

Securities Note
Dated August 8, 2013

EM Falcon Limited

(a private limited company incorporated under the laws of Ireland)

Series 2013-02

U.S.\$82,812,295 Class A Pass-through Notes due 2022 (the “**Class A Notes**”) and
U.S.\$1,190,997,673 Class B Pass-through Notes due 2022 (the “**Class B Notes**” and,
together with the Class A Notes, the “**Notes**”)

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”). THE NOTES MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED ONLY OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS IN RELIANCE ON REGULATION S UNDER THE SECURITIES ACT (“**REGULATION S**”).

This Securities Note (this “**Securities Note**”) is prepared in connection with the Note Issuance Program of EM Falcon Limited (the “**Issuer**”) and must be read in conjunction with the Registration Document dated May 17, 2013 (the “**Registration Document**” and, together with this Securities Note, the “**Prospectus**” or the “**Placement Memorandum**”), issued by the Issuer. Terms used but not defined in this Securities Note have the same meanings as in the Registration Document. The Registration Document is incorporated by reference into this Securities Note.

This Securities Note has been prepared for the purpose of giving information about the issue of the Notes.

This Securities Note has been approved by the Central Bank of Ireland (the “**Central Bank**”) as competent authority under the Prospectus Directive 2003/71/EC (the “**Prospectus Directive**”). The Central Bank only approves this Securities Note as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Such approval relates only to the Notes which are to be admitted to a regulated market for the purposes of Directive 2004/39/EC or which are to be offered to the public in any Member State of the European Economic Area (EEA). This document constitutes a Securities Note for the purposes of the Prospectus Directive as implemented in Ireland by the Prospectus (Directive 2003/71/EC) Regulations 2005 (the “**Prospectus Regulations**”) and this Securities Note and the Registration Document together constitute a “prospectus” for the purposes of the Prospectus Directive and the Prospectus Regulations.

Application has been made to the Irish Stock Exchange (the “**Irish Stock Exchange**”) for the Notes to be admitted to the Official List and trading on its regulated market (the “**Regulated Market**”). The Regulated Market is a “regulated market” for the purposes of Directive 2004/39/EC.

The Notes offered hereby are issued pursuant to the Series 2013-02 Indenture described herein (as supplemented, the “**Indenture**”) among The Bank of New York Mellon as trustee (the “**Trustee**”), the Issuer and the other parties thereto.

The secured assets relating to the Notes will be referred to herein as the “**Charged Assets**”. The holders of the Notes (the “**Holders**”) will have recourse only to the Charged Assets. The Charged Assets will primarily consist of (i) the Reference Assets described herein, (ii) the Issuer’s rights under the other agreements (other than the Indenture) entered into in connection with the issuance of the Notes, (iii) any Permitted Investments purchased by the Issuer, (iv) the Collection Account, (v) certain property incidental thereto, and (vi) the proceeds of the foregoing. See “The Charged Assets” herein. Class A Notes and Class B Notes will rank *pari passu* in priority of payments.

The Notes will be issued in Book-Entry form and will be represented by one or more Global Notes in registered form. The Notes will initially be represented by a Global Note registered in the name of the nominee of a common depositary for Euroclear and Clearstream.

The Notes have not been and will not be registered under the Securities Act. The Notes may not be offered or sold within the United States or to U.S. persons at any time.

The Notes will not be rated upon issuance.

Neither this Securities Note nor the Registration Document shall constitute a prospectus for purposes of the Securities Act. Neither this Securities Note nor the Registration Document are an offering to the public in the United States, and the offering and sale of the Notes pursuant to this Securities Note and the Registration Document shall be subject to the transfer restrictions set forth herein and therein.

The Issuer accepts responsibility for all the information contained in this Securities Note and, to the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in this Securities Note is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Reference Assets Issuer accepts responsibility solely for the information set forth under the heading “The Reference Assets Issuer” in Annex A of this Securities Note (the “**Third Party Information**”). To the best knowledge and belief of the Reference Assets Issuer, such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Issuer has only made very limited enquiries with regards to the accuracy and completeness of the Third Party Information. The Third Party Information has been provided by the Reference Assets Issuer and, so far as the Issuer is aware, no facts have been omitted which would render the Third Party Information inaccurate or misleading. Prospective investors in the Notes should not rely upon, and should make their own independent investigations and enquires in respect of, the accuracy and completeness of the Third Party Information.

This Securities Note, as approved by the Central Bank, will be filed with the Irish Companies Registration Office in accordance with Regulation 38 (1)(b) of the Prospectus Regulations. The Issuer is not and will not be regulated by the Central Bank as a result of issuing the Notes. Any investment in the Notes does not have the status of a bank deposit and is not within the scope of the deposit protection scheme operated by the Central Bank.

MORGAN STANLEY

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RISK FACTORS

The risk factors below must be read in conjunction with the risk factors set forth in the Registration Document. To the extent any provision in this Securities Note is inconsistent with the Registration Document, the provisions in this Securities Note shall control.

Ratings on the Notes

The Issuer does not intend to apply for the Notes to be rated upon issuance. Although the Issuer does not intend to apply for the Notes to be rated, there can be no assurance as to whether any rating agency will nonetheless issue an unsolicited rating and, if so, what such rating would be or how such rating would effect investors' perception of the Notes' value.

Public Information About the Reference Assets Issuer

Prospective purchasers of the Notes are urged to undertake their own investigation of the Reference Assets Issuer. Neither the Issuer nor any Morgan Stanley entity will provide to any prospective Holder any information about the Reference Assets Issuer other than what is set forth herein. The information concerning the Reference Assets Issuer herein has been provided by the Reference Assets Issuer, and has not been independently verified by the Issuer, the Distributor, any other Morgan Stanley entity, the Trustee or anyone else in connection with the issuance of the Notes.

Market Value Risk with respect to the Reference Assets

In addition to the credit risk with respect to the Reference Assets, holders of the Notes will be exposed to market value risk with respect to the Reference Assets. If an Early Redemption Event or an Indenture Event of Default occurs, the Issuer's sole source of funds for redeeming the Notes in cash (and not by physical delivery) will be the redemption proceeds or, as the case may be, liquidation proceeds of the Reference Assets. In the case of a liquidation of the Reference Assets, if the Issuer cannot sell the Reference Assets for a price at least equal to the Principal Balance plus an amount equal to all claims which rank in priority to the claims of the Holders of the Notes in accordance with the Priority of Payments, the amount received by the Holders of the Notes will be reduced to reflect the Issuer's shortfall.

