crew BV;

(D) SHL Stanislav Yudin Limited;

(E) SHL Neftegaz-66 Limited;

(ix) Seaway Heavy Lifting Engineering BV;

(x) Autumn Havila Limited;

(xi) Global Oceon Engineers of Nigeria Limited; and

(xii) Pelagic Nigeria Limited;

"**LIBOR**" means the rate which is quoted at 11.00 a.m. (on the first Business Day after which interest becomes payable in accordance with this Agreement) on the appropriate page of the Reuters screen as being the offered rate of Barclays Bank plc in the London interbank market for three month U.S. Dollar deposits;

"**Luxembourg Companies Act**" means the Luxembourg law of 10 August 1915 on commercial companies (as amended);

"**Material Adverse Effect**" with respect to any Person means any fact, circumstance, event, change, effect or occurrence that individually or in the aggregate is materially adverse to the financial condition or results of operations of such Person, but shall not include (i) facts, circumstances, events, changes, effects or occurrences generally affecting (A) the industries in which such Person and its Subsidiaries operate, (B) the global economy, (C) the economy of any country in which such Person or its Subsidiaries operate or (D) financial or securities markets, in each case, including any regulatory or political conditions or developments, or any outbreak or escalation of hostilities, declared or undeclared acts of war, terrorism or insurrection, except in each case, to the extent any fact, circumstance, event, change, effect or occurrence, relative to other comparable industry participants materially disproportionately impacts the financial condition or results of operations of such Person and its Subsidiaries, taken as a whole, (ii) facts, circumstances, events, changes, effects or occurrences to the extent directly resulting from (A) the announcement of the execution of this Agreement or other communication of plans or intentions with respect to any of the business of Autumn or Spring or any of their respective Subsidiaries, (B) the consummation of the transactions contemplated hereby or (C) any action taken by such Person that is required by this Agreement, (iii) fluctuations in the price or trading volume of the ordinary shares or American Depositary Shares of such Person; (iv) facts, circumstances, events, changes, effects or occurrences to the extent resulting from any changes in Applicable Law or in IFRS (or the

interpretation thereof) after the date hereof, (v) facts, circumstances, events, changes, effects or occurrences to the extent resulting from any legal proceedings made or brought by any of the current or former shareholders of such Person (on their own behalf or on behalf of such Person) arising out of or related to this Agreement or any of the transactions contemplated hereby or (vi) any failure by such Person to meet any analyst estimates or expectations of such Person's revenue, earnings or other financial performance or results of operations for any period or any failure by such Person to meet its internal budgets, plans or forecasts of its revenues, earnings or other financial performance or results of operations; provided, that the exception in this sub-paragraph (vi) shall not prevent or otherwise affect a determination that any fact, circumstance, event, change, effect or occurrence underlying such failure has resulted in, or contributed to, a Material Adverse Effect with respect to such Person;

"**NASDAQ**" shall mean the NASDAQ Global Select Market of the Nasdaq Stock Market LLC;

"**New Autumn Shares**" has the meaning given in Schedule 1;

"**New Spring Shares**" has the meaning given in Schedule 1;

"**OFT**" has the meaning given in Clause 8.2(g);

"**Permits**" means all permits, licenses, certifications and approvals of all governmental or regulatory authorities necessary for the ownership, leasing and operation of a Person's assets or the conduct of its business;

"**Person**" means any natural person, firm, individual, partnership, joint venture, business trust, trust, association, corporation, company, limited liability company, unincorporated entity or Governmental Entity;

"**Proceedings**" has the meaning given to it in Clause 7.1(m);

"**Prospectus**" means the prospectus required to be produced by Autumn in accordance with the Luxembourg law of 10 July 2005 on prospectuses of securities, in respect of the Autumn Shares to be issued to Spring shareholders pursuant to the Scheme;

"**Registrar**" means DnB NOR Bank ASA in its capacity as registrar for the Autumn Shares in the VPS Register;

"**Relevant Proceedings**" shall have the meaning given in Clause 10.6;

"**Reports**" shall have the meaning given in Clause 6.7(b);

"**Representatives**" means, with respect to any Person, the directors, officers, employees, financial advisors, legal counsel, accountants, consultants, agents and other authorised advisors or representatives of such Person, acting in such capacity;

"**Returns**" means any Tax returns, forms, reports or similar documents to be filed with any Governmental Entity in relation to Tax;

"**Scheme**" means the proposed scheme of arrangement under Section 86 of the Cayman Companies Law between Autumn and the Scheme Shareholders, the terms of which are to be set out in the Scheme Document, with or subject to any modification, addition or condition thereto approved or imposed by the Court and agreed to by Spring and Autumn;

"**Scheme Conditions**" means the conditions to the Scheme set out in Clause 8.1;

"**Scheme Document**" means the document addressed to Spring shareholders describing, *inter alia*, the Scheme and containing the notice of the Court Meeting;

"**Scheme Ratio**" means the number of New Autumn Shares to be issued to Scheme Shareholders against the Contribution of the New Spring Shares pursuant to the Scheme;

"**Scheme Record Time**" has the meaning given to it in Schedule 1;

"**Scheme Shareholders**" means the holders of Scheme Shares;

"**Scheme Shares**" has the meaning given to it in Schedule 1;

"**SEC**" means the United States Securities and Exchange Commission;

"**Securities Act**" means the United States Securities Act 1933;

"**Spring Company Share Option Plan**" means the Subsea 7 Inc. share option plan adopted on 27 April 2006;

"**Spring Convertible Bonds**" means the: (i) USD300,000,000 2.80 per cent. Spring Convertible Note Issue 2006/2011 (ISIN: 001 0315344) (the "**Spring Convertible**"); and (ii) the USD 275,000,000 3.50 per cent. Spring Convertible Bond Issue 2009/2014 (ISIN: 001 0542327) (the "**Norwegian Law Spring Convertible**").

"**Spring Forms of Proxy**" means the forms of proxy for use at the Court Meeting and the Spring General Meeting;

"**Spring General Meeting**" means the general meeting of the Spring shareholders to be convened in connection with the Combination and any adjournment thereof;

"**Spring Options**" means options to acquire Spring Shares granted pursuant to the applicable Spring Stock Plans as described in Section 6.3 of the Spring Disclosure Letter;

"**Spring Share Purchase Plan**" means the Subsea 7 Inc. Umbrella Employee Share Purchase Plan approved by shareholders on 12 July 2006, as amended;

"**Spring Shares**" means common shares in the capital of Spring with a par value of USD0.01;

"**Spring Restricted Share Plan**" means the Subsea 7 Inc. Restricted Stock Award Plan, adopted on 8 May 2009;

"**Spring Restricted Shares**" means awards of restricted shares granted pursuant to the rules of the Subsea 7 Inc. Restricted Share Plan as described in Section 5.1(b) of the Spring Disclosure Letter;

"**Spring Shareholder Approval**" shall have the meaning given in Clause 8.1(a)(i);

"**Spring Stock Plans**" means the Summer Plan, the Spring Company Share Option Plan, the Spring Restricted Share Plan, and the Spring Share Purchase Plan;

"**Subsidiary**," when used with respect to any party, means any corporate entity of which such party directly or indirectly owns or controls at least a majority of the voting securities or otherwise has the power to elect a majority of the board of directors or others performing similar functions with respect to such company, or any organisation of which such party is a general partner; provided, however, that each of Sonamet Industrial S.A.R.L., Sonacergy Serviços E Construções Petroliferas Lda and NKT Flexibles I/S shall not be considered a Subsidiary for the purposes of this Agreement;

"**Summer**" means Siem Industries Inc.;

"**Summer Plan**" means the nineteen (19) share option agreements executed by Subsea 7 Inc. (at that time named Siem Offshore, Inc.) in 2005 and under which options subsist as at the Effective Time;

"**Superior Proposal**" shall have the meaning given in Clause 7.2(g)(iii);

"**Tax**" or "**Taxes**" means all taxes, levies, duties and imposts and any charges, deductions or withholdings in the nature of tax, including all net income, gross income, gross receipts, sales, use, ad valorem, transfer, accumulated earnings, personal holding company, excess profits, franchise, profits, license, withholding, payroll, employment, excise, severance, stamp, occupation, premium, property, disability, capital stock, or windfall profits taxes, customs duties, together with any interest and any penalties, additions to tax or additional amounts imposed by any taxing authority;

"**Timetable**" means the indicative timetable initialled by the parties for identification (subject to such amendments as are agreed by the parties (each acting reasonably) from time to time);

"**TPA**" has the meaning given in Clause 8.2(j);

"**UK**" means the United Kingdom;

"**USA**" means the United States of America;

"**VAT**" means (a) within the European Union, any tax imposed by any Member State in conformity with the Directive of the Council of the European Union on the common system of value added tax (2006/112/EC); and (b) outside the European Union, any tax corresponding to, or substantially similar to, the common system of value added tax referred to in paragraph (a) of this definition; and

"**VPS Register**" means the Norwegian Central Securities Depository ("verdipapirsentralen").

In this Agreement, unless the context otherwise requires:

a. Words describing the singular number shall include the plural and vice versa, words denoting any gender shall include all genders, and words denoting natural persons shall include corporations and partnerships and vice versa.

b. The phrase "to the knowledge of" and similar phrases relating to knowledge of Autumn or Spring, as the case may be, shall mean, with respect to each party, the actual knowledge of its current Chief Executive Officer, its current Chief Financial Officer, its current Chief Operating Officer or its current General Counsel and, in the case of Spring, its current Group Financial Controller and, in the case of Autumn, its current Corporate Finance Director.

c. When a reference is made in this Agreement to a Clause, Schedule or an Appendix, such reference shall be to a clause of, or a schedule or an appendix to, this Agreement unless otherwise indicated. The Schedules and Appendices form part of this Agreement.

d. Whenever the words "include," "includes" or "including" are used in this Agreement they shall be deemed to be followed by the words "without limitation".

e. Any statute, rule or regulation defined or referred to herein means such statute, rule or regulation as from time to time amended, modified or supplemented.

f. References to any English legal term for any action, remedy, method of financial proceedings, legal document, legal status, court, official or any legal concept or thing shall, in respect of any jurisdiction other than England, be deemed to include what most nearly approximates in that jurisdiction to the English legal term.

g. If anything done under this Agreement is a supply on which VAT is chargeable, the recipient of that supply shall pay to the maker of it (in addition to any other amounts payable under this Agreement) an amount equal to any VAT so chargeable for which the maker of the supply is liable to account.

h. References to the "parties" shall, unless the context otherwise requires, mean the parties hereto, and "party" shall be construed accordingly.

2. THE COMBINATION

2.1 Structure of the Combination

a. The parties have agreed that the Combination of their businesses be implemented by means of the Scheme (including the Contribution).

b. The parties agree that the intention is to implement the Combination in accordance with the Timetable. Each party undertakes to inform the other party as soon as reasonably practicable upon becoming aware of a significant deviation, or likely

significant deviation, from the Timetable and the parties undertake to consult and discuss in good faith the reason for such deviation and use all reasonable endeavours to agree any necessary amendments to the Timetable.

2.2 Implementation of the Scheme

a. Spring undertakes to Autumn that it will take, or procure to be taken, all such steps as are within its power and are reasonably necessary to implement the Scheme in accordance with the Timetable, and in accordance with and subject to the terms and conditions of this Agreement including the execution or procuring of the execution of all such documents, and do or procure the carrying out of all such actions, as may be reasonably necessary or desirable to implement the Scheme.

b. Autumn undertakes to Spring that it will take, or procure to be taken, all such steps as are within its power and are reasonably necessary to implement the Scheme in accordance with the Timetable and in accordance with and subject to the terms and conditions of this Agreement, including:

   (i) (subject to the satisfaction or, if applicable, waiver or deemed waiver of the Conditions), through legal counsel, undertaking at the Court Hearing to be bound by the Scheme;

   (ii) executing or procuring the execution of all such documents, and doing or procuring the carrying out of all such actions, as may be reasonably necessary or desirable to implement the Scheme; and

   (iii) prior to the Court Hearing, passing a board resolution resolving to issue the New Autumn Shares to Spring shareholders in accordance with the terms of the Scheme, subject only to the Court Order being filed at the Cayman Islands Registrar of Companies.

c. Each party will have due regard to, and take due account of, all reasonable requests from time to time of the other in relation to the Scheme, the Contribution and their implementation. In addition, the parties have jointly obtained legal and accounting advice that under current law and practice in Luxembourg, it will be practicable for Autumn to pay dividends to its shareholders free of Luxembourg withholding tax following Completion. The parties will consult with each other and cooperate in good faith to seek an alternative mutually satisfactory solution if, prior to Completion, it becomes apparent to the parties that it will no longer be practicable for Autumn to pay dividends to its shareholders free of Luxembourg withholding tax following Completion.

2.3 Principal terms and conditions of the Scheme and the Contribution

The parties agree that the principal terms and conditions of the Scheme and the Contribution shall be as set out in Schedule 1, subject to any amendments or modifications thereto that may be agreed by the parties in writing.

2.4 The Scheme documentation

a. Spring shall, as soon as reasonably practicable, prepare the Scheme Document and Spring Forms of Proxy and, subject to any necessary approval of the Court (which approval Spring shall not be required to seek until the Prospectus has been approved by the CSSF), circulate the Scheme Document and Spring Forms of Proxy to Spring shareholders as soon as reasonably practicable.

b. Spring agrees to seek the approval of Autumn to the content of the Scheme Document (excluding information in relation to Spring, its Subsidiaries and its directors) and not to finalise or publish the Scheme Document unless it has first obtained the prior written approval of Autumn (such approval not to be unreasonably withheld or delayed).

c. Autumn undertakes to provide Spring as soon as reasonably practicable with all such information about itself and its Subsidiaries and any arrangements with management as may reasonably be required for inclusion in the Scheme Document and to provide as soon as reasonably practicable such other assistance as Spring may reasonably require in connection with the preparation of the Scheme Document (in each case, having regard to the requirements of any Applicable Laws), including access to, and procuring (so far as it is reasonably able) the provision of assistance by, the management of, and relevant professional advisers to, Autumn, subject to applicable Competition Laws.

d. Autumn shall, as soon as reasonably practicable, prepare the Prospectus and, subject to the approval of the Prospectus by the CSSF, Autumn shall circulate such document, together with notice of the Autumn General Meeting and the Autumn Forms of Proxy, to Autumn shareholders as soon as reasonably practicable.

e. Autumn agrees to seek the approval of Spring to the content of the Prospectus (excluding information in relation to Autumn, its Subsidiaries and its directors) and not to finalise or publish the Prospectus unless it has first obtained the prior written approval of Spring (such approval not to be unreasonably withheld or delayed).

f. Spring undertakes to provide Autumn as soon as reasonably practicable with all such information about itself and its Subsidiaries and any arrangements with management as may reasonably be required for inclusion in the Prospectus and to provide as soon as reasonably practicable such other assistance as Autumn may reasonably require in connection with the preparation of the Prospectus (in each case, having regard to the requirements of any Applicable Laws), including access to, and procuring (so far as it is reasonably able) the provision of assistance by the management of, and relevant professional advisers to, Spring, subject to applicable Competition Laws.

g. Each party shall as soon as reasonably practicable prepare, execute, agree, settle, publish and/or announce (and procure the preparation, execution, agreement, settlement, publishing and/or announcement) of all such documents, circulars, forms, notices or announcements (as the case may be) other than those referred to in Clauses 2.4(a) and (d) as may be required for the implementation of the Scheme and the Contribution in accordance with the terms of this Agreement and the

requirements of the Court, and shall use all reasonable endeavours to provide such information as may be necessary or desirable for inclusion in such documentation.

