



KONGSBERG

To the shareholders in Kongsberg Gruppen ASA

NOTIFICATION OF EXTRAORDINARY GENERAL MEETING

The Board of Directors notifies shareholders of an extraordinary general meeting of Kongsberg Gruppen ASA, org. no. 943 753 709 (the "Company").

Time: Friday, 2 November 2018 at 14:00 a.m.

Place: Thon Hotel Vika Atrium (Room "Aker"), Munkedamsveien 45, Oslo, Norway

In accordance with Section 5-12, first subsection, of the Norwegian Public Limited Liability Companies Act and article 8 of the Company's Articles of Association, the Extraordinary General Meeting will be opened and chaired by the Chair of the Board, Eivind Reiten.

The following items are on the agenda:

- 1. Approval of the notice and the agenda**
- 2. Election of a co-signer for the minutes**
- 3. Rights issue**

The Board of Directors proposes that the Extraordinary General Meeting resolves a share capital increase, by way of a fully underwritten rights issue, to raise gross proceeds of approximately NOK 5 billion (the "**Rights Issue**"). The Rights Issue is part of the financing of the Company's acquisition of Rolls-Royce Commercial Marine and the costs of integrating KONGSBERG and Rolls-Royce Commercial Marine.

Rolls-Royce Commercial Marine is a world leading technology business within maritime operations, and the acquisition will strengthen KONGSBERG's competitiveness in the global maritime industry. KONGSBERG and Rolls-Royce Commercial Marine are complementary in terms of products, solutions and competencies, and the acquisition is in line with the Company's ambitions of profitable growth as a global leading technology provider. The acquisition is expected to give KONGSBERG scale and additions to maintain and develop its global sales and service network, and enable the Company to provide better integrated and more efficient solutions to its customers. KONGSBERG expects annual run-rate cost synergies in excess of NOK 500 million through infrastructure optimization and streamlining, and a significant potential for revenue synergies through cross-sales, deliveries of integrated packages and services.

The consideration to be paid for Rolls-Royce Commercial Marine is based on an enterprise value of GBP 500 million (approximately NOK 5.3 billion) on a cash and debt free basis and with working capital at an agreed level. Completion of the acquisition is only subject to regulatory clearances being duly obtained and the acquisition is expected to be completed during the course of the first quarter or early in the second quarter of 2019. For further information on the acquisition of Rolls-Royce Commercial Marine, please see the Company's Information Memorandum published on 16 August 2018 (available at www.kongsberg.com).

Following the Parliamentary approval which was given on 9 October 2018, the Norwegian Government, represented by the Ministry of Trade, Industry and Fisheries, will vote their shares in favour of and participate in the Rights Issue on a pro rata basis (50.001%), subject to certain conditions. The 50% of the Rights Issue that does not relate to shares owned by the Norwegian Government is underwritten by a syndicate consisting of DNB Markets, a part of DNB Bank ASA ("**DNB**") and Danske Bank A/S, Norwegian Branch ("**Danske Bank**" and, together with DNB, the "**Bank Underwriters**") and pre-committing shareholders listed in an appendix hereto (the "**Pre-committing Shareholders**") pursuant to an underwriting agreement dated 5 July 2018. On the terms and conditions set out in the underwriting agreement, the Pre-committing Shareholders have undertaken to vote their shares in favour of the Rights Issue and to subscribe for their pro-rata share of the Rights Issue at the first day of the subscription period, while the Bank Underwriters have undertaken to subscribe for shares that otherwise remain unsubscribed at the expiry of the subscription period. Arctic Securities AS, DNB and Danske Bank are acting as Joint Global Coordinators for the Rights Issue.

The subscription price for the new shares to be issued in the Rights Issue, the number of new shares and the amount of the share capital increase (the "**Subscription Price Elements**") will be determined by the Board of Directors, based on recommendations from the Joint Global Coordinators, prior to the Extraordinary General Meeting. The Board of Directors' resolution with respect to the Subscription Price Elements will be announced through a stock exchange announcement prior to the Extraordinary General Meeting and the Subscription Price Elements will then be reflected in the proposed resolution of the Extraordinary General Meeting.

A prospectus that shall be approved by the Norwegian Financial Supervisory Authority will be prepared in connection with the Right Issue. The prospectus will be published prior to the subscription period and will form the basis for the subscription in the Right Issue. Provided that the prospectus is approved by the Norwegian Financial Supervisory Authority in due time, the subscription period for the Rights Issue will commence on 7 November 2018 and expire on 21 November 2018 at 16:30 hours (CET). In the event that the prospectus is not approved in time to uphold this subscription period, the subscription period will commence on the third trading day on the Oslo Stock Exchange following the approval and expire at 16:30 hours (CET) two weeks thereafter.