Holders Should Seek Independent Advice before Purchasing the Notes

By its purchase of a Note, each Holder represents that it has sought independent legal, regulatory, tax, business, investment, financial and accounting advice to the extent it deems such advice necessary in evaluating and understanding all the conditions and the risks of such Note, and it is willing to assume (financially and otherwise) all such risks.

Notes May be Redeemed at Less Than 100% of Principal if Redeemed Early; Physical Delivery is the Settlement Mechanism if the Settlement Conditions are Satisfied

If the Notes are, for any reason, redeemed prior to the Scheduled Maturity Date, Holders will receive either Reference Assets or U.S. dollars, as more fully described herein. In each case the Holder may face delays in receipt or payment. The Early Redemption Amount is calculated by reference to amounts received by the Issuer as holder of the Reference Assets. The Liquidation Proceeds Amount is the amount received on disposal of the Reference Assets, and is accordingly liable to be affected by market conditions. The Early Redemption Amount and the Liquidation Proceeds Amount may, depending on the circumstances and as further described herein, be payable via physical delivery of the Reference Assets or in U.S. dollars, depending on whether certain Settlement Conditions are satisfied. In addition, any amounts payable or deliverable will be reduced by amounts ranking prior to the Holders in the Priority of Payments.

If a Reference Assets Default (other than a Reference Assets Default caused by the insolvency or bankruptcy of the Reference Assets Issuer) occurs prior to the Maturity Date, or a Tax Redemption Event or Indenture Event of Default (other than a Reference Assets Default) has occurred, the Holder will receive, subject to deduction of an amount equal to all claims which rank in priority to such Holder in accordance with the Priority of Payments, either (i) subject to the Settlement Conditions being satisfied for Physical Delivery, such Holder's pro rata share of outstanding Reference Assets or (ii) if the Settlement Conditions for Physical Delivery are not satisfied, an amount equal to such Holder's pro rata share of the Liquidation Proceeds Amount. In some circumstances, the Liquidation Proceeds Amount might be zero.

Notes May be Redeemed Early if an Early Redemption Event or Indenture Event of Default Occurs

The Notes will be redeemed prior to the Maturity Date in the event that (i) an Early Redemption Event occurs prior to such date or (ii) an Indenture Event of Default occurs prior to such date and the Holder opts to have its Notes redeemed early. On redemption of the Notes in these circumstances, Holders may not be repaid the full amount of their investment in the Notes. See “Notes May be Redeemed at Less Than 100% of Principal if Redeemed Early” above.

Action or lack of action taken by the Cayman Islands government, which is the jurisdiction of the Reference Assets Issuer, and changes in political, economic or social conditions in the Cayman Islands could lead to the occurrence of an Early Redemption Event which would affect the rights of the Holders to receive payments in respect of Notes in U.S. dollars and would affect the market conditions and price of the Reference Assets.

Reference Assets Issuer Credit Risk

The ability of the Issuer to make payments on the Notes in a timely manner or at all is conditional on the actual receipt by the Issuer of corresponding payments of interest, principal and swap payments from the Reference Assets Issuer in accordance with the terms of the Reference Assets. A default by the Reference Assets Issuer on its payment obligations under the Reference Assets may result in a Holder of Notes receiving less interest or principal payments than the respective amounts provided for in such Notes, or no payment at all, and/or receiving any such payments later than the anticipated date for payment. In addition, a reduction in the creditworthiness of the Reference Assets Issuer or its default on other obligations outstanding may adversely impact the value of the Notes.

Neither the Trustee nor the Calculation Agent or any Other Agent will Monitor the Reference Assets Issuer Credit Risk or Compliance with the Terms of the Reference Assets

Neither the Trustee nor the Calculation Agent or any other Agent will monitor compliance by the Reference Assets Issuer with the terms of the Reference Assets. The terms of the Reference Assets provide for reporting by the Reference Assets Issuer to the Issuer (with a copy to the Trustee) of the occurrence of an actual or potential event of default or termination event thereunder, but there can be no assurance that the Reference Assets Issuer will self-report as required. Therefore, neither the Trustee nor the Calculation Agent or any other Agent will be aware of any actual or potential event of default or termination event unless specifically notified of it in writing by the Reference Assets Issuer, the Issuer or a Holder. As a result, the consequences of such an event occurring, including an Early Redemption Event, may be delayed until such time as notification of such event has been received by the Trustee.

No Compensation for a Period Over Which a Payment Date or the Maturity Date is Extended Beyond a Scheduled Payment Date or Scheduled Maturity Date

As specified under “Reference Assets Issuer Credit Risk” above, a failure by the Reference Assets Issuer to timely make its payment obligations under the Reference Assets will result in a delay of payment to the Holders. Therefore, a Payment Date and/or the Maturity Date may be extended beyond the scheduled Payment Date and/or the Scheduled Maturity Date. In any such case, no further interest will accrue on the Notes as a result of any such extension other than any such additional amounts that are actually received by the Issuer from the Reference Assets Issuer in accordance with the terms of the Reference Assets.

Risk Related to Failure to Maintain a Valid Security Interest in the Charged Assets

The Trustee’s security interest in the Charged Assets may depend on timely and properly filing recordings, filings or registrations in Ireland or the United States that evidence such security interest. Such recordings, filings or registrations may need to be made on a periodic basis in order to maintain the validity of the Trustee’s security interest. The Trustee takes no responsibility for effecting or monitoring these recordings, filings or registrations. A failure by the Issuer to maintain the validity of the Trustee’s security interest in the Charged Assets may adversely affect the amount that the Holders receive in the event of liquidation, delivery or redemption of the Reference Assets.

THE NOTES

Series	2013-02
Specified Currency	U.S. dollars
Initial Principal Balance of Class A Notes	U.S.\$82,812,295
Principal Balance of Class A Notes	An amount determined on any date as follows: (i) the Initial Principal Balance of the Class A Notes; minus (ii) the aggregate amount of reductions in connection with Principal Reduction Amounts applied to the Principal Balance of the Class A Notes on or before such date of determination.
Principal Reduction Amount of Class A Notes	In respect of each Principal Reduction Date for the Class A Notes, an amount equal to U.S.\$2,957,582 (pari passu with the Principal Reduction Amount of the Class B Notes), subject to the Issuer having actually received sufficient payments from the Reference Assets Issuer in respect of the Reference Assets.
Scheduled Maturity Date of Class A Notes	September 12, 2022.
Initial Principal Balance of Class B Notes	U.S.\$1,190,997,673
Principal Balance of Class B Notes	An amount determined on any date as follows: (i) the Initial Principal Balance of the Class B Notes; minus (ii) the aggregate amount of reductions in connection with Principal Reduction Amounts applied to the Principal Balance of the Class B Notes on or before such date of determination.
Principal Reduction Amount of Class B Notes	In respect of each Principal Reduction Date for the Class B Notes, an amount equal to the U.S. dollar amount listed in Annex B (pari passu with the Principal Reduction Amount of the Class A Notes), subject to the Issuer having actually received sufficient payments from the Reference Assets Issuer in respect of the Reference Assets.
Scheduled Maturity Date of Class B Notes	September 12, 2022.