2.5 Auditor's report

Autumn shall instruct Ernst & Young (the "**Independent Auditor**") to prepare the report required by the Luxembourg Companies Act with respect to the Contribution (the "**Auditor's Report**") and each of Autumn and Spring shall provide the Independent Auditor with all information, access to management and letters of representation, required by the Independent Auditor to issue the Auditor's Report.

2.6 Completion

The Combination shall become effective upon the Scheme becoming effective in accordance with its terms ("**Completion**").

2.7 Transfer Taxes

All stamp, transfer, documentary, sales and use, value added, registration and other such taxes (including any penalties and interest) incurred in connection with the effecting of the Combination (collectively, the "**Transfer Taxes**") shall be paid by Autumn, and Autumn shall, at its own expense, procure any stock transfer stamps required by, and properly file on a timely basis all necessary Returns and other documentation with respect to, any Transfer Tax and provide to Spring evidence of payment of all Transfer Taxes.

3. ARTICLES OF INCORPORATION OF AUTUMN AND NAME OF AUTUMN

3.1 Articles of Incorporation of Autumn

Autumn shall cause its articles of incorporation to be amended and restated as of the Effective Time in the form set out in Schedule 2 (the "**Amended and Restated Autumn Articles**").

3.2 Name of Autumn

Autumn shall cause its name to be changed to "Subsea 7 S.A." with effect from the Effective Time.

4. DIRECTORS AND OFFICERS OF AUTUMN UPON IMPLEMENTATION OF THE COMBINATION

4.1 Board of Directors of Autumn

Autumn shall procure that with effect from the Effective Time, the board of directors of Autumn shall consist of nine (9) Directors whereof four (4) have been nominated by the Autumn board of directors (the "**Designated Autumn Directors**"), four (4) by the Spring board of directors (the "**Designated Spring Directors**").

The Designated Autumn Directors shall be the following:

Sir Peter Mason (Independent)

Dod Fraser (Independent)

Trond Westlie (Independent)

Jean Cahuzac (Non Independent)

The Designated Spring Directors shall be the following:

Kristian Siem (Non Independent)

Mel Fitzgerald (Non Independent)

Arild Shultz (Non Independent)

Allen Stevens (Independent)

Solely for the purposes of this Agreement (and related provisions in the Relationship Agreement) Arild Schultz shall not be an "Independent Director" (as defined in this Agreement) of Autumn, although the parties acknowledge and agree that, as of the date hereof, Arild Schultz would be classified as an "independent director" of Autumn pursuant to the Oslo Stock Exchange Rules and the NASDAQ Listing Rules.

Prior to Completion, the Chairman of Autumn and the Chairman of Spring shall agree the identity of a ninth (9th) Director to the board of directors of Autumn who shall be an Independent Director.

Prior to Completion, Autumn shall advise Spring, and Spring shall advise Autumn, of the identity of the two Autumn Designated Directors and two Spring Designated Directors, respectively, whose initial term shall expire at the annual general meeting of Autumn to be held not less than 12 months after Completion. The initial term of the ninth (9th) Director shall also expire at such annual general meeting. The initial term of the other two Autumn Designated Directors and the other two Spring Designated Directors shall expire at the then following annual general meeting of Autumn.

Autumn shall procure that with effect from the Effective Time, Kristian Siem shall be the Chairman of the board of directors of Autumn and Sir Peter Mason shall be the Senior Independent Director of the board of directors of Autumn. No member of the board of directors of Autumn shall have a casting vote.

If, prior to the Effective Time, any Designated Autumn Director becomes unwilling or unable to serve as a director of Autumn at the Effective Time as a result of illness, death, resignation or any other reason, then a replacement for such Person shall be selected by the board of directors of Autumn, after consultation with Spring, and such replacement shall constitute a Designated Autumn Director, provided that where the original Designated Autumn Director would have been an Independent Director, the replacement shall also be an Independent Director. If, prior to the Effective Time, any Designated

Spring Director becomes unwilling or unable to serve as a director of Autumn at the Effective Time as a result of illness, death, resignation or any other reason, then a replacement for such Person shall be selected by the board of directors of Spring, after consultation with Autumn, and such replacement shall constitute a Designated Spring Director, provided that where the original Designated Spring Director would have been an Independent Director, the replacement shall also be an Independent Director. If, prior to the Effective Time, the ninth (9th) Director becomes unwilling or unable to serve as a director of Autumn at the Effective Time as a result of illness, death, resignation or any other reason, then a replacement for such Person shall be selected by the Chairman of Autumn and the Chairman of Spring and, for the avoidance of doubt, such replacement shall also be an Independent Director.

Autumn shall procure that, unless the parties otherwise agree to the contrary in writing prior to Completion, at the Effective Time, Autumn's board of directors shall have the following three committees: a remuneration committee; a nominations and corporate governance committee; and an audit committee, in each case satisfying the requirements of Applicable Law and NASDAQ and in accordance with the Amended and Restated Autumn Articles. The membership of each committee of the board of directors of Autumn at the Effective Time shall be determined by Sir Peter Mason and Kristian Siem prior to Completion and the committees will accordingly be set up by Autumn at the Effective Time.

4.2 Certain Employees of Autumn

a. Autumn and Spring agree that the executive management team at the Effective Time shall comprise the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Senior Vice President – Human Resources, Senior Vice President – General Counsel and Senior Vice President – Business Development & Marketing (the "**Executive Management Team**").

b. Autumn shall procure that, at the Effective Time, Jean Cahuzac shall be the initial Chief Executive Officer of Autumn and shall be the sole executive on the board of directors of Autumn.

c. Autumn shall procure that, at the Effective Time, Simon Crowe shall be the initial Chief Financial Officer of Autumn and John Evans shall be the initial Chief Operating Officer of Autumn. Autumn and Spring agree that the other members of the Executive Management Team at the Effective Time shall be selected prior to Completion by the CEO of Spring and the CEO of Autumn based on merit, and, where reasonably possible, shall result in a balanced composition of executive management team members that have been nominated by Autumn and Spring, respectively.

d. Autumn shall procure that Mel Fitzgerald shall be retained by Autumn for a period of twelve (12) months following the Effective Time as an adviser, to assist the Chief Executive Officer of Autumn in matters relating to the integration process following the Combination.

5. SPRING STOCK PLANS, AUTUMN OPTIONS AND SPRING CONVERTIBLE BONDS

5.1 Spring Stock Plans

a. In relation to Spring options and awards outstanding at the Effective Time then:

(A) awards under the Spring Restricted Share Plan will be compulsorily exchanged for new equivalent awards over Autumn shares;

(B) options granted under the Spring Company Share Option Plan will not become exercisable but instead may be exchanged for new equivalent options over Autumn shares (subject to the prior approval of HMRC for options granted under the UK approved sub-plan). To the extent options are not exercised before the Effective Time, they shall cease to be exercisable and shall then lapse on the date six months after the date of the court sanction;

(C) options under the Summer Plan will be converted to/replaced by equivalent options to acquire Autumn shares; and

(D) holders of Spring awards under the UK share incentive plan (the "SIP") shall be invited to direct the relevant custodian to exchange the Spring awards over Autumn shares (subject to relevant HMRC approval).

b. All awards of Spring shares in the form of purchased, dividend and matching shares under the Spring Share Purchase Plan (other than the SIP) will vest at the Effective Time and the participants under this plan will receive the relevant consideration for such shares as part of the Scheme of Arrangement. No further contributions will be made to the Spring Share Purchase Plan (or the SIP) following the Effective Time and no further share awards will be made under it.

c. At or prior to the Effective Time Autumn shall take all corporate action necessary to reserve for issuance a number of Autumn Shares equal to the number of Autumn Shares issuable upon the exercise of the Spring options, or vesting of the Spring share awards where they are exchanged for new equivalent awards/options over Autumn share pursuant to this clause 5.

d. At the Effective Time all options to acquire Autumn Shares set out in Section 5.1(d) of the Autumn Disclosure Letter shall remain outstanding following the Effective Time and shall continue to be subject to the same terms and conditions as under the applicable Autumn stock plan, the applicable option agreement and any other governing instrument with respect to such Autumn option entered into pursuant hereto.

e. Notwithstanding the remainder of this clause 5, Autumn and Spring agree to co-operate in good faith and take reasonable steps to mitigate any material adverse tax implications for participants in the Spring Stock Plans as a consequence of the transactions contemplated under this Agreement.

f. Where options and awards over Spring Shares are exchanged for new equivalent options/awards over Autumn Shares then they will remain governed by the rules of the relevant Spring Stock Plan.

g. Subsisting Spring options and awards over Spring Shares which are exchanged, or rolled-over, shall be replaced by that whole number of Autumn shares determined and calculated in accordance with the Scheme Ratio and for any options the exercise price will be correspondingly adjusted so that the aggregate exercise price of the Spring option prior to the exchange is equal to the aggregate exercise price of the replaced Autumn option after the exchange.

5.2 Spring Convertible Bonds

Prior to the Effective Time, Autumn shall (i) take such steps and enter into such undertakings and assume such obligations as shall be required by the Convertible Bond Trustee (including the execution of a deed supplemental to or amending a Spring Convertible Bond document or entering into any other ancillary documents, as required) under or in respect of (a) Condition 6(l) of the terms and conditions of the Spring Convertible; and (b) Clause 15 of the loan agreement, dated 9 October 2009 which sets out the terms on which the bondholders have subscribed for the Norwegian Law Spring Convertible and (ii) enter into such other undertakings and assume such obligations as required under the terms and conditions of the Spring Convertible Bonds or, upon Spring's request, as may be required to transfer the principal debt obligation to Autumn with effect from Completion.

Spring undertakes to redeem any notes still outstanding under the USD175,000,000 Spring Zero Coupon Convertible Note Issue 2007/2017 (ISIN: 001 0372774) on or prior to Completion.

5.3 Conversion of Spring Shares and Spring Convertible Bonds

Autumn and Spring undertake to cooperate in good faith, prior to and after the Effective Time, to ensure that in circumstances where the Spring Shares or Spring Convertible Bonds are converted into or exchanged for Autumn Shares, such conversion or exchange shall be implemented in the most efficient manner in accordance with Applicable Law, and in the case of the Spring Convertible Bonds, with due regard being had to the terms and conditions of the Spring Convertible Bonds.

6. WARRANTIES OF THE PARTIES

Except as set forth in (a) the relevant disclosure letter to be delivered to Autumn by Spring or to Spring by Autumn (as applicable) at or prior to the execution hereof (provided that the disclosure of an item in one section of a disclosure letter shall be deemed to modify both (i) the warranties contained in the section of this Agreement with respect to either Spring or Autumn, as the case may be, to which such section in such disclosure letter corresponds in number and (ii) any other warranty of Spring or Autumn, as the case may be, in this Agreement to the extent that it is reasonably apparent from a reading of such disclosure letter that such disclosure would also qualify or apply to such other warranty) (each a "**Disclosure Letter**"), (b) any financial statements filed with the Oslo Stock Exchange and any publicly available financial statements filed with the SEC and NASDAQ prior to the date hereof; (c) any documents filed prior to the date hereof by

either party with a Governmental Entity that are generally available to the public; or (d) any other written public announcements made prior to the date hereof and generally available to the public; each of Autumn and Spring warrants to the other as of the date of this Agreement in the terms of Clauses 6.1 to 6.17:

6.1 Existence; Good Standing; Corporate Authority

It is a company duly incorporated, validly existing and in good standing (insofar as such term applies as a concept in the jurisdiction of incorporation of such party) under the laws of its jurisdiction of incorporation. It has all requisite corporate power and authority to own, operate and lease its properties and to carry on its business as it is now being conducted. The copies of its constitutional documents attached as Section 6.1 of such party's Disclosure Letter are true and correct and updated as of the date hereof.

6.2 Authorisation, Validity and Effect of Agreements

It has the requisite corporate power and authority to execute and deliver this Agreement and all other agreements and documents contemplated hereby to which it is a party. The execution, delivery and performance by it of this Agreement and the consummation of the transactions contemplated hereby have been duly authorised by its board of directors, and no other corporate proceedings on the part of such party are necessary to authorise the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby, other than the approvals of such party's shareholders referred to in Clause 8.1 and the issue of the Auditors' Report referred to in Clause 8.2. This Agreement has been duly and validly executed and delivered by such party and, assuming due authorisation, execution and delivery of this Agreement by the other party, constitutes the valid and legally binding obligation of such party, enforceable against it in accordance with its terms.

6.3 Capitalisation

As of the date of this Agreement, the authorised and issued share capital of such party is as set out in Section 6.3 of such Party's Disclosure Letter. All of the outstanding shares of such party have been duly authorised and validly issued, are fully paid and are not subject to, nor were they issued in violation of, any pre-emptive rights. As of the date of this Agreement, except as set forth in Section 6.3 of such party's Disclosure Letter, (i) there are no outstanding or authorised options, warrants, subscriptions, convertible or exchangeable securities, pre-emptive rights or other rights, or other commitments contingent or otherwise, relating to the capital stock of, or other equity or voting interest in, such party, which obligate such party or any of its Subsidiaries to issue, deliver, transfer or sell or cause to be issued, delivered, transferred or sold, any shares or other voting securities or other equity interest in such party or any of its Subsidiaries or any securities convertible into or exchangeable for such shares, securities or equity interests, and (ii) there are no outstanding or authorised contractual obligations of such party or any of its Subsidiaries to repurchase, redeem or otherwise acquire any capital shares or other voting securities of or other equity interest in such party or any of its Subsidiaries.

6.4 Subsidiaries

To the knowledge of such party, each of such party's Subsidiaries is duly organized, validly existing and (insofar as such term applies as a concept in the jurisdiction of incorporation of such Subsidiary) in good standing under the laws of its jurisdiction of incorporation, has the power and authority to own, operate and lease its properties and assets and to carry on its business as it is now being conducted. Except as set forth in Section 6.4 of such party's Disclosure Letter, all of the outstanding shares or other ownership interests in each of such party's Subsidiaries are duly authorised, validly issued, fully paid and non-assessable and, as of the date of this Agreement, are owned, directly or indirectly, by such party free and clear of all mortgages, liens, encumbrances or other security interests.

6.5 Compliance with Laws; Permits

Except for such matters as, individually or in the aggregate, do not and are not reasonably likely to have a Material Adverse Effect with respect to such party, and except for matters arising under Environmental Laws which are treated exclusively in Clause 6.13, and except as set forth in Section 6.5 of such party's Disclosure Letter, to the knowledge of such party:

a. neither it nor any of its Subsidiaries is in violation of any Applicable Law relating to the ownership or operation of any of their respective assets or businesses and no claim is pending or threatened with respect to any such matters;

b. it and each of its Subsidiaries hold all Permits necessary for the ownership, leasing and operation of their respective assets or the conduct of their respective businesses; such Permits are in full force and effect and there exists no default thereunder or breach thereof, and such party has no notice or actual knowledge that such Permits will not be renewed in the ordinary course after the Effective Time; no Governmental Entity has taken, or threatened to take, any action to terminate, cancel or reform any such Permit;

c. each vessel owned or leased by it or one of its Subsidiaries which is subject to classification is in a class without overdue conditions or recommendations according to the rules and regulations of the applicable classification society and laws of the flag state; and

d. without limiting the generality of clause (a) above, neither such party nor any of its Subsidiaries, (i) is, to the extent applicable, in violation of the FCPA or other similar Applicable Laws as a result of having made, offered or authorised any payment or given or offered anything of value directly or indirectly (including through a friend or family member with personal relationships with government officials) to an official of any government for the purpose with respect to such party or any of its Subsidiaries of influencing an act or decision in his official capacity or inducing him to use his influence with that government or (ii) is in violation of the FCPA or other similar Applicable Laws as a result of having made, offered or authorised any payment to any Governmental Entity, political party or political candidate for the purpose with respect to such party or any of its Subsidiaries of influencing any

official act or decision, or inducing such Person to use any influence with that government.