Pursuant to Section 10-4 of the Norwegian Public Limited Liability Companies Act, the shareholders of the Company at the date of the Extraordinary General Meeting have a preferential right to subscribe for and be allocated the new shares in proportion to the number of shares in the Company which they own as of that date, and will according to the Board's proposal receive subscription rights proportionate to their existing shareholding as registered in the Company's shareholder register at the expiry of 6 November 2018. Provided that a purchase of shares is made with ordinary T+2 settlement, the shares purchased up to and including 2 November 2018 will give the right to receive subscription rights, whereas shares purchased from and including 5 November 2018, will not give the right to receive subscription rights. The subscription rights will be tradable and listed on the Oslo Stock Exchange from the commencement of the subscription period and until 16:30 (Oslo time) two trading days prior to the end of the subscription period. Over-subscription and subscription without subscription rights will be permitted.

On this background, the Board of Directors proposes that the General Meeting adopts the following resolution, with the specification of the Subscription Price Elements in items (i), (ii) and (x) as accounted for above:

- i. The share capital is increased with minimum NOK 31,250,000 and maximum 125,000,000 by issuance of minimum 25,000,000 and maximum 100,000,000 new shares, each with a nominal value of NOK 1.25, raising gross proceeds of approximately NOK 5 billion.*
- ii. The Board of Directors shall determine the subscription price within a lower limit of NOK 50 and an upper limit of NOK 200 per share.*
- iii. Shareholders of the Company as of 2 November 2018 as registered as such in the Company's shareholders' register in Norwegian Central Securities Depository (the "VPS") on 6 November 2018 (the "Record Date") (pursuant to the two days' settlement procedure of VPS) shall have preferential right to subscribe for and be allocated the new shares in proportion to their shareholding in the Company, cf. Section 10-4 (1) of the Norwegian Public Limited Liability Companies Act.*
- iv. Tradeable subscription rights will be issued and the subscription rights shall be registered in the Norwegian Central Securities Depository (VPS). Subscription rights will not be issued for shares held in treasury by the Company. The subscription rights shall be tradable from commencement of the subscription period and until 16:30 (Oslo time) two trading days prior to the end of the subscription period. Over-subscription and subscription without subscription rights is permitted.*
- v. The Company shall prepare a prospectus that shall be approved by the Norwegian Financial Supervisory Authority in connection with the rights issue. Unless the Board of Directors decides otherwise, the prospectus shall not be registered with or approved by any foreign prospectus authority. The new shares may not be subscribed for by investors in jurisdictions where such subscription is not permitted or to whom the new shares cannot lawfully be offered. The Company, or anyone appointed or instructed by the Company, shall have the right (but no obligation), for shareholders who in the Company's opinion are not entitled to subscribe for new shares due to limitations set out in law or other regulations in the jurisdiction where the shareholder is resident or a citizen, to sell the relevant shareholder's subscription rights against transfer of the net proceeds from the sale to the shareholder.*

- vi. *The subscription period shall commence on 7 November 2018 and expire at 16:30 hours (CET) on 21 November 2018. The subscription period may not be shortened, but the board of directors may extend the subscription period if this is required by law due to the publication of a supplement to the prospectus. If the prospectus is not approved in time to uphold this subscription period, the subscription period shall commence on the third trading day on the Oslo Stock Exchange following the approval and expire at 16:30 hours (CET) two weeks thereafter. Subscription for shares shall be made on a separate subscription form prior to the expiry of the subscription period.*
- vii. *The subscription amount shall be paid in cash. Payment for the new shares shall be made on or prior to 26 November 2018, or the fourth trading day on the Oslo Stock Exchange after the expiry of the subscription period if the subscription period is postponed according to subparagraph (vi) above. Subscribers who have a Norwegian bank account must, and will by signing the subscription form, provide a one-time irrevocable authorisation to debit a specified Norwegian bank account for the amount payable for the shares which are allocated to the subscriber. The allocated amount will be debited from the specified bank account on or around the payment date. Subscribers who do not have a Norwegian bank account must ensure that payment with cleared funds for the new shares allocated to them is received on or before the payment date.*
- viii. *The new shares shall be allocated by the Board. The following allocation criteria shall apply:*
 - a) *Allocation of shares to subscribers will be made in accordance with granted and acquired subscription rights which have been validly exercised during the subscription period. Each subscription right will give the right to subscribe for and be allocated one (1) new share.*
 - b) *If not all subscription rights are validly exercised, subscribers having exercised their subscription rights and who have over-subscribed, will be allocated additional new shares on a pro rata basis based on the number of subscription rights exercised by each such subscriber. To the extent that pro rata allocation is not possible, the Company will determine the allocation by the drawing of lots.*
 - c) *New shares not allocated pursuant to a) and b) above will be allocated to subscribers not holding subscription rights. Allocation will be sought made on a pro rata basis based on the relevant subscription amounts.*
- ix. *The new shares will carry rights in the Company, including the right to dividend, from the time of registration of the share capital increase with the Norwegian Register of Business Enterprises.*
- x. *Section 4 of the Company's Articles of Association is amended to reflect the new share capital and the new number of shares following the share capital increase.*
- xi. *Shares which have not been subscribed by and allocated to other subscribers in the rights issue at the end of the subscription period shall be allocated pro rata to DNB Markets, a part of DNB Bank ASA and Danske Bank A/S, Norwegian Branch (together the "**Bank Underwriters**"), who have committed themselves to subscribe for shares for an aggregate amount of up to NOK 1,503,717,334, subject to (i) subscription by the Ministry of Trade, Industry and Fisheries of at least the number of offer shares covered by the subscription rights allocated to it based on its 50.001% shareholding, and subscription by the Pre-committing Shareholders for at least NOK 996,215,999, (ii) the absence of a material adverse change that is not disclosed by the Company on or prior to the date of the prospectus and (iii) other customary conditions. Such shares shall be subscribed by said underwriters within four trading days after expiry of the subscription period. The Bank Underwriters have a pro rata liability (50/50), and each Bank Underwriter's liability is limited to NOK 751,858,667.*
- xii. *The costs payable by the Company in connection with the share capital increase are provisionally estimated to be between NOK 55 million and NOK 65 million, including a commission of 1.2% of the underwritten and pre-committed amounts.*