Maturity Date	Subject to the occurrence of an Early Redemption Event or an Indenture Event of Default, the later of (a) in the case of the Class A Notes, the Scheduled Maturity Date of the Class A Notes and for the Class B Notes, the Scheduled Maturity Date of the Class B Notes and (b) the day falling one Business Day after the date on which the Issuer has actually received all amounts of interest, principal and swap payments payable to it by the Reference Assets Issuer in accordance with the terms of the Reference Assets.
Reference Assets	<p>The following are the Reference Assets (as they are expected to be on the Issue Date following the issue of the Notes and the purchase of the Reference Assets):</p> <p>(i) U.S.\$875,559,175 principal amount outstanding under a Credit Facility Agreement originally dated December 14, 2010 between Odebrecht Oil Services Ltd. as substitute borrower and the Issuer as new lender (the “OOSL I Credit Agreement”);</p> <p>(ii) U.S.\$875,559,175 aggregate notional amount under 36 interest rate swaps between Odebrecht Oil Services Ltd. and the Issuer (the “OOSL I Swaps”);</p> <p>(iii) U.S.\$302,277,186 principal amount outstanding under a Credit Facility Agreement originally dated January 30, 2008, as amended and restated on June 26, 2012, between Odebrecht Oil Services Ltd. as substitute borrower and the Issuer as new lender (the “OOSL Six Credit Agreement” and together with the OOSL I Credit Agreement, the “OOSL Credit Agreements”); and</p> <p>(iv) U.S.\$302,277,186 aggregate notional amount under 8 interest rate swaps between Odebrecht Oil Services Ltd. and the Issuer (the “OOSL Six Swaps” and together with the OOSL I Swaps, the “OOSL Swaps”).</p>
Reference Assets Issuer	<p>Odebrecht Oil Services Ltd. (“OOSL”), incorporated as a limited company in the Cayman Islands.</p> <p>Further information regarding the Reference Assets Issuer can be found under “The Charged Assets” and Annex A below.</p>
Reference Assets Maturity Date	For the OOSL I Credit Agreement, September 12, 2022, for the OOSL I Swaps, September 12, 2022, for the OOSL Six Credit Agreement, April 28, 2017, for the OOSL Six Swaps, April 28, 2017.
Pricing Date	August 6, 2013
Issue Date and Closing Date	<p>Closing Date: August 7, 2013</p> <p>Issue Date: August 7, 2013</p>
Issue Price	Class A Notes: 100% plus accrued interest at the fixed

	<p>rate specified under “Interest Rate” below from and including the most recent interest payment dates under the Reference Assets to but excluding the Issue Date.</p> <p>Class B Notes: 100% plus accrued interest at the blended interest rate applicable to the Reference Assets (less the accrued interest at the fixed rate applicable to the Class A Notes) from and including the most recent interest payment dates thereunder to but excluding the Issue Date.</p>
Interest Rate	<p>The Notes are pass-through Notes, and therefore the provisions relating to the determination of interest set out in the Registration Document shall not apply. See “Distribution Amount” below for payment of the Distribution Amount.</p> <p>The interest rate on the Class A Notes is 4.00% per annum.</p> <p>The interest rate on the Class B Notes for all interest periods other than the final interest period is 4.2744% per annum, which is a blended rate corresponding to the expected interest rates for the Reference Assets after payment of interest on the Class A Notes and taking into account the Principal Reduction Amounts. The interest rate on the Class B Notes for the final interest period will be zero.</p> <p>All computations of interest shall be made on the basis of a 360-day year and the actual number of days elapsed.</p> <p>Payments of interest rank pari passu between Class A Notes and Class B Notes. If there are insufficient payments from the Reference Assets Issuer in respect of the Reference Assets to fund the interest payments in full on a Distribution Amount Payment Date, the amounts available will be applied in proportion to the amounts due and payable on such Distribution Amount Payment Date on each Class of Notes.</p> <p>However, as described further in “Conditions to Payment”, the Issuer shall not be obliged to make any payment to Holders under the Notes unless and until it has actually received a corresponding payment from the Reference Assets Issuer in respect of the Reference Assets.</p>
Interest Payment Date	<p>Each Distribution Amount Payment Date in each year, commencing on September 30, 2013 for the period from and including the last business day in March 2013 to but excluding September 30, 2013 and ending on September 12, 2022 and on which a payment corresponding to a payment of interest or a swap payment on the Reference Assets is made.</p>
Distribution Amount	<p>Each Distribution Amount will be paid on the applicable Distribution Amount Payment Date. For</p>

	<p>purposes hereof, “Distribution Amount” means each payment or distribution of any kind (including of principal, interest, swap payments, fees, penalties, rights or property of any type) actually received by the Issuer from the Reference Assets Issuer in respect of the Reference Assets and to be applied to payments under the Indenture (and not already so applied). The Distribution Amount shall include any payment or distribution of any kind with respect to any distribution relating to the Reference Assets’ interest periods (if any) that commenced immediately prior to the Issue Date. The Distribution Amounts will be paid in U.S. dollars.</p> <p>There shall be no further Distribution Amounts payable or deliverable in relation to any payment or distribution of any kind (including of principal, interest, fees, penalties, rights or property of any type) which is made in respect of the Reference Assets after the Maturity Date.</p>
Distribution Amount Payment Date	<p>The dates set out under “Distribution Amount Payment Dates” in Annex B, provided that the funds are received in the Collection Account prior to 11.00am New York time on the relevant Distribution Amount Payment Date, failing which the Distribution Amount Payment Date will be the next following Business Day. These dates are the same as the Reference Assets Distribution Dates.</p> <p>For purposes hereof, each Distribution Amount Payment Date corresponding to a payment of interest or a swap payment on the Reference Assets shall be deemed to be an Interest Payment Date, and each Distribution Amount Payment Date corresponding to a payment of principal or other amount (other than interest or swap payments) on the Reference Assets shall be deemed to be a Principal Payment Date.</p> <p>There shall be no further Distribution Amounts payable or deliverable in relation to each payment or distribution of any kind (including of principal, interest, fees, penalties, rights or property of any type) which is made in respect of the Reference Assets occurring after the Maturity Date.</p>
Reference Assets Distribution Date	<p>Each date upon which the Issuer actually receives each payment of interest, principal or swap payment or any distribution of any kind (including of interest, swap payments, fees, penalties, rights or property of any type) from the Reference Assets Issuer in respect of the Reference Assets and to be applied to payments under the Indenture. The expected Reference Assets Distribution Dates are set out in Annex B.</p>
Permitted Investments	<p>Pending payment to the Holders of amounts received</p>