6.6 No Conflict

a. Except as set forth in Section 6.6 of such party's Disclosure Letter, the execution, delivery and performance by such party of this Agreement and all other agreements and documents contemplated hereby to which it is a party will not (i) result in a breach of any provision of, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) under, or result in the termination or in a right of termination or cancellation under any provision of the certificate of incorporation or by-laws or the comparable organisational documents of such party or any of its Subsidiaries or any of the terms and conditions of, any contract, note, bond, mortgage, joint venture or other instrument or obligation to which such party or any of its Subsidiaries is a party or by which they or any of their respective properties or assets is bound, or (ii) contravene or conflict with any Applicable Law, except, in each case, as do not, individually or in the aggregate, have a Material Adverse Effect with respect to such party.

b. Except as set forth in Section 6.6 of such party's Disclosure Letter, the execution, delivery and performance by such party of this Agreement will not require such party to obtain any consent, approval or authorisation of a Governmental Entity, other than the filings and notifications listed on Section 6.6 of such party's Disclosure Letter, and except for any consent, approval or authorisation the failure of which to obtain and for any filing or registration the failure of which to make, individually or in the aggregate, does not and is not reasonably likely to have a Material Adverse Effect with respect to such party.

6.7 Financial Reports

To the knowledge of such party:

a. it has, since the date of its latest published annual financial statements, complied in all material respects with all disclosure and filing obligations to which it is subject under the regulations of the SEC (to the extent applicable) directive 2004/109/EC as implemented and the Oslo Stock Exchange. Each document filed with the SEC (to the extent applicable) the Luxembourg Stock Exchange acting as officially appointed mechanism within the meaning of directive 2004/109/EC as implemented (to the extent applicable) or the Oslo Stock Exchange since 1 January 2010 (with respect to Spring) and 1 December 2009 (with respect to Autumn) did not contain any untrue statement of a material fact required to be stated therein or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading, except to the extent updated, corrected or disclosed in a subsequently filed document filed prior to the date hereof.

b. its latest annual financial statement and all interim financial statements such party has filed with the SEC (to the extent applicable) the Luxembourg Stock Exchange acting as officially appointed mechanism within the meaning of directive 2004/109/EC as implemented (to the extent applicable) or the Oslo Stock Exchange

after its latest annual financial statement (collectively the "**Reports**") (including the related notes and schedules) fairly presents in all material respects (subject, in the case of unaudited statements, to recurring audit adjustments normal in nature and amount) the consolidated financial position of such party as of its date; and

c. each of the consolidated statements of operations, cash flows and changes in shareholders' equity included in or incorporated by reference into the Reports (including any related notes and schedules) fairly presents in all material respects (subject, in the case of unaudited statements, to recurring audit adjustments normal in nature and amount) the results of operations, cash flows or changes in shareholders' equity, as the case may be, of such party and its Subsidiaries for the periods set forth therein; each of such statements (including the related notes, where applicable) complies in all material respects with applicable accounting requirements; and each of such statements (including the related notes, where applicable) has been prepared in all material respects in accordance with IFRS consistently applied during the periods involved, except as indicated in the notes thereto.

6.8 Litigation

Except as set forth in Section 6.8 or, in relation to Tax, in Section 6.10(a) of such party's Disclosure Letter, to the knowledge of such party, there are no actions, suits or proceedings pending against such party or any of its Subsidiaries or threatened against such party or any of its Subsidiaries before or by any court, or any arbitral or other dispute resolution body, that are reasonably likely to have, individually or in the aggregate, a Material Adverse Effect.

6.9 Absence of Certain Changes

To the knowledge of such party:

a. since 31 December 2009 (in the case of Spring) and 30 November 2009 (in the case of Autumn), there has not been any event, change, occurrence, effect, fact, circumstance or condition that, individually or in the aggregate, has had or is reasonably likely to have a Material Adverse Effect on such party;

b. since 31 December 2009 (in the case of Spring) and 30 November 2009 (in the case of Autumn), such party and its Subsidiaries have conducted their respective business only in the ordinary course consistent with past practice in all material respects; and

c. since 31 December 2009 (in the case of Spring) and 30 November 2009 (in the case of Autumn), there has not been: (i) except as required by Applicable Law or as set forth in Section 6.9 of such party's Disclosure Letter, any material change by such party or any of its Subsidiaries, when taken as a whole, in any of its accounting methods, principles or practices or any of its tax methods, practices or elections, (ii) any declaration, setting aside or payment of any dividend or distribution in respect of any share capital of such party or any redemption, purchase or other acquisition of any of its securities, (iii) any split, combination or reclassification of any of such party's shares or any issuance thereof or any

issuance of any other securities in respect of, in lieu of or in substitution for such party's shares, (iv) any increase in or establishment of any Benefit Plan, except in the ordinary course of business consistent with past practices, (v) any sale, lease, exchange, transfer or other disposition of any material asset of such party or any of its Subsidiaries other than (A) in the ordinary course of business consistent with past practices, or (B) solely between such party and any of its direct or indirect wholly-owned Subsidiaries or solely among two or more of such party's direct or indirect wholly-owned Subsidiaries, or (vi) any agreement or commitment (contingent or otherwise) by such party or (to the extent that the foregoing refer to any of its Subsidiaries) any of its Subsidiaries to do any of the foregoing.

6.10 Taxes

To the knowledge of such party:

a. it and its Subsidiaries and each affiliated, consolidated, combined, unitary or similar group of which any such corporation is or was a member has (i) duly filed (or there has been filed on its behalf) on a timely basis (including all applicable extensions) with appropriate Governmental Entities all Returns required to be filed by or with respect to it on or prior to the date hereof, except to the extent that any failure to file does not and is not reasonably likely to have, individually or in the aggregate, a Material Adverse Effect with respect to such party, and all such Returns are correct and complete in all material respects, and (ii) duly paid, or deposited in full, on a timely basis (including all applicable extensions) or made adequate provision in accordance with IFRS for the payment of all Taxes required to be paid by it, except to the extent that any failure to pay or deposit or make adequate provision for the payment of such Taxes does not and is not reasonably likely to have, individually or in the aggregate, a Material Adverse Effect;

b. no audits or other administrative proceedings or court proceedings are presently pending with regard to any Taxes or Returns of such party or any of its Subsidiaries which, if adversely determined, is reasonably likely to have a Material Adverse Effect;

c. no Governmental Entity has asserted in writing any deficiency or claim for Taxes or any adjustment to Taxes with respect to which such party or any of its Subsidiaries may be liable with respect to Taxes which have not been fully paid or finally settled, which, if adversely determined, is reasonably likely to have a Material Adverse Effect with respect to such party;

d. neither it nor any of its Subsidiaries has granted any requests, agreements, consents or waivers to extend the statutory period of limitations applicable to the assessment of any Taxes with respect to any Returns of such party or any of its Subsidiaries, which request, agreement, consent or waiver is reasonably likely to have a Material Adverse Effect with respect to such party; and

e. except for such matters as, individually or in the aggregate, do not and are not reasonably likely to have a Material Adverse Effect with respect to such party, neither it nor any of its Subsidiaries is a party to, is bound by or has any obligation under any Tax sharing, allocation or indemnity agreement or any similar

agreement or arrangement (other than such an agreement or arrangement exclusively between or among such party and its Subsidiaries and other than customary Tax indemnifications contained in credit or similar agreements or acquisition or divestiture agreements).

6.11 Employees

To the knowledge of such party:

a. Section 6.11 of such party's Disclosure Letter contains a list of all such party's Benefit Plans;

b. except for such matters as, individually or in the aggregate, do not and are not reasonably likely to have a Material Adverse Effect with respect to such party; (i) such party is in compliance with all reporting and disclosure requirements under Applicable Law with respect to such party's Benefit Plans; (ii) such party's Benefit Plans are being maintained and operated in accordance with their terms, and there are no breaches of fiduciary duty in connection with such party's Benefit Plans; (iii) there are no pending or threatened claims against or otherwise involving any such party's Benefit Plans, and no suit, action or other litigation (excluding claims for benefits incurred in the ordinary course of such party's Benefit Plan activities) is pending against or with respect to any of such party's Benefit Plans; and (iv) all contributions required to be made as of the date hereof to such party's Benefit Plans have been made or provided for; and

c. except for such matters as, individually or in the aggregate, do not and are not reasonably likely to have a Material Adverse Effect with respect to such party: no Benefit Plan of such party provides medical, surgical, hospitalisation, death or similar benefits (whether or not insured) for employees or former employees of such party or any Subsidiary of such party for periods extending beyond their retirement or other termination of service other than (i) coverage mandated by Applicable Laws, (ii) death benefits under any "pension plan" or (iii) benefits the full cost of which is borne by the current or former employee (or his beneficiary).

6.12 Labour Matters

Except for such matters as, individually or in the aggregate, do not and are not reasonably likely to have a Material Adverse Effect with respect to such party, to the knowledge of such party: (i) neither it nor any of its Subsidiaries is in receipt of any unresolved written complaint of any unfair labour practice or other unlawful employment practice or any written notice of any violation of any Applicable Law with respect to the employment of individuals by, or the employment practices of, such party or any Subsidiary of such party or the work conditions or the terms and conditions of employment and wages and hours of their respective businesses and (ii) there are no unfair labour practice charges or other employee related complaints against such party or any Subsidiary of such party pending or threatened, before any Governmental Entity by or concerning the employees working in their respective businesses.

6.13 Environmental Matters

To the knowledge of such party, except as set forth in Section 6.13 of such party's Disclosure Letter:

a. it and each of its Subsidiaries is in compliance with all Environmental Laws, except for such matters as do not and are not reasonably likely to have, individually or in the aggregate, a Material Adverse Effect with respect to such party. There are no facts, conditions or circumstances that currently interfere (or are reasonably likely to interfere in the future) with the conduct of any of such party's businesses in the manner now conducted or which interfere with such party's continued compliance with any Environmental Law, except for any non-compliance or interference that does not and is not reasonably likely to have, individually or in the aggregate, a Material Adverse Effect with respect to such party; and

b. except for such matters as do not and are not reasonably likely to have, individually or in the aggregate, a Material Adverse Effect with respect to such party, no judicial or administrative proceedings or governmental investigations are pending or threatened against such party or its Subsidiaries that allege the violation of or seek to impose liability pursuant to any Environmental Law, and there are no facts, conditions or circumstances at, on or arising out of, or otherwise associated with, any current or former businesses, assets or properties of such party or any Subsidiary of such party, including but not limited to on-site or off-site disposal, release or spill of any material, substance or waste classified, characterised or otherwise regulated as hazardous, toxic, pollutant, contaminant or words of similar meaning under Environmental Laws, including petroleum or petroleum products or by-products ("**Hazardous Materials**") which currently violate Environmental Law or are reasonably likely to give rise under any Environmental Law to (i) costs, expenses, liabilities or obligations related to any cleanup, remediation, investigation, disposal or corrective action, (ii) claims arising for personal injury, property damage or damage to natural resources, or (iii) fines, penalties or injunctive relief; and

c. neither such party nor any of its Subsidiaries (i) has received any notice of noncompliance with, violation of, or liability or potential liability under any Environmental Law that is currently pending or (ii) is subject to any consent, decree or order of any Governmental Entity or tribunal under any Environmental Law or relating to the cleanup of any Hazardous Materials, in each case except for any such matters as do not and are not reasonably likely to have a Material Adverse Effect with respect to such party.

6.14 Intellectual Property

To the knowledge of such party, it and its Subsidiaries own or possess adequate licenses or other valid rights to use all intellectual property used or held for use in connection with their respective businesses as currently being conducted, except where the failure to own such intellectual property or possess such licenses and other rights does not and is not reasonably likely to have, individually or in the aggregate, a Material Adverse Effect with respect to such party. To the knowledge of such party, neither it nor any of its Subsidiaries has received notice of any claims currently pending challenging the validity

of such intellectual property, licenses or rights which claims are reasonably likely to have, individually or in the aggregate, a Material Adverse Effect with respect to such party. To the knowledge of such party, the conduct of such party's and its Subsidiaries' respective businesses as currently conducted does not infringe on any intellectual property rights of others, except as would not be reasonably likely to have, individually or in the aggregate, a Material Adverse Effect with respect to such party. To the knowledge of such party, there is no infringement of any intellectual property owned by such party or any of its Subsidiaries that is reasonably likely to have, individually or in the aggregate, a Material Adverse Effect with respect to such party.

6.15 Insurance

To the knowledge of such party:

a. except for such matters as do not and are not reasonably likely to have, individually or in the aggregate, a Material Adverse Effect with respect to such party, such party and its Subsidiaries maintain insurance coverage with financially responsible insurance companies in such amounts and against such losses as such party and its Subsidiaries consider reasonably prudent for the conduct of their respective business as of the date hereof;

b. except for such matters as do not and are not reasonably likely to have, on an individual basis, a Material Adverse Effect with respect to such party, no event relating specifically to such party or its Subsidiaries (as opposed to events affecting the subsea industry in general) has occurred that is reasonably likely, after the date of this Agreement, to result in an upward adjustment in premiums under any insurance policies they maintain; and

c. excluding insurance policies that have expired and been replaced in the ordinary course of business no excess liability, hull or protection and indemnity insurance policy has been cancelled by the insurer within one year prior to the date hereof and no threat in writing has been made to cancel (excluding cancellation upon expiration or failure to renew) any such insurance policy of such party or any Subsidiary of such party during the period of one year prior to the date hereof, and prior to the date hereof no event has occurred, including the failure by such party or any Subsidiary of such party to give any notice or information or by giving any inaccurate or erroneous notice or information, which materially limits or impairs the rights of such party or any Subsidiary of such party under any such excess liability, hull or protection and indemnity insurance policies.

6.16 Approval by the shareholders

The consummation of the transactions contemplated by this Agreement does not require any approval of the shareholders of such party other than as described in Clause 8.1.

6.17 Affiliate Transactions

To the knowledge of such party, Section 6.17 of such party's Disclosure Letter contains a fair and accurate summary in all material respects of all agreements, contracts, transfers of assets or liabilities or other commitments or transactions, whether or not entered into

in the ordinary course of business, whether written or oral, to or by which such party or any of its Subsidiaries, on the one hand, and any of their respective Affiliates or, in respect of Spring, Summer and its Affiliates, (other than such party or any of its Subsidiaries) on the other hand, are or have been a party and that involve continuing liabilities and obligations other than, in any such case, those that by their terms are terminable, without penalty, by such party with 90 days notice or less.

6.18 Joint Ventures

With respect to the Joint Ventures, Autumn warrants to Spring as of the date of this Agreement in the terms of the Clauses listed below as if the Joint Ventures were Subsidiaries of Autumn, it being acknowledged by Spring that such warranties are given only to the knowledge of Autumn, in relation to the Joint Ventures:

a. 6.3 (Capitalisation);

b. 6.4 (Subsidiaries)

c. 6.5 (Compliance with Laws; Permits);

d. 6.6(a) (No Conflict);

e. 6.7(c) (Financial Reports);

f. 6.8 (Litigation);

g. 6.9(b) and (c) (Absence of Certain Changes);

h. 6.10 (Taxes);

i. 6.12 (Labour Matters);

j. 6.13 (Environmental Matters);

k. 6.14 (Intellectual Property); and

l. 6.15 (Insurance).