Other than the above background information, information disclosed in the Company's stock exchange announcement published on 6 July 2018 and the Information Memorandum published on 16 August 2018, and the information and news communicated by the Company to the market in ordinary course through the Oslo Stock Exchange's information system and on the Company's web page (www.kongsberg.com), no circumstances of significant importance to the Company have occurred after 31 December 2017.

A further description of the Rights Issue and of other circumstances that must be considered upon subscription of shares in the Rights Issue will be included in a separate prospectus for the Rights Issue, which will be published no later than at the commencement of the subscription period and that will comprise the subscription material for the offering.

The Company's latest annual report including the financial statements and the auditor's report are available for review at the Company's office and are also available at www.kongsberg.com.

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On the date of notification, Kongsberg Gruppen ASA had 120 million shares issued. Each share gives right to one vote at the General Meeting. On the date of this notification, the Company owned 19,869 own shares, which cannot be voted. All shareholders are entitled to attend the General Meeting and to be heard, either personally or by proxy. Shareholders are entitled to be accompanied by an adviser, and may grant the right to speak to one adviser. Shareholders have on certain conditions, also the right to make alternative proposals to the decision in the Items the General Meeting shall process. Shareholders may require that Board members and the Managing Director at the General Meeting gives available information about conditions that may influence the assessment of Items that are referred to the shareholders for decision. The same applies to information about the Company's financial position and other issues that the General Meeting shall process, unless the information required cannot be given without disproportionately damaging to the Company.

Information relating to the Extraordinary General Meeting, including this notice with attachments and the Company's Articles of Association, are available on the Company's web page www.kongsberg.com.

If you want to attend the Extraordinary General Meeting, please submit the attendee slip to

Kongsberg Gruppen ASA c/o DNB Bank ASA, Securities Service, P.O. Box 1600 Sentrum, NO-0021 OSLO, or to e-mail genf@dnb.no by **12 noon on Wednesday 31 October 2018 at the latest**. Register of attendance can also be made on Kongsberg Gruppen ASA's web page www.kongsberg.com (or through Investor Services).

Shareholders who wish to participate by proxy **have to** submit the enclosed authorization slip to **Kongsberg Gruppen ASA** c/o DNB Bank ASA, Securities Service, P.O. Box 1600 Sentrum, NO-0021 OSLO, or on e-mail genf@dnb.no. The proxy form has to be received by DNB Bank ASA, Securities Service, within **Wednesday 31 October 2018 at 12.00**. Alternatively, the shareholder may provide its authorized person with a written, dated and signed proxy to be presented by the authorised person at the Extraordinary General Meeting.

Authorization to represent the shareholder may be granted to the Chair of the Board Eivind K. Reiten or another representative of the Company designated by the shareholder. **The Company's representatives will only accept authorizations that include instructions on how the proxy shall vote for each Item, and which are received within the said time limit.** Authorization may **only** be granted as described before (not via the Investor Services or the Company's web page). *An authorization issued electronic (and thus without voice instructions) will be rejected/deleted.*

Shareholders who hold their shares in a nominee account in the VPS and who would like to cast votes for such shares, must transfer the shares to a **VPS account in their own name and ensure that this is registered in the VPS before 18:00 PM on Tuesday 30 October 2018** to be able to cast votes for such shares.

Kongsberg, 12 October 2018
For the Board of Directors of Kongsberg Gruppen ASA



Eivind K. Reiten
Chair of the Board

Appendices:

Registration form and proxy form are enclosed. The registration form and the proxy form are also available at the Company's website www.kongsberg.com.

An overview of the underwriters and pre committing shareholders is enclosed.