	<p>from the Reference Assets Issuer, the Trustee will, at the written instruction of 100% of the Holders and provided the period between receipt of such written instruction and the immediately succeeding Distribution Amount Payment Date is at least five Business Days, invest such amounts in Permitted Investments maturing on or before such immediately succeeding Distribution Amount Payment Date.</p>
Reference Assets Liquidation Distribution Date	<p>Each date upon which the Issuer actually receives any Liquidation Proceeds Amount, early repayment, prepayment or termination proceeds or other similar amounts in connection with the liquidation, repayment or termination of any of the Charged Assets.</p>
Expected Principal Reduction Amounts	<p>The Issuer expects the principal on the Reference Assets to be repaid in installments on each Reference Assets Distribution Date.</p> <p>The Class A Notes are expected to amortize in 28 equal installments of U.S.\$2,957,582 each during their term payable on each Principal Reduction Date for the Class A Notes.</p> <p>The Class B Notes are expected to amortize during their term in 28 installments of the amount set out under “Principal Reduction Amounts” in Annex B.</p> <p>Payments of Principal Reduction Amounts rank pari passu between Class A Notes and Class B Notes. If there are insufficient payments from the Reference Assets Issuer in respect of the Reference Assets to fund the Principal Reduction Amounts in full on a Distribution Amount Payment Date, the amounts available will be applied in proportion to the amounts due and payable on such Distribution Amount Payment Date on each Class of Notes.</p> <p>However, as described further in “Conditions to Payment”, the Issuer shall not be obliged to make any payment to Holders under the Notes unless and until it has actually received a corresponding payment from the Reference Assets Issuer in respect of the Reference Assets.</p>
Early Redemption Events	<p>The occurrence of any of the following events, as determined by the Calculation Agent, will constitute an Early Redemption Event:</p> <ul style="list-style-type: none"> (i) a Tax Redemption Event; or (ii) a Reference Assets Default; or (iii) a Reference Assets Early Redemption. <p>The Notes will be subject to early redemption by the Issuer following an Early Redemption Event, as described under “Payments on or after the Maturity</p>

	Date and upon an Early Redemption Event”.
Deferred Interest	N/A
Form of Securities	Regulation S Global
Type of Note	Fixed Rate
Minimum Denomination (Integral Multiples)	U.S.\$1,000,000 and Integral Multiples of U.S.\$1,000 thereafter.
Initial Rating	None
Holdover	N/A
ISIN	XS0944225159 for Class A Notes XS0944225233 for Class B Notes
Common Code	094422515 for Class A Notes 094422523 for Class B Notes

APPLICABLE SUPPLEMENT

This Securities Note must be read in conjunction with the Registration Document. To the extent any provision in this Securities Note is inconsistent with the Registration Document, the provisions in this Securities Note shall control. **The description of the Notes contained in this Securities Note does not purport to be, and is not, complete. In addition to this Securities Note and the Registration Document, prospective purchasers should review the Indenture, the terms of the Reference Assets and the terms of any other Charged Assets in making their decision to purchase any Notes.**

Notes	<p>The U.S.\$82,812,295 Class A Pass-through Notes due 2022 (the “Class A Notes”) and the U.S.\$1,190,997,673 Class B Pass-through Notes due 2022 (the “Class B Notes” and, together with the Class A Notes, the “Notes”), each of Series 2013-02, to be issued by the Issuer pursuant to the Indenture.</p> <p>The Notes shall comprise two “Classes” as defined in the Registration Document: Class A Notes and Class B Notes.</p>
Issuer.....	EM Falcon Limited
Charged Assets	<p>All the Issuer’s estate, right, title and interest in, to and under, in each case, whether now owned or existing, or hereafter acquired or arising:</p> <ul style="list-style-type: none"> (a) the Reference Assets; (b) the other transaction documents relating to the Notes (other than the Indenture); (c) the Collection Account and the related accounts established to hold the Permitted Investments, including all assets, investments and other amounts held in such accounts; (d) any Permitted Investments purchased by, or on behalf of, the Issuer; (e) all present and continuing right, power and authority of the Issuer, in the name and on behalf of the Issuer, as agent and attorney-in-fact, or otherwise, to make claim for and demand performance on, under or pursuant to any of the foregoing, to bring actions and proceedings thereunder or for the specific or other enforcement thereof, or with respect thereto, to make all waivers and agreements, to grant or refuse requests, to give or withhold notices, and to exercise all rights, remedies, powers, privileges and options, to grant or withhold consents and approvals and do any and all things and exercise all other discretionary rights, options, privileges or benefits which the Issuer is or may become entitled to do with respect to the foregoing; and (f) all proceeds, interest, income, profits or gains with respect to cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the foregoing.

The Charged Assets will provide the sole source of funds for payments in respect of the Notes.