6.19 Disclaimer

Except for the warranties contained in this Clause 6 of this Agreement, each of the parties acknowledges that neither the other party nor any other Person on behalf of the other party makes any other express or implied warranty or any representation with respect to such other party or with respect to any other information provided (directly or indirectly) to the first party.

7. COVENANTS

7.1 Conduct of Business

From the date of this Agreement until the Effective Time, except as expressly contemplated by any other provision of this Agreement or as required by Applicable Laws (provided that the party proposing to take such action expressly contemplated by any other provision of this Agreement or required by Applicable Law has provided the other party with advance notice of the proposed action to the extent practicable), unless the other party has consented in writing thereto (which consent shall not be unreasonably withheld, delayed or conditioned) or such action is described in Section 7.1 of the relevant Disclosure Letter, each of Autumn and Spring:

a. shall, and shall cause each of its Subsidiaries to, conduct its operations according to their ordinary course consistent with past practice in all material respects and in accordance with Applicable Laws in all material respects;

b. to the extent consistent with Clause 7.1(a), shall use its reasonable commercial endeavours, and shall cause each of its Subsidiaries to use its reasonable commercial endeavours, to preserve intact their business organisations, keep available the services of their respective officers and employees and maintain satisfactory relationships with those Persons having business relationships with them;

c. shall not amend, in the case of Autumn, its articles of incorporation and, in the case of Spring, its memorandum and articles of association;

d. shall (i) promptly notify the other of any actual or threatened in writing material litigation or proceedings (including arbitration and other dispute resolution proceedings) or material governmental complaints, investigations or hearings involving such party or any of its Subsidiaries, in each case arising after the date of this Agreement where the amount in dispute or the subject of such complaint, investigation or hearing has a value in excess of USD 25 million, and (ii) give prompt notice to the other of any change, occurrence, fact, event, or circumstance known to such party that is reasonably likely, individually or taken together with all other changes, occurrences, facts, events, or circumstances known to such party, to result in a Material Adverse Effect on such party and (iii) give prompt notice to the other of any change, occurrence, fact, event, or circumstance that becomes known to such party that is reasonably likely to prevent or materially delay or materially impair the ability of such party to perform its obligations hereunder or to consummate the Combination or the other transactions contemplated hereby;

e. shall not and shall cause each of its Subsidiaries not to, (i) except pursuant to the exercise of options, warrants, conversion rights and other contractual rights existing on the date hereof or otherwise pursuant to existing option plans, in each case as disclosed in such party's Disclosure Letter, issue, grant, sell, transfer, pledge, dispose of or encumber any shares of any class or any other securities of such party or any of its Subsidiaries, or issue or grant securities convertible into or exchangeable for, or options, warrants, calls, commitments or rights of any kind to acquire, any such shares or other such securities (other than the issuance of shares

by a Subsidiary of a party to such party or to another direct or indirect wholly owned Subsidiary of such party), or adjust, split, combine, reclassify, exchange, recapitalise, consolidate or sub-divide any shares or other equity interests of such party or any of its Subsidiaries (other than intra-group transactions relating to securities of direct or indirect wholly owned Subsidiaries that solely involve a party and/or one or more of its direct or indirect wholly owned Subsidiaries), (ii) amend or otherwise modify any option, warrant, conversion right or other right to acquire any of its shares existing or outstanding on the date hereof; or (iii) adopt any new Benefit Plan or amend any existing Benefit Plan in any material respect;

f. shall not and shall cause each of its Subsidiaries not to, (i) declare, set aside or pay any dividend or make any other distribution or payment with respect to any of its shares, whether payable in cash, stock or any other property or right (other than any dividend, distribution or payment from a direct or indirect wholly owned Subsidiary to that party and/or one or more of its direct or indirect wholly owned Subsidiaries) or (ii) redeem, purchase or otherwise acquire any of its shares or capital stock, or any shares or capital stock of any of its Subsidiaries (other than direct or indirect wholly owned Subsidiaries), except as (1) expressly required by the terms of any capital stock of, or other equity interests in, any of its Subsidiaries outstanding on the date of this Agreement, or (2) expressly contemplated by any Benefit Plan existing on the date of this Agreement;

g. shall not, and shall cause each of its Subsidiaries not to, (A) sell, lease or otherwise dispose of any of its assets (including capital stock of Subsidiaries) where the aggregate value of all such assets disposed of by such party and its Subsidiaries between the date of this Agreement and the Effective Time would exceed USD 50 million except for (i) sales or leases of assets in the ordinary course of business, (ii) sales, leases or other transfers between such party and its direct or indirect wholly owned Subsidiaries or between those Subsidiaries or (iii) sales, leases or other dispositions pursuant to contracts in effect on the date hereof; and (B) mortgage, pledge, encumber or grant a security interest with respect to any of its assets (including capital stock of Subsidiaries) except (i) in the ordinary course of business consistent with past practice and (ii) as security for any indebtedness incurred in accordance with Clause 7.1(o);

h. shall not, and shall cause each of its Subsidiaries not to, acquire or agree to acquire, by merging or consolidating with, or by purchasing an equity interest in, or purchase a substantial portion of the assets of, any business or corporation (i) for an aggregate consideration for all such acquisitions (including taking into account any debt acquired or assumed as part of such acquisitions) in the period between the date of this Agreement and the Effective Time in excess of USD 25 million (excluding (1) acquisitions or proposed acquisitions disclosed in Section 7.1 of the relevant Disclosure Letter, and (2) intra-group reorganisations, acquisitions, liquidations or mergers that solely involve a party and/or a party's direct or indirect wholly owned Subsidiaries) or (ii) where a filing under any competition, antitrust or premerger notification laws is required;

i. shall not, and shall cause each of its Subsidiaries not to, incur or enter into any commitment for any capital expenditure which together with all other capital expenditure incurred or committed by that party and its Subsidiaries between the

date of this Agreement and Completion would exceed an aggregate sum of USD80 million, excluding (i) capital expenditure included in the budgeted or forecasted capital expenditure for 2010 and 2011 as disclosed in Section 7.1 of that party's Disclosure Letter or (ii) other planned capital expenditure disclosed in Section 7.1 of that party's Disclosure Letter;

j. shall not, except as may be required by Applicable Law or as a result of a change in IFRS, change any of the material accounting principles for consolidated accounts or practices used by it;

k. shall, and shall cause each of its Subsidiaries to, use reasonable commercial endeavours to maintain its material insurance policies existing as of the date hereof or comparable replacement policies with reputable insurers in such amounts and against such risks and losses as are customary for such party;

l. shall not, and shall cause each of its Subsidiaries not to, (i) make or rescind any material election relating to Taxes, including elections for any and all joint ventures, partnerships, limited liability companies, working interests or other investments where it has the capacity to make such binding election, provided, however, that Autumn shall change its tax status in Luxembourg from a 1929 holding company to a fully taxable Luxembourg company for tax purposes with effect on or before 1 January 2011 or (if earlier) Completion or (ii) change in any material respect any of its methods of reporting any item for Tax purposes from those employed in the preparation of its Returns for the most recent taxable year for which a Return has been filed, except as may be required by Applicable Laws;

m. shall not settle or compromise any material claim, action, suit, litigation, proceeding or arbitration ("**Proceedings**") if the cost to Spring or Autumn of such settlement or compromise exceeds by more than USD 25 million any provision or reserve made in such party's latest annual or quarterly financial statements before the date of this Agreement relating to such Proceedings;

n. subject to Clause 7.2 and Clause 7.3, such party shall not, and shall cause each of its Subsidiaries not to, do any matter or thing which would cause any of the Scheme Conditions not to be satisfied and otherwise not take any action that is reasonably likely to delay materially or adversely affect the ability of any of the parties hereto to obtain any consent, authorisation, order or approval of any governmental commission, court, board or other regulatory body or the expiration of any applicable waiting period required to consummate the transactions contemplated by this Agreement;

o. shall not and shall cause each of its Subsidiaries not to incur any indebtedness for borrowed money (including pursuant to any commercial paper program or credit facility) or issue any debt securities (in each case, other than intra-group indebtedness owed by any direct or indirect wholly-owned Subsidiary of such party to such party or any other direct or indirect wholly-owned Subsidiary of such party) or assume, guarantee or endorse, or otherwise as an accommodation become responsible for, the obligations of any Person (other than such party or any direct or indirect wholly owned Subsidiary of such party) in aggregate in excess of USD 50 million other than (1) letters of credit and guarantees incurred or entered into in

the ordinary course of business consistent with past practice, (2) guarantees by such party or any of its direct or indirect wholly owned Subsidiaries of indebtedness of any direct or indirect wholly owned Subsidiary of such party incurred in compliance with this Clause 7.1, (3) any indebtedness or guarantees incurred pursuant to existing credit agreements disclosed in the Disclosure Letter or any renewal or replacement thereof in accordance with the last sentence of this Clause 7.1(o) and (4) financing required by a party to make an Improved Proposal in accordance with Clause 7.2(d). Nothing in this Clause 7.1(o) shall prevent (A) in the case of Autumn (i) the renewal of either or both of Autumn's USD 400 million and USD 200 million facilities or (ii) the replacement of either or both of Autumn's USD 400 million and USD 200 million facilities, in each case with a new facility, provided that the aggregate value of all of Autumn's facilities (including amounts drawn and amounts that are undrawn but available) at any time shall not exceed USD 1 billion, and provided that in each of (i) and (ii) such renewed or replaced facilities are obtained on then market terms and may be cancelled at any time at no cost to Autumn (other than reasonable upfront costs incurred in relation thereto at the time of entering into such facilities), (B) in the case of Spring, the renewal or replacement of all or any of Spring's existing facilities provided that the aggregate value of all of Spring's facilities at any time (including amounts drawn and amounts that are undrawn but available) shall not exceed USD 1 billion, provided that any such renewed or replaced facilities are obtained on then market terms and may be cancelled at any time at no cost to Spring (other than reasonable upfront costs incurred in relation thereto at the time of entering into such facilities).

p. shall not and shall cause each of its Subsidiaries not to, other than in the ordinary course of business (1) enter into any material agreements, contracts or other arrangements with any of their respective Affiliates or, in respect of Spring, Summer and its Affiliates, (other than such party or any of its Subsidiaries) or (2) amend or vary in any material respect any existing agreements, contracts or other arrangements with any of their respective Affiliates or, in respect of Spring, Summer and its Affiliates, (other than such party or any of its Subsidiaries);

q. shall not and shall cause each of its Subsidiaries not to, with respect to any of its former, present or future officers or employees, increase any compensation or benefits payable to them, or enter into, terminate, amend or extend (or permit the extension of) any employment or consulting agreement, in each case other than in the ordinary course of business consistent with past practice;

r. in the case of Autumn, it shall (1) subject to any restrictions under applicable Competition Laws, notify and consult (in good faith) with Spring in relation to any matter of which it is aware that is proposed to be undertaken by any Joint Venture which would require Spring's consent under this Clause 7.1 if such Joint Venture were a Subsidiary of Autumn and (2) to the extent that it is capable of doing so (in its capacity as a direct or indirect shareholder (including under any shareholder agreement) through Autumn's or its Affiliate's appointees on the board or otherwise through the exercise of such rights as it may have under applicable documentation) procure that Company A (as defined in Clause 7.1(r) of the Disclosure Letter) and Company B (as defined in Clause 7.1(r) of the Disclosure Letter) shall not incur or enter into any commitment for any capital expenditure which together with all other capital expenditure incurred or committed by such companies between the date of

this Agreement and Completion would exceed an aggregate sum of USD150 million unless Spring has consented thereto (which consent shall not be unreasonably withheld, delayed or conditioned); and

s. shall (i) not agree or commit, in writing or otherwise, to take any of the prohibited actions referred to in Clauses 7.1(c), (e), (f), (g), (h), (i), (j), (l), (m), (n), (o), (p) and (q) above and (ii) cause each of its Subsidiaries not to agree or commit, in writing or otherwise, to take any of such actions that refer to Subsidiaries.

7.2 No Solicitation

a. Each party agrees that, from the date hereof until the Effective Time or, if earlier, the termination of this Agreement in accordance with its terms, neither it nor any of its Subsidiaries or their respective officers, directors or employees shall, and it shall instruct and shall use its reasonable commercial endeavours to cause its other Representatives not to, directly or indirectly: (1) solicit, initiate or knowingly encourage, or facilitate, any inquiry, proposal or offer by any third party (including any proposal or offer to its shareholders) with respect to a tender or exchange offer, scheme of arrangement, merger, consolidation, recapitalisation, reorganisation, liquidation, dissolution, business combination, purchase, sale of assets or similar transaction or series of transactions involving, individually or in the aggregate, 10% or more of the assets, net revenues or net income of such party and its Subsidiaries on a consolidated basis or 10% or more of any class of share capital of such party or any of its Subsidiaries, including any scheme of arrangement, merger, consolidation, recapitalisation, reorganisation, liquidation, dissolution, business combination, purchase or similar transaction in which 10% or more of such party's or any of its Subsidiary's share capital or voting securities is issued to a third party or its shareholders (any such inquiry, proposal or offer being hereinafter referred to as an "**Acquisition Proposal**"); (2) participate or engage in any discussions or negotiations concerning an Acquisition Proposal (other than informing the third party that the party will not participate or engage in any discussions or negotiations concerning an Acquisition Proposal); (3) amend, terminate, waive or fail to enforce, or grant any consent under, any confidentiality, standstill or similar agreement, or resolve to propose or agree to do any of the foregoing, in each case in connection with an Acquisition Proposal; (4) make an Adverse Recommendation Change; or (5) enter into any agreement, agreement in principle, letter of intent, term sheet or other similar instrument relating to an Acquisition Proposal. Each party and its Subsidiaries, and their respective officers and directors shall, and each party will instruct and cause its other Representatives to, immediately cease and cause to be terminated any discussions or negotiations with any Person or group other than Autumn or Spring or their respective Affiliates, conducted prior to the date hereof by such party, its Subsidiaries or its Representatives with respect to any Acquisition Proposal.

b. Nothing contained in this Agreement shall prevent a party prior to the Cut-off Date, from:

(A) furnishing information, provided information is furnished pursuant to an Acceptable Confidentiality Agreement,

(B) engaging in or knowingly facilitating any negotiations or discussions with any Person (including discussions or negotiations regarding an Acceptable Confidentiality Agreement), provided that (i) such Person has made an unsolicited bona fide written Acquisition Proposal that the board of directors of such party determines in good faith constitutes or could reasonably be expected to lead to a Superior Proposal, and (ii) the board of directors of such party, after consultation with its outside legal counsel, determines that the failure to do so is reasonably likely to be inconsistent with its fiduciary obligations under Applicable Law, or

(C) taking the actions referred to in Clause 7.2(a)(4), provided that (i) a Person has made an unsolicited bona fide written Acquisition Proposal that the board of directors of such party determines in good faith constitutes a Superior Proposal, and (ii) the board of directors of such party, after consultation with its outside legal counsel, determines that the failure to do so is reasonably likely to be inconsistent with its fiduciary obligations under Applicable Law and (iii) such party has complied with Clause 7.2(d).