Reference Assets.....	<p>The following are the Reference Assets:</p> <p>(i) U.S.\$875,559,175 principal amount outstanding under a Credit Facility Agreement originally dated December 14, 2010 originally between ODN I GmbH as borrower, HSBC Bank USA, National Association as administrative agent and collateral trustee, Eksportfinans ASA as lender and various other financial institutions named therein as lenders, as amended on March 28, 2012 and as further amended, novated and restated by a Deed of Amendment and Restatement, Release and Novation dated on or about the Issue Date and, as a result of such deed, between Odebrecht Oil Services Ltd. as substitute borrower and the Issuer as new lender (the “OOSL I Credit Agreement”);</p> <p>(ii) U.S.\$875,559,175 aggregate notional amount under 36 interest rate swaps with an original trade date of January 27, 2011 originally between various international banks as Party A and ODN I GmbH as Party B, as amended and restated in late 2012 or early 2013, as applicable, as novated by Novation Confirmations dated the Issue Date pursuant to which Morgan Stanley & Co. International plc (“MSIP”) replaced the banks as Party A, as amended and further novated by Novation Agreements dated on or about the Issue Date so as to be between the Issuer as Party A and Odebrecht Oil Services Ltd. as Party B (the “OOSL I Swaps”);</p> <p>(iii) U.S.\$302,277,186 principal amount outstanding under a Credit Facility Agreement originally dated January 30, 2008 originally between Odebrecht Drilling Services LLC (“ODS”) as borrower, The Royal Bank of Scotland N.V. as administrative agent, Bank of America N.A. as collateral agent, other parties as agents, and various financial institutions named therein as lenders, as amended, restated and novated by an Amended, Restated and Novated Credit Agreement dated June 26, 2012 between the same parties and Odebrecht Drilling Norbe Six GmbH as the substitute borrower, as further amended, restated and novated by a Deed of Amendment and Restatement, Release and Novation dated on or about the Issue Date and, as a result of such deed, between Odebrecht Oil Services Ltd. as substitute borrower and the Issuer as new lender (the “OOSL Six Credit Agreement” and together with the OOSL I Credit Agreement, the “OOSL Credit Agreements”); and</p> <p>(iv) U.S.\$302,277,186 aggregate notional amount under 8 interest rate swaps with original trade dates of late 2007 and early 2008 originally between various international banks as Party A and ODS as Party B, as novated by, inter alia, Novation Agreements dated June 26, 2012 or June 28, 2012, as applicable, pursuant to which ODN Six GmbH replaced ODS as Party B, as further novated by Novation Confirmations dated on or about the Issue Date pursuant to which MSIP replaced the banks as Party A, as amended and further novated by Novation Agreements dated on or about the Issue Date so as to be between the Issuer as Party A and Odebrecht Oil Services Ltd. as Party B (the “OOSL Six Swaps” and, together with the OOSL I Swaps, the “OOSL Swaps”).</p>
Reference Assets Issuer	<p>Odebrecht Oil Services Ltd. (“OOSL”), incorporated with limited liability in the Cayman Islands.</p> <p>Further information regarding the Reference Assets Issuer can be found under “The Charged Assets” and “The Reference Assets Issuer” in</p>

Annex A.

Trustee	The Bank of New York Mellon
Distributor.....	Morgan Stanley & Co. LLC
Calculation Agent	Morgan Stanley Capital Services Inc.
Collateral Disposal Agent.....	An entity to be specified by the Holders in the Disposal Directions as provided under “Payments on or after the Maturity Date and upon an Early Redemption Event – Liquidation of Charged Assets Due to an Early Redemption Event” below and which shall meet the requirements therein, which entity shall act in accordance with the terms of a power of attorney substantially in the form of Annex E hereto granted to it by the Trustee.
Issue Date and Closing Date	Closing Date: August 7, 2013 Issue Date: August 7, 2013
Scheduled Maturity Date	September 12, 2022.
Maturity Date.....	Subject to the occurrence of an Early Redemption Event or an Indenture Event of Default, the later of (a) in the case of the Class A Notes, the Scheduled Maturity Date of the Class A Notes and for the Class B Notes, the Scheduled Maturity Date of the Class B Notes and (b) the Business Day on which the Issuer has actually received all amounts of interest, principal and swap payments payable to it by the Reference Assets Issuer in accordance with the terms of the Reference Assets.
Issue Price	Class A Notes: 100% plus accrued interest at the Class A Notes interest rate from and including the most recent interest payment dates under the Reference Assets to but excluding the Issue Date. Class B Note: 100% plus accrued interest at the blended interest rate applicable to the Reference Assets (less the accrued interest at the fixed rate applicable to the Class A Notes) from and including the most recent interest payment dates thereunder to but excluding the Issue Date.
Initial Principal Balance of Class A Notes and Authorized Amount of Class A Notes.....	Class A Notes: U.S.\$82,812,295
Principal Balance of Class A Notes	An amount determined on any date as follows: (i) the Initial Principal Balance of the Class A Notes; minus (ii) the aggregate amount of reductions in connection with Principal Reduction Amounts applied to the Principal Balance of the Class A Notes on or before such date of determination.
Principal Reduction Amount of Class A Notes	In respect of each Principal Reduction Date for the Class A Notes, an amount equal to U.S.\$2,957,582 (pari passu with the Principal Reduction Amount of the Class B Notes), subject to the Issuer having actually received sufficient payments from the Reference Assets Issuer in respect of the Reference Assets.
Initial Principal Balance of Class B Notes and Authorized Amount of Class B Notes.....	Class B Notes: U.S.\$1,190,997,673

Principal Balance of Class B Notes	<p>An amount determined on any date as follows:</p> <p>(i) the Initial Principal Balance of the Class B Notes; minus</p> <p>(ii) the aggregate amount of reductions in connection with Principal Reduction Amounts applied to the Principal Balance of the Class B Notes on or before such date of determination.</p>
Principal Reduction Amount of Class B Notes.....	In respect of each Principal Reduction Date for the Class B Notes, an amount equal to the U.S. dollar amount listed in Annex B (pari passu with the Principal Reduction Amount of the Class A Notes), subject to the Issuer having actually received sufficient payments from the Reference Assets Issuer in respect of the Reference Assets.
Principal Payments	Each Distribution Amount that corresponds to a payment of principal or other amount (other than interest or a swap payment) under the Reference Assets and that becomes a Principal Reduction Amount shall be deemed to be a Principal Payment of the Class A Notes and/or the Class B Notes, as the case may be, hereunder.
Principal Reduction Date	Each Distribution Amount Payment Date on which the Issuer actually receives from the Reference Assets Issuer in respect of the Reference Assets sufficient funds to pay a Principal Reduction Amount in respect of Class A Notes and Class B Notes. The schedule of anticipated Principal Reduction Dates for both Classes of Notes is set out in Annex B hereto.
Business Day	Any day, other than a Saturday or Sunday, that is a day on which commercial banks are generally open for business in New York and London.
Business Day Convention.....	Modified Following Business Day Convention. “ Modified Following Business Day Convention ” means that the relevant date shall be postponed to the first following day that is a Business Day provided that in the event that the day on which any payment is due is not a Business Day but is a day of the month after which no further Business Day occurs in such month, then the due date thereof shall be the immediately preceding Business Day.
Holdover	Not Applicable.
Interest:	
<i>Interest Payment Dates</i>	Each Distribution Amount Payment Date on which a payment corresponding to a payment of interest or a swap payment on the Reference Assets is made, which dates are expected to be those dates set out under the heading “Distribution Amount Payment Dates” in Annex B (each, a “ Scheduled Interest Payment Date ”), in each case subject to adjustment in accordance with the Modified Following Business Day Convention, with no adjustment to the calculation periods (each such date, an “ Interest Payment Date ”).
<i>Interest Rate</i>	<p>The interest rate on the Class A Notes is 4.00% per annum.</p> <p>The interest rate on the Class B Notes for all interest periods other than the final interest period is 4.2744% per annum, which is a blended rate corresponding to the expected interest rates for the Reference Assets after payment of interest on the Class A Notes and taking into account the Principal Reduction Amounts. The interest rate on the Class B Notes for the final interest period will be zero.</p> <p>All computations of interest shall be made on the basis of a 360-day year</p>

and the actual number of days elapsed.

Payments of interest rank *pari passu* between Class A Notes and Class B Notes. If there are insufficient payments from the Reference Assets Issuer in respect of the Reference Assets to fund the interest payments in full on a Distribution Amount Payment Date, the amounts available will be applied in proportion to the amounts due and payable on such Distribution Amount Payment Date on each Class of Notes. The Calculation Agent will calculate the amounts due and payable on each Class of Notes based on, in addition to other relevant information, the applicable proportion payable in respect of such Distribution Amount Payment Date to each of the Class A Notes and the Class B Notes and will notify the Trustee in writing of the amounts due and payable on each Class of Notes.

For the avoidance of doubt and notwithstanding anything to the contrary herein, (i) no interest shall accrue on a Class of the Notes following the Scheduled Maturity Date for such Class and (ii) other than as described under “Interest on Overdue Amounts” below, no additional interest shall accrue for the period an Interest Payment Date is extended beyond the related Scheduled Interest Payment Date.

Interest Payment Amount

The Notes are pass-through Notes and therefore, in respect of each Interest Payment Date, the Interest Payment Amount will be each Class’s pro rata share of an amount equal to the corresponding amount of interest actually received by the Issuer from the Reference Assets Issuer prior to such Interest Payment Date under the terms of the Reference Assets. However, as described further in “Conditions to Payment”, the Issuer shall not be obliged to make any payment to Holders under the Notes unless and until it has actually received a corresponding payment from the Reference Assets Issuer in respect of the Reference Assets. Payments will be made in accordance with the Priority of Payments.

Interest on Overdue Amounts

Under the terms of the Reference Assets, if the Reference Assets Issuer fails to pay any amount payable by it under the Reference Assets on its due date, interest shall accrue on such overdue amount from the date such amount was originally due up to the date of actual payment (both before, on and after any judgment) at a rate which is two per cent. higher than the non-defaulted interest rate thereunder. Any such additional amounts of interest that are actually received by the Issuer from the Reference Assets Issuer shall be paid pro rata to Holders of each Class as additional amounts of interest on the next following Distribution Amount Payment Date.

Interest Payments

Each Distribution Amount hereunder corresponding to a payment of interest or a swap payment under the Reference Assets shall be deemed to be a payment of interest in respect of the Class A Notes and/or the Class B Notes, as the case may be, hereunder.

Distribution Amount

Each Distribution Amount will be paid on the applicable Distribution Amount Payment Date. For purposes hereof, “Distribution Amount” means each payment or distribution of any kind (including of principal, interest, swap payments, fees, penalties, rights or property of any type) actually received by the Issuer from the Reference Assets Issuer in respect of the Reference Assets and to be applied to payment under the Indenture (and not already so applied). The Distribution Amount shall include any payment or distribution of any kind with respect to any distribution relating to the Reference Assets’ interest period (if any) that commenced immediately prior to the Issue Date.

The Distribution Amounts will be paid in U.S. dollars.

There shall be no further Distribution Amounts payable or deliverable in relation to any payment or distribution of any kind (including of principal, interest, fees, penalties, rights or property of any type) which is made in respect of the Reference Assets after the Maturity Date.

Distribution Amount Payment Date The dates set out under “Distribution Amount Payment Dates” in Annex B, provided that the funds are received in the Collection Account prior to 11.00am New York time on the relevant Distribution Amount Payment Date, failing which the Distribution Amount Payment Date will be the next following Business Day. These dates are the same as the Reference Assets Distribution Dates.

For purposes hereof, each Distribution Amount Payment Date corresponding to a payment of interest or a swap payment on the Reference Assets shall be deemed to be an Interest Payment Date, and each Distribution Amount Payment Date corresponding to a payment of principal or other amount (other than interest or swap payments) on the Reference Assets shall be deemed to be a Principal Payment Date.

There shall be no further Distribution Amounts payable or deliverable in relation to each payment or distribution of any kind (including of principal, interest, fees, penalties, rights or property of any type) which is made in respect of the Reference Assets occurring after the Maturity Date.

Reference Assets Distribution Date Each date upon which the Issuer actually receives each payment of interest or principal or any distribution of any kind (including of interest, swap payments, fees, penalties, rights or property of any type) from the Reference Assets Issuer in respect of the Reference Assets.

The expected Reference Assets Distribution Dates are set out in Annex B.

Distributions will be paid into the Collection Account and pending application to pay the Holders are expected to be invested in Permitted Investments provided that the Trustee receives the written instruction of 100% of the Holders at least five Business days prior to the succeeding Distribution Amount Payment Date. The Trustee will also be permitted to use the distributions to satisfy the Issuer’s obligations under the OOSL I Swaps and the OOSL Six Swaps in exchange for receipt of the counterparty payments from OOSL thereunder.

Reference Assets Liquidation Distribution Date .. Each date upon which the Issuer actually receives any Liquidation Proceeds Amount, early repayment, prepayment or termination proceeds or other similar amounts in connection with the liquidation, repayment or termination of any of the Charged Assets.

Conditions to Payment Subject to the occurrence of an Early Redemption Event or an Indenture Event of Default, payments of the Distribution Amounts and the Redemption Amount, Early Redemption Amount or liquidation proceeds on the Notes shall be subject to the actual and timely receipt and retention by the Issuer of the relevant corresponding amounts (net of tax) due to it from the Reference Assets Issuer in respect of the Reference Assets, or the Liquidation Proceeds Amount. The Issuer shall not be obliged to make any payment to Holders under the Notes unless and until it has actually received a corresponding payment from the Reference Assets Issuer in respect of the Reference Assets or the

Liquidation Proceeds Amount. Actual receipt by the Issuer after the relevant due date for payment in respect of any payment under the terms of the Reference Assets will result in a delay to the corresponding Distribution Amount Payment Date and may cause the Maturity Date for a Class of Notes to occur after the relevant Scheduled Maturity Date of such Class.

Order of Seniority None. Class A Notes rank pari passu with Class B Notes.