c. As promptly as practicable after receipt thereof (and in any event within 24 hours), and prior to participating in any discussions or negotiations, a party shall notify the other party orally and in writing of any request for information from any Person that has made an Acquisition Proposal (or has indicated that it is seeking such information in contemplation of making an Acquisition Proposal) or the receipt of any Acquisition Proposal or any inquiry with respect to an Acquisition Proposal, including the identity of the Person or group engaging in such discussions or negotiations, requesting such information or making such Acquisition Proposal, and the material terms and conditions of any such Acquisition Proposal. The party affected will keep the other party reasonably informed on a timely basis (and in any event within 24 hours) of the material developments with respect to any Acquisition Proposal, including the material terms thereof. The party receiving any Acquisition Proposal shall provide to the other party any non-public information that is provided to another Person pursuant to this Clause 7.2 at substantially the same time it provides such information to the Person making the Acquisition Proposal.

d. Before taking the actions referred to in Clause 7.2(a)(4), or terminating the agreement pursuant to Clause 9.2 (f), the party seeking to take such action must give the other party at least five (5) Business Days' prior written notice of its intention to take such action and during such five (5) Business Day period, the notified party shall be permitted to submit one or more proposals (the "**Improved Proposal**") to the party in receipt of the Superior Proposal; such that, if acceptable to the party receiving the Superior Proposal, the board of directors of such party receiving the Superior Proposal may recommend the Improved Proposal submitted by the notified party. Moreover, the actions referred to in Clause 7.2(a)(4), or the termination of this Agreement pursuant to Clause 9.2(f) may be taken only if after such five (5) Business Day period the board of directors of the party in receipt of the Superior Proposal continues to determine in good faith, and considering any changes that have been definitively proposed in writing by the other party to the transactions contemplated by this Agreement, that such Superior Proposal continues to be a Superior Proposal and, after consultation with its outside legal counsel, that the failure to do so is inconsistent with its fiduciary obligations.

e. Notwithstanding anything in this Agreement to the contrary, prior to the Cut-off Date, the board of directors of any party or any committee thereof may make an Adverse Recommendation Change (as defined herein) as a result of facts, events or circumstances other than receipt of an Acquisition Proposal, without complying with the procedures set forth in this Clause 7.2, to the extent the board of directors of such party, after consultation with its outside legal counsel, determines that a failure to do so would constitute a breach of its fiduciary obligations under Applicable Law.

f. Notwithstanding the foregoing, the board of directors of each party shall be permitted to take any action necessary to comply with Rule 14d-9 and Rule 14e-2(a) under the Exchange Act (or which would be necessary to comply with Rule 14d-9 and Rule 14e-2(a) under the Exchange Act as if such party were subject to the Exchange Act) with regard to an Acquisition Proposal and the board of directors of Spring shall be permitted to take any action necessary to comply with the equivalent rules of the Oslo Stock Exchange which are applicable to Spring. Additionally notwithstanding the foregoing, the board of directors of each party may make any disclosure to the shareholders of such party, as the case may be, if, in the good faith judgment of such board of directors, after consulting with outside legal counsel, failure so to disclose may be inconsistent with its obligations under Applicable Law. The fact that a disclosure or other action may be deemed permissible by virtue of the immediately preceding sentence does not in and of itself mean that any such disclosure or other action constitutes or does not constitute an Adverse Recommendation Change.

g. For the purposes hereof:

(i) "**Acceptable Confidentiality Agreement**" means a confidentiality agreement that contains provisions that are no less favourable in the aggregate to the party hereto entering into such agreement than those contained in the Confidentiality and Standstill Agreement;

(ii) "**Adverse Recommendation Change**" means to (i) withdraw (or amend or modify in a manner adverse to the other party), or publicly propose to withdraw (or amend or modify in a manner adverse to other party), the approval, recommendation or declaration of advisability by the board of directors of a party to this Agreement, of the Combination or the other transactions contemplated by this Agreement (including the matters the subject of the Autumn Shareholder Approval) or (ii) recommend, adopt or approve, or propose publicly to recommend, adopt or approve, any Acquisition Proposal;

(iii) "**Superior Proposal**" means an unsolicited bona fide written Acquisition Proposal (substituting, for this purpose, the reference to "10%" in the definition of Acquisition Proposal, for the reference to "50% or more") received by a party that in the good faith judgment of the board of directors of such party, taking into account the likelihood of consummation, after consultation with a financial advisor of recognised international reputation, is more favourable from a financial point of view to the shareholders of such party than the Combination; and

(iv) "**Cut-off Date**", when used with respect to a party, means the time the condition set forth in Clause 8.1(a) relating to the approval of the shareholders of such party is satisfied.

7.3 Meetings to obtain Autumn Shareholder Approval and Spring Shareholder Approval

a. Notwithstanding any other provision of this Agreement, unless this Agreement is terminated in accordance with the terms hereof, Autumn shall call and hold the Autumn General Meeting in order to seek the Autumn Shareholder Approval on the date agreed in writing between the parties acting reasonably and in accordance with the Timetable. This obligation shall apply whether or not the board of directors of Autumn withdraws, modifies or changes its recommendation and declaration regarding the Combination or the matters the subject of the Autumn Shareholder Approval.

b. Notwithstanding any other provision of this Agreement, unless this Agreement is terminated in accordance with the terms hereof, Spring shall call and hold the Spring General Meeting and apply to the Court to convene the Court Meeting, and (subject to the agreement of the Court) hold such Court Meeting, on the date agreed in writing between the parties acting reasonably and in accordance with the Timetable. This obligation shall apply whether or not the board of directors of Spring withdraws, modifies or changes its recommendation and declaration regarding the Scheme.

7.4 Filings and Cooperation

a. Without prejudice to Clause 2.2 and subject to Clause 7.2, and subject to the limitations contained in Clause 7.4(g), each party shall cooperate with the other and use (and shall cause their respective Subsidiaries to use) reasonable commercial endeavours to take or cause to be taken all actions, and do or cause to be done all things, necessary, proper or advisable on its part under this Agreement and Applicable Laws to consummate and make effective the Combination and the other transactions contemplated by this Agreement as soon as practicable, including (i) preparing and filing as promptly as practicable all documentation to effect all necessary notices, reports and other filings and to obtain as promptly as practicable all consents, registrations, approvals, permits and authorisations necessary or advisable to be obtained from any Person or Governmental Entity to consummate the Combination or any of the other transactions contemplated by this Agreement including the filings and consents pursuant to Competition Laws referred to in Clauses 8.2(g)-(j), (ii) complying at the earliest practicable date with any formal or informal request for additional information or documentary material received by it or any of its Subsidiaries from any Governmental Entity, (iii) the defending of any lawsuits challenging this Agreement or any other agreement contemplated by this Agreement or the consummation of the transactions contemplated by this Agreement, including seeking to have any injunctive relief granted by any court or other Governmental Entity in any such lawsuit vacated or reversed and (iv) the execution and delivery of any additional ancillary instruments necessary to consummate the transactions contemplated by this Agreement and to

fully carry out the purposes of this Agreement and the transactions contemplated hereby.

b. Subject to Applicable Laws relating to the exchange of information, each party shall promptly notify the other of and furnish each other with copies of any communication concerning this Agreement or the transactions contemplated hereby to that party or its Affiliates or their respective Representatives from any Governmental Entity, permit the other party to review in advance any proposed filings or other communication concerning this Agreement or the transactions contemplated hereby to any Governmental Entity and give the other party reasonable opportunity to provide comments on any such filings or communication before its submission.

c. Neither party shall agree to participate in, or participate in, any meeting or material discussion with any Governmental Entity in respect of any filings, investigation or other inquiry concerning this Agreement or the transactions contemplated hereby unless it consults with the other party in advance and, to the extent permitted by such Governmental Entity, and subject to Applicable Laws relating to the exchange of information, gives the other party the opportunity to attend and participate in such meeting or discussion.

d. Subject to Applicable Laws relating to the exchange of information, each party shall furnish the other with such necessary information and reasonable assistance as such other party and its Affiliates may reasonably request in connection with their preparation of necessary filings, registrations or submissions of information to any Governmental Entity related to this Agreement or the transactions contemplated hereby.

e. Subject to Applicable Laws relating to the exchange of information, each party shall give prompt notice to the other of (a) any notice or other communication received by such party from any Person alleging that the consent of such Person is or may be required in connection with this Agreement or the consummation of the transactions contemplated hereby and (b) any actions, suits, claims, investigations or proceedings commenced or, to such party's knowledge, threatened against such party or any of its Subsidiaries and relating to the transactions contemplated hereby.

f. Each party shall use its reasonable commercial endeavours to resolve such objections, if any, as are asserted with respect to the transactions contemplated by this Agreement under any Competition Law. In the context of this Clause 7.4(f) "reasonable commercial endeavours" shall include, without limitation, the following:

(1) if either party receives a formal request for additional information or documentary material from a Governmental Entity under any Competition Law (a "**Competition Authority**"), each Party shall substantially comply with such formal request as soon as reasonably practicable following the date of its receipt thereof;

(2) subject to Applicable Laws relating to the exchange of information, each party shall provide the other (or its external legal counsel) a complete copy

of any filing with any Competition Authority and each party shall promptly respond to any request from the other for information or documentation reasonably requested by the other party in connection with the development and implementation of a strategy and negotiating positions with any Competition Authorities; provided that access to any such filing, information or documentation will, at such party's request be restricted to such other party's external legal counsel and economists or advisers retained by such counsel;

(3) each party hereto shall promptly inform the other of any material communication made to, or received by such party from, any Competition Authority regarding any of the transactions contemplated hereby;

(4) subject to Clause 7.4(g) below, each party hereto at its sole cost, shall comply in a timely manner with all restrictions and conditions, if any, specified or imposed by any Competition Authority with respect to Competition Laws as a requirement for granting any necessary clearance or terminating any applicable waiting period;

(5) subject to Clause 7.4(g) below, if any Competition Authority initiates proceedings before any Governmental Entity seeking to restrain, enjoin or prohibit the Combination, each party shall use its reasonable commercial endeavours to prevent the entry of any order restraining, enjoining or prohibiting the Combination, including by retaining all appropriate expert witnesses and consultants (it being understood that each party hereto shall be permitted to participate in all aspects of the defence of such proceedings and each party shall use its reasonable commercial endeavours to prevail in such proceedings and each party hereto shall be responsible for the payment of its own expenses, including legal fees and expenses, in seeking to prevent the entry of any such order, whether or not the Combination is consummated);

(6) neither party shall unilaterally withdraw its filing or notice under any Competition Law without the consent of the other party, and each party agrees that such consent shall not be unreasonably withheld.

g. Nothing in this Agreement shall require a party to take any Competition Action to obtain any consents, approvals, permits or authorisations or to remove any impediments to the Combination relating to any applicable Competition Law or to avoid the entry of, or to effect the dissolution of, any injunction, temporary restraining order or other order in any suit or proceedings relating to Competition Laws.

For the purposes of this Agreement, "**Competition Action**" means with respect to a party, to dispose of any of its or its Subsidiaries' assets or to limit its or its Subsidiaries' freedom of action with respect to any of its or its Subsidiaries' businesses, or to consent to any disposition of its or its Subsidiaries' assets or limits on its or its Subsidiaries' freedom of action with respect to any of its or its Subsidiaries' businesses, whether prior to or after the Effective Time, or to commit or agree to any of the foregoing, in each case other than dispositions, limitations or

consents, commitments or agreements which in each such case may be conditioned upon the consummation of the Combination and the transactions contemplated hereby and which, in the reasonable good faith judgment of both parties, in each such case do not and are not reasonably likely to individually or in the aggregate either (i) have a Material Adverse Effect on Autumn following the Combination or (ii) materially impair the benefits or advantages which Autumn and Spring expect to receive from the Combination and the transactions contemplated hereby or (iii) prejudice the availability of any tax relief (including rollover relief) that would (but for such action, consent, commitment or agreement) have been available for Spring shareholders in respect of their shares held in Spring on any transaction contemplated by this Agreement. Notwithstanding anything contained in this Agreement to the contrary, neither party shall take or agree to take any Competition Action without the prior written agreement of the other.

7.5 Inspection

From the date hereof to the Effective Time, each of the parties shall allow officers of the other party, legal counsel, accountants and other representatives of Autumn or Spring, as the case may be, access, at reasonable times, upon reasonable notice, to the records and files, correspondence, audits and properties, as well as to all information relating to commitments, contracts, titles and financial position, or otherwise pertaining to the business and affairs of Autumn and Spring and their respective Subsidiaries, including inspection of such properties, in each case that may be reasonably requested by such other party; provided that no investigation pursuant to this Clause 7.5 shall affect any representation or warranty given by any party hereunder, and provided further that notwithstanding the provision of information or investigation by any party, no party shall be deemed to make any representation or warranty except as expressly set forth in this Agreement. Notwithstanding the foregoing, no party shall be required to provide any information which it reasonably believes it may not provide to the other party by reason of Applicable Law (including where disclosure is not permitted under any applicable Competition Law), which constitutes information protected by attorney/client privilege, or which it is required to keep confidential by reason of contract or agreement with third parties. The parties hereto shall, to the extent practicable, make reasonable and appropriate substitute disclosure arrangements under circumstances in which the restrictions of the preceding sentence apply. Each of the parties agrees that it shall not, and shall cause its respective representatives not to, use any information obtained pursuant to this Clause 7.5 for any purpose unrelated to the consummation of the transactions contemplated by this Agreement. All requests for information and access pursuant to this Clause 7.5 shall be directed to the executive officers of the parties that shall be designated in a notice by each party to the other. All investigations or inspections pursuant to this Clause 7.5 shall be done in a manner that does not unduly interfere with the business or operations of the party subject to such investigation. All non-public information obtained pursuant to this Clause 7.5 shall be governed by the Confidentiality and Standstill Agreement.

7.6 Publicity

Each of the parties shall issue a press release in the form initialled by or on behalf of the parties by 7.30 a.m. (Oslo time) on the next business day following the date of this Agreement.

The parties will use reasonable commercial endeavours to consult with each other before issuing any other press release or public announcement pertaining to this Agreement or the transactions contemplated hereby and shall not issue any such press release or make any such public announcement prior to such consultation, except as may be required by Applicable Law or by obligations pursuant to any listing agreement with any national securities exchange, in which case the party proposing to issue such press release or make such public announcement shall use its reasonable commercial endeavours to consult in good faith with the other party before issuing any such press releases or making any such public announcements.

7.7 [Not Used]

7.8 Expenses

Whether or not the Combination is consummated, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such expenses, except (i) as Clause 9.3 otherwise provides; and (ii) that Autumn and Spring shall share equally (A) the fees incidental to the filings referred to in Clause 7.4(a) and (B) the filing fees incidental to the Scheme Document and the Prospectus and the costs and expenses associated with printing the Scheme Document and the Prospectus.