Priority of Payments Payments will be made in accordance with the following Priority of Payments:

On each Distribution Amount Payment Date, or other date of distribution, payments by the Trustee will be made in the following amounts and in the following order of priority:

(i) first, to the payment of (1) first, Administrative Expenses and (2) second, Administrative Indemnities, up to the amounts provided for in the Base Indenture;

(ii) second, to each Class of Holders pari passu, an amount equal to:

(1) the amount of interest due and payable in respect of such Class of Notes on such Payment Date; and

(2) the amount of any overdue interest in respect of such Class of Notes on such Payment Date; and

(3) if such date is a Principal Payment Date, the Principal Balance of such Class of Notes due and payable on such Principal Payment Date; and

(iii) third, to the payment of any Administrative Expenses and Administrative Indemnities not covered in clause (i) above without limitation and in the same order; and

(iv) fourth, in respect of the final Principal Payment Date only, all remaining amounts held by the Trustee in the Collection Account as of such final Principal Payment Date to the Holders of the Notes outstanding with a Principal Balance greater than zero immediately prior to the application of clause (ii) above, and if there remained more than one Class of Notes outstanding with a Principal Balance greater than zero prior to such application, then to each Class of Holders pari passu; and

(v) finally, to the Reference Assets Issuer, an amount equal to all amounts due and payable by the Issuer to the Reference Assets Issuer on or prior to such Payment Date pursuant to the termination provisions of the OOSL Swaps.

With respect to Notes within a particular Class, payments will be applied among the Notes within such Class according to their respective Principal Balances.

Payments on or after the Maturity Date and upon an Early Redemption Event:

On or after the Scheduled Maturity Date

Unless an Early Redemption Event or an Indenture Event of Default occurs on or prior to the Scheduled Maturity Date of the Notes, upon determination by the Issuer that it has actually received payment in full of all amounts due under the Reference Assets, the Notes remaining outstanding will be redeemed in an amount (the “**Redemption Amount**”) equal to the final payment or distribution of any kind (including of principal, interest, swap payments, fees, penalties, rights or property of any type) actually received by the Issuer from the Reference Assets Issuer in respect of the Reference Assets. Payment of the Redemption Amount will be made in accordance with the Priority of Payments set out herein (and not as set out in the Registration Document). The Redemption Amount will be paid on the Maturity Date.

Early Redemption

The Notes will be subject to early redemption by the Issuer following an Early Redemption Event (as described below) (an “**Early Redemption**”).

(I) If a Reference Assets Default occurs, the Calculation Agent will, as soon as it becomes aware of such Reference Assets Default, notify the Trustee and the Issuer in writing of such Reference Assets Default, upon receipt of which the Trustee will, within two Business Days, (i) notify the Reference Assets Issuer of the occurrence of such event and (ii) request the Reference Assets Issuer to (a) repay the Reference Assets comprising the OOSL I Credit Agreement and the OOSL Six Credit Agreement in full as soon as practically possible but in no event later than five (5) calendar days following the date of such request (the “**Cure Period**”) and (b) to pay any termination payment to be paid by the Reference Assets Issuer on the OOSL Swaps as if they were to be terminated at the end of the Cure Period, except if the Reference Assets Default was caused by the insolvency or bankruptcy of the Reference Assets Issuer, in which case no Cure Period will apply and the provisions of this paragraph (I) will not apply to such Reference Assets Default.

If (a) the Reference Assets Issuer repays, either partially or fully, the Reference Assets within the Cure Period or (b) a Reference Assets Early Redemption Event occurs, the corresponding redemption amount of the Notes will be an amount (the “**Early Redemption Amount**”) proportionally equal to (i) the prepayment or repayment proceeds of the OOSL I Credit Agreement and the OOSL Six Credit Agreement plus (if an amount is owed from the Reference Assets Issuer to the Issuer) or minus (if an amount is owed from the Issuer to the Reference Assets Issuer) the early termination payment from the OOSL I Swaps and the OOSL Six Swaps, minus (ii) an amount equal to all claims which rank in priority to the claims of the Holders in accordance with the Priority of Payments. The Calculation Agent will calculate the amounts due and payable on each Class of Notes based on, in addition to other relevant information, the applicable proportion payable in respect of such Distribution Amount Payment Date to each of the Class A Notes and the Class B Notes and will notify the Trustee in writing of the amounts due and payable on each Class of Notes.

Subject to the Settlement Conditions being satisfied at any time within 90 calendar days (the “**Physical Delivery Period**”) of the occurrence of

the relevant Early Redemption Event, a Holder is required to take delivery (“**Physical Delivery**”) of its entitlement to the Reference Assets that have not been paid in cash. If the Calculation Agent notifies the Trustee in writing that the Settlement Conditions are satisfied within the Physical Delivery Period, the Trustee will, within five Business Days of receipt of such notification, direct the Issuer to effect a transfer or novation to such Holder of its entitlement to the Reference Assets into the name that such Holder directs. A Holder’s entitlement to the Reference Assets at any date will be in a principal amount that is equal to the greater of (i) zero and (ii) such Holder’s pro rata share of the amount equal to (x) the principal amount of the Reference Assets that have not been paid in cash prior to such date minus (y) an amount equal to all claims which rank in priority to the claims of such Holder in accordance with the Priority of Payments.

If the Settlement Conditions are not satisfied within the Physical Delivery Period, then the Calculation Agent will notify the Trustee thereof, upon which the Trustee will, within five Business Days, direct the Collateral Disposal Agent to carry out the procedures specified under (II) below.

(II) If (i) following the end of the Cure Period, the Reference Assets are not repaid in full or terminated and settled in full by the Reference Assets Issuer, (ii) a Reference Assets Default caused by the insolvency or bankruptcy of the Reference Assets Issuer has occurred, (iii) a Reference Assets Early Redemption has occurred but not all Reference Assets are repaid in full or terminated and settled by the Reference Assets Issuer, (iv) a Tax Redemption Event has occurred or (v) an Indenture Event of Default (other than a Reference Assets Default) has occurred, then, subject to the Settlement Conditions being satisfied within the Physical Delivery Period, a Holder is required to take delivery of its entitlement to the Reference Assets that have not been paid in cash. If the Calculation Agent notifies the Trustee in writing that the Settlement Conditions are satisfied within the Physical Delivery Period, the Trustee will, within five Business Days of such notification, direct the Issuer to effect a transfer or novation to such Holder of its entitlement to the Reference Assets into the name that such Holder directs.