7.9 Employee Matters

a. At the Effective Time, it is envisaged that Autumn and its Subsidiaries and Spring and its Subsidiaries will continue the employment of all of their respective employees who are employed as of the day immediately prior to the Effective Time initially at the same salaries and wages of such employees immediately prior to the Effective Time. Nothing in this Agreement shall be considered a contract between Autumn and its Subsidiaries and any employee of Spring or any of its Subsidiaries or consideration for, or inducement with respect to, any such employee's continued employment and, without limitation, all such employees are and will continue to be considered to be employees pursuant to the applicable employment laws or doctrines, subject to any express written agreement to the contrary with such employee.

b. With respect to each employee of Spring and its Subsidiaries employed as of the day immediately prior to the Effective Time, Autumn shall credit, or cause its Subsidiaries to credit, the period of employment and service recognised by the applicable employer immediately prior to the Effective Time (for purposes of its corresponding plans, programs, policies or similar employment-related arrangements) to have been employment and service with Autumn for purposes of determining such employee's eligibility to join (subject to satisfaction of all non-service related eligibility criteria) and vesting (but not benefit accrual for any purpose other than vacation pay, severance and termination pay, sick leave, post-retirement health coverage and satisfaction of early retirement criteria) under all employee benefit plans, programs, policies or similar employment related arrangements of Autumn and its Subsidiaries in which such employee is eligible to participate; provided, however, no such credit shall be provided to the extent that it would result in a duplication of credit or benefits.

c. Autumn and Spring agree to cooperate in good faith to take appropriate and substantially consistent actions to retain key employees and provide for a smooth transition, including such action as they deem appropriate to provide for retention payments under substantially consistent terms following the Effective Time.

d. Autumn and Spring agree to co-operate in good faith in relation to any requirements to inform and consult with their respective employees or their appropriate employee representatives prior to the Effective Time concerning any proposed changes to employment arrangements following the Effective Time.

e. Autumn and Spring agree to cooperate in good faith to establish a process to promptly integrate the Autumn Benefit Plans and the Spring Benefit Plans following the Effective Time.

f. Except with respect to offers of employment to prospective new employees and for any changes to terms and conditions in the ordinary course of business consistent with past practices, Autumn and Spring agree that they shall not make, and shall cause their respective Subsidiaries not to make, any representations or promises, oral or written, to any of their employees concerning continued employment following the Effective Time, or the terms and conditions of that employment, except in writing with the prior written consent of the other party.

7.10 Financing

Each party shall use its reasonable commercial endeavours to obtain the consent of any counterparty to any of its existing financing arrangements required as a result of the Combination. Neither party shall (a) have any obligation to make any payment to (or release any rights against) any counterparty to an existing financing arrangement for the purpose of obtaining such consent or (b) be restricted from making any payments to such counterparty if the payment is deemed reasonably necessary to obtain the consent of the counterparty to the Combination.

7.11 Tax

The parties acknowledge and agree (a) that this Agreement and the documents and resolutions effecting the Combination are intended to be a "plan of reorganization" within the meaning of the Treasury Regulations promulgated under section 368 of the Internal Revenue Code of 1986, as amended (the "**Code**"), (b) to treat the Combination as a "reorganization" within the meaning of section 368(a) of the Code, and (c) to file all Returns, statements, forms, and reports (including elections, declarations, disclosures, schedules, estimates, and information returns) for U.S. federal, state, and local Tax purposes in a manner consistent with the characterisation of the Combination as described in clause (b) of this section, and to take no position inconsistent with such characterisation for U.S. federal, state, and local tax purposes, including in any audit or judicial or administrative proceeding, unless otherwise required by a "determination" within the meaning of section 1313 of the Code.

7.12 Directors' and Officers' Indemnification and Insurance

a. For six years after the Effective Time Autumn shall (i) indemnify and hold harmless, and provide advancement of expenses to, the present and former directors, officers and employees of Spring and its Subsidiaries and of Spring nominated directors of joint ventures in which Spring and/or its Subsidiaries directly or indirectly participate (the "**Indemnified Persons**"), in each case to the same extent such Persons are indemnified or have the right to advancement of expenses as of the date hereof by Spring pursuant to Spring's or its Subsidiaries' articles of incorporation or any indemnification agreements, if any, in existence on the date hereof with any current or former directors, officers and employees of Spring and its Subsidiaries and of Spring nominated directors of joint ventures in which Spring and/or its Subsidiaries directly or indirectly participate, or (if greater) to the fullest extent permitted by Applicable Law, for acts or omissions occurring at or prior to the Effective Time (including for acts or omissions occurring in connection with the approval of this Agreement and the consummation of the transactions contemplated hereby) and (ii) purchase as of the Effective Time a tail policy to the current policy of directors' and officers' liability insurance maintained by Spring which tail policy shall be effective for a period from the Effective Time through and including the date six years after Completion with respect to claims arising from facts or events that occurred on or before the Effective Time, and which tail policy shall contain substantially the same coverage and amounts as, and contain terms and conditions no less advantageous to the persons covered than, in the aggregate, the coverage currently provided by such current policy; provided, that in no event shall Autumn be required to pay an annualised premium, in excess of 250% of the annual premium currently paid by Spring for its current policy of directors' and officers' liability insurance (which annual premiums are hereby warranted by Spring to be approximately USD 45,000); and provided, further, that if the premium of such insurance coverage exceeds such amount, Autumn shall be obligated to obtain a policy with the greatest coverage available for a cost not exceeding such amount.

b. Any Indemnified Person wishing to claim indemnification under Clause 7.12(a) upon learning of any such claim, action, suit, proceeding or investigation, shall promptly notify Autumn thereof, but the failure to so notify shall not relieve Autumn of any liability it may have to such Indemnified Person if such failure does not materially prejudice Autumn. In the event of any such claim, action, suit, proceeding or investigation (whether arising before or after the Effective Time), (i) Autumn shall have the right to assume the defence thereof and Autumn shall not be liable to such Indemnified Persons for any fees or expenses of legal or other professional advisers or other third parties which are subsequently incurred by such Indemnified Persons directly in connection with the defence thereof, except that if Autumn elects not to assume such defence or counsel for the Indemnified Persons advise that there are issues which raise conflicts of interest between Autumn and the Indemnified Persons, the Indemnified Persons may retain counsel satisfactory to them, and Autumn shall pay all reasonable fees and expenses of such counsel for the Indemnified Persons promptly as statements therefor are received; provided, that Autumn shall be obligated pursuant to this Clause 7.12(b) to pay for only one firm of counsel for all Indemnified Persons in any jurisdiction, (ii) the Indemnified Persons will cooperate in the defence of any such matter and (iii) Autumn shall not be liable for any settlement effected without its prior written consent (such consent

not to be unreasonably withheld or delayed); and provided, further, that Autumn shall not have any obligation hereunder to any Indemnified Person to the extent that a court of competent jurisdiction shall ultimately determine, and such determination shall have become final, that the indemnification of such Indemnified Person in the manner contemplated hereby is prohibited by Applicable Law.

c. Notwithstanding anything herein to the contrary, if any claim, action, suit, proceeding or investigation (whether arising before, at or after the Effective Time) is made against any Indemnified Persons on or prior to the sixth anniversary of the Effective Time, the provisions of this Clause 7.12 shall continue in effect until the final disposition of such claim, action, suit, proceeding or investigation.

d. The covenants contained in this Clause 7.12 are intended to be for the benefit of, and shall be enforceable by, each of the Indemnified Persons and their respective heirs and legal representatives and shall not be deemed exclusive of any other rights to which an Indemnified Person is entitled, whether pursuant to law, contract or otherwise.

e. If Autumn or its successors or assigns (i) consolidates, amalgamates with or merges into any other Person and shall not be the continuing or surviving corporation or entity of such consolidation, amalgamation or merger or (ii) transfers or conveys all or substantially all of its properties and assets to any Person, then, and in each such case, proper provision shall be made so that the successors or assigns of Autumn shall succeed to the obligations set forth in this Clause 7.12.

7.13 Autumn Systems and Processes

Subject to Applicable Laws (including Competition Law), prior to the Effective Time the parties shall discuss in good faith the systems and processes to be adopted by Autumn, Spring and their respective Subsidiaries with effect from the Effective Time, with the intention that the most appropriate systems and processes used by Autumn or Spring prior to Completion shall be adopted by Autumn, Spring and all of their respective Subsidiaries with effect from, or as soon as practicable after, the Effective Time.

8. CONDITIONS

8.1 Conditions to the Scheme

The Scheme (including the Contribution) shall be subject to the fulfilment or waiver by each of the parties to this Agreement (subject to Applicable Laws) of the following conditions:

a. (i) Spring shareholders shall have approved the Scheme by the required majority of votes at the Court Meeting and a general meeting of Spring shareholders shall have passed a special resolution approving (A) the repurchase and cancellation of the Spring Shares, (B) the Combination pursuant to Article 77 of Spring's Articles of Association and (C) an amendment to Spring's Articles of Association, conditional upon Completion, to provide that Spring Shares issued at or after the Effective Time other than to Autumn will be automatically repurchased and cancelled by Spring and Autumn will in return issue Autumn Shares on the same terms as under the

Scheme (if appropriate) (such approvals, together the "**Spring Shareholder Approval**"); and

(ii) A general meeting of Autumn shall have passed a resolution (A) approving the Combination, (B) adopting the Amended and Restated Autumn Articles and changing the name of Autumn to "Subsea 7 S.A." (C) resolving to increase Autumn's authorised share capital to USD 900,000,000, (D) approving the composition of Autumn's board of directors (and appointing such directors) as contemplated in Clause 4.1, and (E) where necessary, adopting the Spring Stock Plans, each of (B), (D) and (E) being subject to Completion (the "**Autumn Shareholder Approval**")

b. None of the parties hereto shall be subject to any decree, order or injunction of a court of competent jurisdiction, which prohibits or prevents the Scheme or the Contribution becoming effective in accordance with its terms;

c. The sanction of the Scheme with or without modification (but subject to any such modification being acceptable to Spring and Autumn) by the Court and the filing of the Court Order with the Cayman Islands Registrar of Companies.

8.2 Conditions to taking the actions required to make the Scheme binding and carry out the Contribution

Spring and Autumn agree that the necessary action to make the Scheme binding will only be taken if the following conditions are satisfied or waived in accordance with Clause 8.3, and accordingly Spring may seek to adjourn the Court Hearing and in any event shall not file the Court Order with the Cayman Islands Registrar of Companies unless the following conditions are satisfied or waived in accordance with Clause 8.3:

a. Autumn shall have performed or complied with, in all material respects, its covenants and agreements contained in this Agreement required to be performed or complied with on or prior to the time of the Court Hearing;

b. The warranties of Autumn set forth in Clauses 6.1, 6.2, 6.3 and 6.9(a) shall be true and correct in all respects at and as of the time immediately prior to the Court Hearing, as if made at and as of such time (except to the extent such warranties speak as of another specified date, in which case such warranty shall be true and correct as of such specified date), except, in each case, for such inaccuracies as are de minimis in the aggregate;

c. The warranties of Autumn set forth in this Agreement shall be true and correct (without giving effect to any limitation as to "materiality" or "Material Adverse Effect" set forth therein) as of the time immediately prior to the Court Hearing, as if made at and as of such time (except to the extent that such warranty speaks as of a specified date, in which case, such warranty shall be true as of such specified date) except in the case where the failure of such warranties to be so true and correct (without giving effect to any limitation as to "materiality" or "Material Adverse Effect" set forth therein), individually or in the aggregate, has not had, and would not be reasonably likely to have or result in, a Material Adverse Effect with respect to Autumn;

d. Spring shall have performed or complied with, in all material respects, its covenants and agreements contained in this Agreement required to be performed or complied with on or prior to the time of the Court Hearing;

e. The warranties of Spring set forth in Clauses 6.1, 6.2, 6.3 and 6.9(a) shall be true and correct in all respects at and as of the time immediately prior to the Court Hearing, as if made at and as of such time (except to the extent such warranties speak as of another specified date, in which case such warranty shall be true and correct as of such specified date), except, in each case, for such inaccuracies as are de minimis in the aggregate;

f. The warranties of Spring set forth in this Agreement shall be true and correct (without giving effect to any limitation as to "materiality" or "Material Adverse Effect" set forth therein) as of the time immediately prior to the Court Hearing, as if made at and as of such time (except to the extent that such warranty speaks as of a specified date, in which case, such warranty shall be true as of such specified date) except in the case where the failure of such warranties to be so true and correct (without giving effect to any limitation as to "materiality" or "Material Adverse Effect" set forth therein), individually or in the aggregate, has not had, and would not be reasonably likely to have or result in, a Material Adverse Effect with respect to Spring;

g. Either (A) the United Kingdom Office of Fair Trading (the "**OFT**") has informed the parties in writing that it is not the intention of the OFT to refer the Combination or any part of it to the United Kingdom Competition Commission (the "**Competition Commission**"), whether as a result of the acceptance of undertakings in lieu of a reference or otherwise and the deadline for appealing the relevant decision to the Competition Appeal Tribunal has expired with no appeal having been lodged beforehand, or (B) if the Combination or any part of it is referred to the Competition Commission, the Competition Commission has issued a written report concluding that the Combination (or any such part of it that has been referred to the Competition Committee) may not be expected to result in a substantial lessening of competition within any market or markets in the United Kingdom, whether as a result of the acceptance of undertakings or otherwise and the deadline for appealing the relevant decision to the Competition Appeal Tribunal has expired with no appeal having been lodged beforehand;

h. The Combination shall have been approved under the Norwegian Competition Act;

i. Any applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 relating to the Combination shall have expired or been terminated;

j. The parties shall have received written notification from the Australian Competition and Consumer Commission ("**ACCC**") that either (i) based on the information provided by the parties to the ACCC, the ACCC does not propose to intervene in the Combination pursuant to section 50 of the Trade Practices Act 1974 ("**TPA**") (whether or not the notification also states that the ACCC reserves its position if other material information emerges); or (ii) based on the information provided by the parties to the ACCC and the acceptance by the ACCC of written undertakings provided or agreed to be provided to the ACCC, the ACCC does not propose to

intervene in the Combination pursuant to section 50 of the TPA (whether or not the notification also states that the ACCC reserves its position if other material information emerges);

k. The Relationship Agreement being in full force and effect and not having been rescinded or repudiated by any party thereto; and

l. The issue of the Auditor's Report required by the Luxembourg Companies Act in relation to the Contribution, it being acknowledged by the parties that the Auditor's Report will be required to be obtained prior to the Court Hearing.

8.3 Waiver of Conditions

a. Spring reserves the right to waive, in whole or in part, all or any of the conditions contained in Clause 8.2(a), (b) or (c). Autumn reserves the right to waive, in whole or in part, all or any of the conditions contained in Clause 8.2(d), (e) or (f). Spring and Autumn, acting together, may waive, in whole or in part, all or any of the conditions in Clause 8.2(g), (h), (i), (j), (k) or (l).

b. Autumn hereby irrevocably agrees that it shall be deemed to have waived the conditions contained in Clause 8.2(d), (e) and (f) unless, prior to the time of the Court Hearing, it shall have given Spring written notice that it believes such conditions are not satisfied together with reasonable evidence in support of such statement.

c. Spring hereby irrevocably agrees that it shall be deemed to have waived the conditions contained in Clause 8.2(a), (b) and (c) unless prior to the time of the Court Hearing it shall have given Autumn written notice that it believes such conditions are not satisfied together with reasonable evidence in support of such statement.

9. TERMINATION

9.1 Termination by Mutual Consent

This Agreement may be terminated at any time prior to the Effective Time by the mutual written consent of Autumn and Spring.

9.2 Termination by Autumn or Spring

a. This Agreement may be terminated by either party at any time prior to the Effective Time if the Scheme shall not have become effective in accordance with its terms by 5pm (Cayman Islands time) on 30 June 2011; provided, however, that the right to terminate this Agreement pursuant to this Clause 9.2 (a) shall not be available to any party whose failure to perform or observe any of its obligations under this Agreement in any manner shall have been the cause of, or resulted in, the failure of the Scheme to become effective on or before such date;

This Agreement may be terminated by either party at any time prior to the Court Order being filed with the Cayman Islands Registrar of Companies if:

b. the Court Meeting and/or a general meeting (in each case including adjournments and postponements) of Spring's shareholders for the purpose of obtaining the approvals required by Clause 8.1(a)(i) shall have been held and such shareholder approvals shall not have been obtained, provided, however, that the right to terminate this Agreement pursuant to this Clause 9.2(b) shall not be available to Spring where the failure to obtain the Spring Shareholder Approval is proximately caused by a breach by Spring of this Agreement;

c. a meeting (including adjournments and postponements) of Autumn's shareholders for the purpose of obtaining the approval required by Clause 8.1(a)(ii) shall have been held and such shareholder approval shall not have been obtained, provided, however, that the right to terminate this Agreement pursuant to this Clause 9.2(c) shall not be available to Autumn where the failure to obtain the Autumn Shareholder Approval is proximately caused by a breach by Autumn of this Agreement;

d. any Governmental Entity of competent jurisdiction shall have issued an order, decree or ruling or taken any other action effectively restraining or otherwise prohibiting the transactions contemplated by this Agreement and such order, decree, ruling or other action shall have become final and nonappealable; provided, however, that the party seeking to terminate this Agreement pursuant to this Clause 9.2(d) shall have complied with Clause 7.4 and, with respect to other matters not covered by Clause 7.4, shall have used its reasonable commercial endeavours to remove such injunction, order or decree;

e. there has been a breach by the other party of any warranty, covenant or agreement set forth in this Agreement such that the Conditions would not be satisfied and such breach is not curable, or, if curable, is not cured within 30 days after written notice of such breach is given to the party in breach by the party seeking to terminate; provided, however, that the right to terminate this Agreement under this clause shall not be available to a party if it, at such time, is in breach of any warranty, covenant or agreement set forth in this Agreement such that the Conditions would not be satisfied;

f. prior to the Cut-off Date, (i) the board of directors of such party has received a Superior Proposal and has made an Adverse Recommendation Change in order to recommend the Superior Proposal pursuant to Clause 7.2, (ii) such party has complied in all material respects with Clause 7.2, (iii) such party has previously paid (or concurrently pays) the fee provided for under Clause 9.3(a) or (b) as applicable, and (iv) the board of directors of such party concurrently approves, and such party concurrently enters into, a binding definitive written agreement providing for the implementation of such Superior Proposal; or

g. an Adverse Recommendation Change shall have been made by the other party or the board of directors of the other party or any committee thereof shall have resolved to make an Adverse Recommendation Change; provided that the shareholder approval of the other party required by Clause 8.1(a) has not been obtained prior to such termination.

9.3 Effect of Termination

a. If this Agreement is terminated:

A. by Autumn or Spring pursuant to Clause 9.2(b), (1) after the public disclosure of an Acquisition Proposal in respect of Spring following the date of this Agreement (unless such disclosure occurs after the date of the failure to obtain shareholder approval pursuant to Clause 9.2(b)), whether or not such Acquisition Proposal is still pending or has been consummated, and either (a) prior to such failure to obtain shareholder approval, the board of directors of Spring determined that such Acquisition Proposal constituted a Superior Proposal (as determined in accordance with the provisions of Clause 7.2) or (b) within 12 months after the termination of this Agreement, Spring or any of its Subsidiaries enters into a definitive agreement providing for an Acquisition Proposal, or an Acquisition Proposal is consummated by Spring or any of its Subsidiaries, or (2) if the failure to obtain the Spring Shareholder Approval was proximately caused by a breach by Spring of Clause 7.2 or 7.3; or

B. by Autumn pursuant to Clause 9.2(g) if the Adverse Recommendation Change (or resolution to make such Adverse Recommendation Change) was in response to an Acquisition Proposal in respect of Spring; or

C. by Spring pursuant to Clause 9.2(f),

then Spring shall pay Autumn or its nominee as compensation the sum of USD 50 million, in cash by wire transfer to an account designated by Autumn. If this Agreement is terminated by Spring in the circumstances described in Clause 9.3(a)(A)(1)(a), 9.3 (a)(A)(2) or 9.3(a)(C), such payment shall be made concurrently with or prior to such termination. Otherwise, such payment shall be made within two (2) Business Days after such termination, or in the case of Clause 9.3(a)(A)(1)(b) within two (2) Business Days after Spring or any of its Subsidiaries enters into a definitive agreement providing for an Acquisition Proposal, or an Acquisition Proposal is consummated by Spring or any of its Subsidiaries, as the case may be.

b. If this Agreement is terminated:

A. by Autumn or Spring pursuant to Clause 9.2(c), (1) after the public disclosure of an Acquisition Proposal in respect of Autumn following the date of this Agreement (unless such disclosure occurs after the date of the failure to obtain shareholder approval pursuant to Clause 9.2(c)), whether or not such Acquisition Proposal is still pending or has been consummated, and either (a) prior to such failure to obtain shareholder approval, the board of directors of Autumn determined that such Acquisition Proposal constitutes a Superior Proposal (as determined in accordance with the provisions of Clause 7.2) or (b) within 12 months after the termination of this Agreement, Autumn or any of its Subsidiaries enters into a definitive agreement providing for an Acquisition Proposal, or an Acquisition Proposal is consummated by Autumn or any of its Subsidiaries, or (2) if the failure to obtain the Autumn Shareholder Approval was proximately caused by a breach by Autumn of Clause 7.2 or 7.3; or

B. by Spring pursuant to Clause 9.2(g), if such Adverse Recommendation Change (or resolution to make such Adverse Recommendation Change) was in response to an Acquisition Proposal in respect of Autumn; or

C. by Autumn pursuant to Clause 9.2(f),

then Autumn shall pay Spring or its nominee as compensation the sum of USD 50 million, in cash by wire transfer to an account designated by Spring. If this Agreement is terminated by Autumn in the circumstances described in Clause 9.3(b)(A)(1)(a), 9.3 (b)(A)(2) or 9.3(b)(C), such payment shall be made concurrently with or prior to such termination. Otherwise, such payment shall be made within two (2) Business Days after such termination, or in the case of Clause 9.3(b)(A)(1)(b) within two (2) Business Days after Autumn or any of its Subsidiaries enters into a definitive agreement providing for an Acquisition Proposal, or an Acquisition Proposal is consummated by Autumn or any of its Subsidiaries, as the case may be.

c. If this Agreement is terminated by Spring or Autumn pursuant to Clause 9.2(b) or by Autumn pursuant to Clause 9.2(e) or (g) (in either case other than in any circumstances where compensation is payable under Clause 9.3(a)), then Spring shall reimburse Autumn for Autumn's third party costs and expenses reasonably and properly incurred in connection with the Combination and documented in writing, up to a maximum of USD 7 million. If this Agreement is terminated by Spring or Autumn pursuant to Clause 9.2(c) or by Spring pursuant to Clause 9.2(e) or (g) (in either case other than in any circumstances where compensation is payable under Clause 9.3(b)), then Autumn shall reimburse Spring for its third party costs and expenses reasonably and properly incurred in connection with the Combination and documented in writing, up to a maximum of USD 7 million.

d. In the event of termination of this Agreement and the abandonment of the Combination pursuant to this Clause 9, (i) all obligations of the parties hereto shall terminate without liability of any party (or any shareholder or representative of any party) to the other party, except the obligations of the parties pursuant to this Clause 9.3, the last sentence of Clause 7.5, Clause 7.8 and Clauses 10.2, 10.3, 10.4, 10.6, 10.8, 10.9, 10.10, 10.11 and 10.12 and 10.14 which shall survive such termination, and provided that nothing in this Clause 9.3 shall relieve any party from any liability for any wilful breach by such party prior to termination of any of its representations, warranties, covenants or agreements set forth in this Agreement and all rights and remedies of the non-breaching party under this Agreement in the case of such a wilful breach, shall be preserved notwithstanding termination of this Agreement and (ii) the parties shall make all such notifications or filings as may be required by Applicable Law (if any). The Confidentiality and Standstill Agreement shall survive any termination of this Agreement, and the provisions of the Confidentiality and Standstill Agreement shall apply to all information and material delivered by any party hereunder.

e. In the event that a party shall fail to pay the termination compensation when due as contemplated by Clause 9.3, such compensation, as the case may be, shall accrue interest for the period commencing on the date such compensation, as the case may be, became due, at LIBOR plus 3%. In addition, if either party shall fail to pay the compensation, as the case may be, when due, such owing party shall also pay to the

owed party all of the owed party's costs and expenses (including legal counsels' fees) in connection with efforts to collect such compensation, as the case may be. Autumn and Spring acknowledge that the provisions of this Clause 9.3 are an integral part of this Agreement and that, without these agreements, Autumn and Spring would not enter into this Agreement.

9.4 Extension; Waiver

At any time prior to the Effective Time, each party may by action taken by its board of directors or by any committee of the board of directors, or any director or officer, properly delegated by the board of directors, to the extent allowed under Applicable Law, (a) extend the time for the performance of any of the obligations or other acts of the other party, (b) waive any inaccuracies in the warranties made to such party contained herein or in any document delivered pursuant hereto and (c) waive compliance with any of the agreements or conditions for the benefit of such party contained herein. Any agreement on the part of a party hereto to any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such party.

10. GENERAL PROVISIONS

10.1 Nonsurvival of Warranties and Agreements

The warranties contained in this Agreement or in any certificates or other documents delivered prior to or as of the Effective Time shall survive until (but not beyond) the Effective Time. No party shall have any liability for any breach of the warranties given by it in this Agreement after the Completion has occurred.

10.2 Notices

a. Any notice or other communication to be given under or in connection with this Agreement ("**Notice**") shall be in the English language in writing and signed by or on behalf of the party giving it and marked for the attention of the relevant party. A Notice may be delivered personally or by pre paid recorded delivery or international courier or by email to the address provided in this Clause 10.2.

b. A Notice shall be deemed to have been received:

   (i) at the time of delivery if delivered personally;

   (ii) two (2) Business Days after the time and date of posting if sent by pre paid recorded delivery;

   (iii) three (3) Business Days after the time and date of posting if sent by international courier; or

   (iv) if sent by email, when despatched

   provided that if deemed receipt of any Notice occurs after 6.00 p.m. or is not on a Business Day, deemed receipt of the Notice shall be 9.00 a.m. on the next Business

Day. References to time in this Clause 10.2 are to local time in the country of the addressee.

c. The addresses for service of Notice are:

(i) if to Autumn:

For the attention of: Johan Rasmussen
Corporate Vice President and General Counsel Corporate
Acergy M.S. Limited
200 Hammersmith Road
London
W6 7DL
Email: johan.rasmussen@acergy-group.com

(ii) if to Spring:

Subsea 7 Inc.
PO Box 309
Ugland House
South Church Street
Grand Cayman
KY1-1104
Cayman Island
For the attention of: Michael Delouche
Email: mikedelo@swbell.net

With a copy to:

Subsea 7 Inc.
Prospect Road
Arnhall Business Park
Westhill
Aberdeenshire
AB32 6FE
For the attention of: Graeme Murray
Email: Graeme.Murray@Subsea7.com

or to such other address as any party shall specify by written notice so given, and such notice shall be deemed to have been delivered as of the date so personally delivered or mailed.

10.3 Assignment, Binding Effect and Benefit

a. Neither party shall assign or purport to assign all or any part of the benefit of, or its rights or benefits under, this Agreement without the prior written consent of the other party. Subject to the preceding sentence, this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

b. Clauses 4.2(d), 5.1, 7.9(b) and 7.12 (the "**Third Party Rights Clauses**") confer a benefit on certain persons named therein who are not a party to this Agreement (each for the purposes of this Clause 10.3 a "**Third Party**") and, subject to Clauses 10.3(c), (d) and (e), are intended to be enforceable by the relevant Third Party by virtue of the Contracts (Rights of Third Parties) Act 1999.

c. The parties to this Agreement do not intend that any term of this Agreement, apart from the Third Party Rights Clauses, should be enforceable, by virtue of the Contracts (Rights of Third Parties) Act 1999, by any person who is not a party to this Agreement.

d. Notwithstanding the provisions of Clause 10.3(b), and following Completion save in respect of the Third Party Rights Clauses, this Agreement may be rescinded or varied in any way and at any time by the parties to this Agreement without the consent of any Third Party.

e. Notwithstanding Clause 10.3(b), pending the Effective Time no Third Party may enforce, or take any step to enforce, the Third Party Rights Clauses without the prior written consent of Spring, which may, if given, be given on and subject to such terms as Spring may determine.

10.4 Entire Agreement

a. This Agreement, the Disclosure Letters and any documents delivered by the parties in connection herewith constitute the whole and only agreement between the parties relating to the subject matter of this Agreement.

b. Each party acknowledges that in entering into this Agreement it is not relying upon any pre contractual statement which is not set out in this Agreement.

c. Except in the case of fraud, no party shall have any right of action against any other party to this Agreement arising out of or in connection with any pre contractual statement except to the extent that it is repeated in this Agreement.

d. For the purposes of this clause, "pre contractual statement" means any draft, agreement, undertaking, representation, warranty, promise, assurance or arrangement of any nature whatsoever, whether or not in writing, relating to the subject matter of this Agreement made or given by any person at any time prior to this Agreement becoming legally binding.

e. This Agreement may only be varied in writing signed by each of the parties.

10.5 Amendments

This Agreement may not be amended except by an instrument in writing signed on behalf of each of the parties hereto.

10.6 Governing Law and Jurisdiction

a. This Agreement is to be governed by and construed in accordance with English law. Any matter, claim or dispute arising out of or in connection with this Agreement, whether contractual or non-contractual, is to be governed by and determined in accordance with English law.

b. The courts of England are to have exclusive jurisdiction to settle any dispute, whether contractual or non-contractual, arising out of or in connection with this Agreement. Any proceeding, suit or action arising out of or in connection with this Agreement or the negotiation, existence, validity or enforceability of this Agreement ("**Relevant Proceedings**") shall be brought only in the courts of England.

c. Each party waives (and agrees not to raise) any objection, on the ground of forum non conveniens or on any other ground, to the taking of Relevant Proceedings in the courts of England. Each party also agrees that a judgment against it in Relevant Proceedings brought in England shall be conclusive and binding upon it and may be enforced in any other jurisdiction

d. Each party irrevocably submits and agrees to submit to the jurisdiction of the courts of England.

10.7 Counterparts

This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument. Each counterpart may consist of a number of copies hereof each signed by less than all, but together signed by all of the parties hereto.

10.8 Headings

The headings inserted in this Agreement are for convenience only and shall not affect the interpretation of this Agreement.

10.9 Waivers, Rights and Remedies

Except as expressly provided in this Agreement, no failure or delay by any party hereto in exercising any right, power, privilege or remedy by law or under or pursuant to this Agreement shall impair such right, power, privilege or remedy or operate or be construed as a waiver or variation of it or preclude its exercise at any subsequent time and no single or partial exercise of any right, power, privilege or remedy in connection with this Agreement shall preclude any further or other exercise of it or the exercise of any other right or remedy.

The rights, powers, privileges and remedies of each party under or pursuant to this Agreement are cumulative and are not exclusive of any rights, powers, privileges or remedies, whether provided by law or otherwise.

10.10 Severability

If at any time any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, that shall not affect or impair:

(a) the legality, validity or enforceability in that jurisdiction of any other provision of this Agreement; or

(b) the legality, validity or enforceability under the law of any other jurisdiction of that or any other provision of this Agreement.

10.11 No Recourse

This Agreement may only be enforced against, and any claims or causes of action that may be based upon, arise out of or relate to this Agreement, or the negotiation, execution or performance of this Agreement may only be made against the entities that are expressly identified as parties hereto and no past, present or future Affiliate, director, officer, employee, incorporator, member, manager, partner, shareholder, agent, attorney or representative of any party hereto shall have any liability for any obligations or liabilities of the parties to this Agreement or for any claim based on, in respect of, or by reason of, the transactions contemplated hereby.

10.12 Agent for service of process

(a) Autumn irrevocably appoints Acergy M.S. Limited of 200 Hammersmith Road, London W6 7DL to be its agent for the receipt of Service Documents. It agrees that any Service Document may be effectively served on it in connection with Relevant Proceedings in England and Wales by service on its agent effected in any manner permitted by the Civil Procedure Rules.

If Autumn's agent at any time ceases for any reason to act as such, Autumn shall appoint a replacement agent having an address for service in England or Wales and shall notify Spring of the name and address of the replacement agent. Failing such appointment and notification, Spring shall be entitled by notice to Autumn to appoint a replacement agent to act on behalf of Autumn. The provisions of this Clause 10.12(a) applying to service on Autumn's agent apply equally to service on such a replacement agent.

A copy of any Service Document served on Autumn's agent shall be sent by post to Autumn. Failure or delay in so doing shall not prejudice the effectiveness of service of the Service Document.

(c) Spring irrevocably appoints Subsea 7 Engineering Limited of 17th Floor, Quadrant House, The Quadrant, Sutton, Surrey SM2 5AS (for the attention of Graham Sharland) to be its agent for the receipt of Service Documents. It agrees that any Service Document may be effectively served on it in connection with Relevant Proceedings in England and Wales by service on its agent effected in any manner permitted by the Civil Procedure Rules.

If Spring's agent at any time ceases for any reason to act as such, Spring shall appoint a replacement agent having an address for service in England or Wales and shall notify Autumn of the name and address of the replacement agent. Failing such appointment and notification, Autumn shall be entitled by notice to Spring to appoint a replacement agent to act on behalf of Spring. The provisions of this Clause 10.12(c) applying to service on Spring's agent apply equally to service on such a replacement agent.

A copy of any Service Document served on Spring's agent shall be sent by post to Spring. Failure or delay in so doing shall not prejudice the effectiveness of service of the Service Document.

(d) In this Clause 10.12, "Service Document" means a claim form, application notice, order, judgment or other document relating to any Relevant Proceedings.

10.13 No partnership

Nothing in this Agreement and no action taken by the parties under this Agreement shall constitute a partnership, joint-venture or agency relationship between any of the parties.

10.14 Confidentiality

(a) Each party shall treat as confidential the terms of this Agreement and all information obtained as a result of entering into or performing this Agreement which relates to:

(i) the negotiations relating to this Agreement;

(ii) the other party or any of its Subsidiaries.

(b) Each party shall not disclose any such confidential information to any person other than any of its directors or employees who needs to know such information in order to discharge his duties.

(c) Notwithstanding the other provisions of this Clause 10.14, a party may disclose any such confidential information:

(i) to the extent required by any Applicable Law;

(ii) to the extent required by any securities exchange or regulatory or governmental body to which that party is subject wherever situated, whether or not the requirement for information has the force of law;

(iii) to the extent required to be disclosed in the Prospectus or the Scheme Document;

(iv) to its professional advisers, auditors and bankers provided they have a duty to keep such information confidential;

(v) to the extent the information has come into the public domain through no fault of that party; or

(vi) to the extent the other party has given its prior written consent to the disclosure.

Any information to be disclosed pursuant to Clauses 10.14(c)(i) and (ii) shall be disclosed only after notice to the other party, to the extent permitted by applicable law.

(d) The restrictions contained in this Clause 10.14 shall continue to apply after the termination of this Agreement without limit in time.

10.15 Enforcement

Each party hereto understands and agrees that money damages would not be a sufficient remedy for any breach of this Agreement by it and that the other party hereto shall be entitled to specific performance and injunctive relief as remedies for any such breach of this Agreement. Such remedies shall not be deemed to be the exclusive remedies for any breach of this Agreement, but shall be in addition to all other remedies available at law.

******

The parties have executed this Agreement on this 20 day of June 2010.

ACERGY S.A.

By: /s/ J. Cahuzac

Name: Jean Cahuzac

Title: CHIEF EXECUTIVE OFFICER

SUBSEA 7 INC.

By: /s/ K. Siem

Name: Kristian Siem

Title: CHAIRMAN

SCHEDULE 1
PRINCIPAL TERMS OF THE SCHEME

In this Schedule 1, the following expressions shall have the following meanings:

"**Effective Date**"	the date on which the Court Order is filed with the Cayman Islands Register of Companies;
"**holder**"	a registered holder and includes any person(s) entitled by transmission;
"**New Autumn Shares**"	ordinary shares of USD2 each in the capital of Autumn to be issued to Relevant Holders pursuant to the Scheme;
"**New Spring Shares**"	the common shares of USD0.01 each in the capital of Spring to be issued to Autumn pursuant to the Scheme;
"**Order Date**"	the date on which the Court Order is made or, if later, the date on which the Court Order is expressed to take effect;
"**Relevant Holders**"	holders of Scheme Shares whose names appear in the register of members of Spring at the Scheme Record Time;
"**Scheme Record Time**"	6.00 p.m. (Oslo time) on the Effective Date;
"**Scheme Shares**"	all Spring Shares in issue at the Scheme Record Time;
"**Voting Record Time**"	[to tie in with voting record time for the Spring general meeting]
"**VPS**"	the Norwegian Central Securities Depository "Verdipapirsentralen").

1. Repurchase and Cancellation of Scheme Shares

Subject to paragraph 2, immediately after the Scheme Record Time:

(A) Spring shall cancel and extinguish all Scheme Shares (by way of a repurchase of such shares free from all liens, equities, charges, encumbrances and other interests, and cancellation of such shares);

(B) Spring shall apply the reserve arising as a result of the cancellation and extinguishment pursuant to paragraph 1(A) in paying up in full at par such

number of New Spring Shares as shall be equal to the number of Scheme Shares cancelled in accordance with paragraph 1(A) and shall allot and issue the same credited as fully paid and free from all liens, equities, charges, encumbrances and all other interests of any nature whatsoever, to Autumn in consideration for the allotment and issue of New Autumn Shares pursuant to paragraph 2.

2. Consideration

(A) Subject to and in consideration for the cancellation of the Scheme Shares pursuant to paragraph 1(A) and the issue and allotment of New Spring Shares to Autumn pursuant to paragraph 1(B), Autumn shall, subject to paragraphs 2(B) and 3(D), allot and issue New Autumn Shares credited as fully paid and free from all liens, equities, charges, encumbrances and all other interests, to and amongst the Relevant Holders on the following basis:

for each Scheme Share held at the Scheme Record Time	**1.065 New Autumn Shares**

PROVIDED that no fraction of a New Autumn Share shall be allotted to any holder of Scheme Shares, but all fractions to which, but for this proviso, holders of Scheme Shares would have been entitled shall be aggregated (the aggregated number of such fractions, being the "**Aggregated Fractional Number**") and sold in the market as soon as practicable following the Effective Date and the net proceeds of sale shall be paid to the holders of Scheme Shares entitled thereto in due proportions.

(B) If the aggregate number of New Autumn Shares to be allotted and issued to Relevant Holders under paragraph 2(A) together with the Aggregated Fractional Number (the "**No Cap Number**") would, but for this paragraph 2(B), be greater than 99.99% of the aggregate number of Autumn Shares in issue immediately prior to the Effective Time (the "**Maximum Issue Number**"), then such aggregate number of New Autumn Shares shall not be so allotted and issued and the Aggregate Fractional Number shall not be sold in the market but, instead, the Maximum Issue Number will be allotted and issued to and amongst the Relevant Holders, and each Relevant Holder shall receive the number of New Autumn Shares that they would have received under paragraph 2(A) (including any fractional entitlement) multiplied by the Maximum Issue Number and then divided by the No Cap Number, provided that no fraction of a New Autumn Share shall be allotted to any holder of Scheme Shares, but all fractions to which, but for this proviso, holders of Scheme Shares would have been entitled shall be aggregated and sold in the market as soon as practicable following the Effective Date and the net proceeds of sale shall be paid to the holders of Scheme Shares entitled thereto in due proportions. In addition, each Relevant Holder shall also be entitled to receive a cash sum to compensate them for the number of New Autumn Shares that, but for the application of this paragraph 2(B), they would otherwise have received under the Scheme. Autumn and Spring shall discuss in good faith the most appropriate manner in which to make such compensating cash payment in the event required.

3. Allotment and issue of New Autumn Shares

(A) The New Autumn Shares to be issued in accordance with paragraph 2 shall rank pari passu in all respects with all other Autumn Shares in issue at the Effective Time and shall rank in full for all dividends or distributions made, paid or declared after the Effective Time on the ordinary share capital of Autumn and shall be admitted to trading on the Oslo Stock Exchange.

(B) Immediately after the Scheme becomes effective, Autumn shall make all such allotments of and shall issue such Autumn Shares as are required to be issued to give effect to the Scheme to the persons respectively entitled thereto, such consideration to be settled as set out in sub-paragraph (C), but subject to sub-paragraph (D), of this paragraph 3.

(C) Settlement of the consideration shall be effected as follows:

(i) Autumn shall procure that the Registrar is instructed to credit the appropriate stock account in VPS of the Relevant Holder with such Relevant Holder's entitlement to New Autumn Shares.

(ii) Any cash which may be due in respect of fractional entitlements will be paid by the fourteenth day following the Effective Date.

(D) (i) If, in respect of any holder of Scheme Shares with a registered address in a jurisdiction outside Norway, Luxembourg, the Cayman Islands, the UK or the USA, Autumn is advised that the allotment and/or issue of New Autumn Shares in accordance with this paragraph 3 would or might infringe the laws of such jurisdiction or would or may require Autumn to observe any governmental or other consent or any registration, filing or other formality, with which Autumn is unable to comply or which Autumn and Spring agree is unduly onerous to comply with, Autumn may, in its sole discretion, either:

(a) determine that the New Autumn Shares shall not be allotted and/or issued to such holder but shall instead be allotted and issued to a nominee appointed by Autumn as bare trustee for such holder on terms that the nominee shall, as soon as practicable following the Effective Date, sell the New Autumn Shares so allotted and issued at the best price which can reasonably be obtained at the time of sale and account for the net proceeds of such sale (after the deduction of all expenses and commissions, including any amounts in respect of value added tax payable thereon) to such holder by the fourteenth day following the Effective Date. In the absence of bad faith or wilful default, none of Spring, Autumn or the nominee shall have any liability for any loss or damage arising as a result of the timing or terms of such sale; or

(b) determine that the New Autumn Shares shall be sold, in which event the New Autumn Shares shall be issued to such holder and Autumn shall appoint a person to act (and such person shall be authorised)

on behalf of such holder to procure that any shares in respect of which Autumn has made such determination shall as soon as practicable following the Effective Date be sold at the best price which can reasonably be obtained at the time of sale and the net proceeds of such sale (after the deduction of all expenses and commissions, including any amounts in respect of value added tax payable thereon) shall be paid to such holder by the fourteenth day following the Effective Date. To give effect to any such sale, the person so appointed shall be authorised on behalf of such holder to execute and deliver a form of transfer and to give such instructions and to do all other things which he may consider necessary or expedient in connection with such sale. In the absence of bad faith or wilful default, none of Spring, Autumn or the person so appointed shall have any liability for any loss or damage arising as a result of the timing or terms of such sale.

4. Mandated payments

Each mandate relating to the payment of dividends on any Scheme Shares and other instructions given to Spring by Relevant Holders in force at the Scheme Record Time shall, unless and until amended or revoked, be deemed as from the Effective Date to be an effective mandate or instruction to Autumn in respect of the corresponding New Autumn Shares to be allotted and issued pursuant to the Scheme.

5. Change of name of Autumn

Upon the transfer of the Scheme Shares to Autumn referred to in paragraph 1, Autumn shall change its name to "Subsea 7 S.A".

6. Operation of the Scheme

(A) The Scheme shall become effective upon the filing of the Court Order.

(B) Unless the Scheme shall become effective on or before 30 June 2011, or such later date, if any, as Spring and Autumn may agree and the Court may allow, the Scheme shall never become effective.

(C) Spring and Autumn may jointly consent on behalf of all persons concerned to any modification of or addition to the Scheme or to any condition which the Court may approve or impose.

7. Governing Law

The Scheme will be governed by Cayman law and will be subject to the jurisdiction of the Cayman courts.

SCHEDULE 2
AMENDED AND RESTATED AUTUMN ARTICLES

APPENDIX A
RELATIONSHIP AGREEMENT

Exhibit 9.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Subsea 7 S.A.'s Registration Statements File Nos. 333-124983 and 333-166574 on Form S-8 and File No. 333-86288 on Form F-3 and Form F-3/A of our reports relating to the consolidated financial statements of Subsea 7 S.A. and subsidiaries (the "Group") and the effectiveness of the Group's internal control over financial reporting dated February 23, 2011, appearing in this Annual Report on Form 20-F of the Group for the year ended November 30, 2010.

/s/ Deloitte LLP

Deloitte LLP
London, United Kingdom
February 23, 2011

Exhibit 12.1

CERTIFICATION

I, Jean P. Cahuzac, certify that:

1. I have reviewed this annual report on Form 20-F of Subsea 7 S.A.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: March 2, 2011

/s/ Jean P. Cahuzac

Jean P. Cahuzac
Chief Executive Officer

Exhibit 12.2

CERTIFICATION

I, Simon Crowe, certify that:

1. I have reviewed this annual report on Form 20-F of Subsea 7 S.A.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: March 2, 2011

/s/ Simon Crowe

Simon Crowe
Chief Financial Officer

Exhibit 13.1

CERTIFICATION

(pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002)

In connection with the Annual Report on Form 20-F for the fiscal year ended November 30, 2010 of Subsea 7 S.A. (the "Company") as filed with the U.S. Securities and Exchange Commission on the date hereof (the "Report") and pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Jean P. Cahuzac, Chief Executive Officer of the Company, certify, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 2,2011

/s/ Jean P. Cahuzac

Jean P. Cahuzac
Chief Executive Officer

Exhibit 13.2

CERTIFICATION

(pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002)

In connection with the Annual Report on Form 20-F for the fiscal year ended November 30, 2010 of Subsea 7 S.A. (the "Company") as filed with the U.S. Securities and Exchange Commission on the date hereof (the "Report") and pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Simon Crowe, Chief Financial Officer of the Company, certify, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 2, 2011

/s/ Simon Crowe

Simon Crowe
Chief Financial Officer

Exhibit 14.1

[LETTERHEAD OF ELVINGER, HOSS & PRUSSEN]

We hereby consent to being named and to the summarization of advice attributed to us in this Form 20-F of Subsea 7 S.A. for the fiscal year ended November 30, 2010.

By: /s/ Philippe Hoss
Philippe Hoss

Luxembourg, February 23, 2011

Exhibit 15.1

Management's Report on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) or 15d-15(f) promulgated under the Securities Exchange Act of 1934.

The Company's internal control over financial reporting is a process designed by, or under the supervision of, the Company's Chief Executive Officer and Chief Financial Officer, and effected by the Company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards. The Company's internal control over financial reporting includes those policies and procedures that: 1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company; 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with International Financial Reporting Standards ("IFRS"), and that receipts and expenditures of the Company are being made only in accordance with authorizations of the management and the directors of the company; and 3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on its consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company's management assessed the effectiveness of the Company's internal control over financial reporting as at November 30, 2010. In making this assessment, the Company's management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control—Integrated Framework.

Based on its assessment, management believes that, as at November 30, 2010, the Company's internal control over financial reporting is effective, based on those criteria.

Deloitte LLP, an independent registered public accounting firm, has audited the consolidated financial statements included in this annual report on Form 20-F and, as part of the audit, has issued a report, included herein, on the effectiveness of our internal control over financial reporting.

Date: February 23, 2011