If the Settlement Conditions are not satisfied within the Physical Delivery Period, then the Calculation Agent will notify the Trustee thereof, upon which the Trustee will, within five Business Days, direct the Collateral Disposal Agent to:

(A) request firm bid quotations to purchase the aggregate amount of outstanding Reference Assets (a “**Bid Quote**”) from, to the extent reasonably practicable, three leading banks, dealers, brokers or any other active market participants that deal in obligations of the type as such Reference Assets (as selected by the Collateral Disposal Agent in its reasonable discretion) (each such dealer or entity, which may or may not include an affiliate of such dealer, a “**Reference Dealer**”), in respect of the purchase of some or all of the Reference Assets from the Issuer; or

(B) arrange for the sale of the outstanding Reference Assets to the Reference Dealer which provided the highest quotation(s) and transfer to the Collection Account an amount equal to the Liquidation Proceeds Amount received by the Collateral Disposal Agent.

The “**Liquidation Proceeds Amount**” will be an amount in U.S. dollars equal to the greater of (i) zero and (ii) (x) the liquidation proceeds of the Reference Assets determined in accordance with the provisions described below under “Liquidation of Charged Assets Due to an Early Redemption Event”, minus (y) an amount equal to all claims which rank in priority to the claims of the Holders of each Class in accordance with the Priority of Payments.

Liquidation of Charged Assets Due to an Early Redemption Event

In the event the Reference Assets are not redeemed by the Reference Assets Issuer or Physical Delivery is not effected in accordance with the foregoing procedures set out under “Early Redemption”, upon receiving notification from the Calculation Agent or the Trustee of an Early Redemption Event or an Indenture Event of Default, the Holders will be required to timely deliver Disposal Directions to the Trustee. The Trustee’s appointment of the Collateral Disposal Agent shall be subject to (i) timely receipt of the Disposal Directions, (ii) the Trustee’s prior receipt of adequate assurance (as determined by the Trustee) that costs and expenses incurred by the Trustee in connection with its appointment of the Collateral Disposal Agent shall be paid by the Holders and (iii) the satisfaction by the Collateral Disposal Agent of all required legal and compliance requirements of the Trustee, including without limitation any “know your customer” regulations under any applicable law (“**KYC Requirements**”). Upon receipt of such Disposal Directions, adequate assurance and satisfaction of the Trustee’s KYC Requirements, the Trustee shall, within two Business Days and pursuant to a power of attorney substantially in the form of Annex E hereto (but subject to adjustment to its terms to comply with then-current documentation requirements of the Trustee in connection with the granting of any power of attorney), appoint the Collateral Disposal Agent to request firm Bid Quotes to purchase the aggregate amount of outstanding Reference Assets from, to the extent reasonably practicable, three Reference Dealers that deal in obligations of the type as such Reference Assets (as selected by the Collateral Disposal Agent in its reasonable discretion) or any other entity selected by the Holder in the Disposal Directions (each such Reference Dealer or entity, which may or may not include an affiliate of such Reference Dealer, a “**Liquidation Reference Dealer**”), in respect of the purchase of some or all of the Reference Assets from the Issuer. Upon receipt by the Collateral Disposal Agent of such quotations (to the extent provided), the Collateral Disposal Agent shall, in accordance with the terms of the power of attorney granted to it by the Trustee, arrange for the sale of the Reference Assets to the Liquidation Reference Dealer which provided the highest quotation(s). If no Collateral Disposal Agent is specified by the Holders in the Disposal Directions and an unsolicited firm bid quotation to purchase the outstanding Reference Assets (an “**Unsolicited Bid**”) is received by the Trustee, the Trustee shall arrange for the sale of the outstanding Reference Assets to the entity that provided such Unsolicited Bid unless it has received prior objection to such sale from the Holders. If the Reference Assets have not been sold within nine (9) months from the date of the occurrence of an Early Redemption Event or Indenture Event of Default, then the Liquidation Proceeds Amount shall be deemed to be zero, the Notes shall be cancelled by the Issuer and the Reference Assets shall be cancelled, discharged or terminated by the Reference Assets Issuer.

The liquidation proceeds or acceleration proceeds (as the case may be)

of the Reference Assets that are received by the Collateral Disposal Agent shall be transferred by the Collateral Disposal Agent to the Collection Account immediately upon receipt of such proceeds.

“Disposal Directions” means a written direction of at least 75% of the Holders of the aggregate principal amount of the outstanding Notes delivered to the Trustee by the Holders, which direction shall (a) specify the Holders’ selection of a Collateral Disposal Agent which shall be (i) a financial institution established in the United States or Brazil and duly authorized to conduct its business by the relevant bank regulatory authority and (ii) have a combined capital and surplus of at least U.S.\$ 250 million (or local currency equivalent), (b) specify the entity, if any, selected by the Holders (with the consent of the Collateral Disposal Agent) to provide firm bid quotations to purchase the outstanding Reference Assets and (c) set out the CDA Terms.

None of the Calculation Agent, the Trustee, the Issuer or any Agent shall have any responsibility or liability in respect of the entity selected by the Holders as Collateral Disposal Agent, the failure of the Holders to duly or timely select such Collateral Disposal Agent or the failure of the Holders to provide the Trustee with adequate assurance that the Trustee’s costs and expenses incurred in connection with appointing the Collateral Disposal Agent shall be paid by such Holders.

By their acceptance of the Notes, each Holder thereby agrees and acknowledges that:

(i) neither the Issuer nor the Trustee shall have any responsibility whatsoever to monitor or supervise the Collateral Disposal Agent;

(ii) neither the Issuer nor the Trustee shall be required to enter into any document which requires it to compensate, reimburse or indemnify the Collateral Disposal Agent in any manner whatsoever;

(iii) the Holders are responsible for the selection, compensation, indemnification of the Collateral Disposal Agent and that they are responsible for negotiating these terms with the Collateral Disposal Agent and memorializing them in a contract with the Collateral Disposal Agent (the **“CDA Terms”**), which contract shall be delivered to the Trustee as part of the Disposal Directions;

(iv) such Holder waives any and all claims arising out of or relating in any way to the actions of the Trustee, the Issuer and the Collateral Disposal Agent in connection with their actions related to or arising out of the sale, liquidation or other actions to realize proceeds from the Reference Assets, including without limitation the adequacy of the bids or the Liquidation Proceeds Amount;

(v) any and all of claims of such Holder under the Notes or the Indenture will be satisfied in full by its receipt of its pro rata portion of the liquidation proceeds, if any, from any sale, liquidation or termination of the Reference Assets, minus an amount equal to all claims which rank in priority to the claims of the Holders in accordance with the Priority of Payments;

(vi) all fees, costs and expenses of the Trustee’s agents and counsel and the Issuer’s agents and counsel in connection with any sale, liquidation, termination or other actions to realize proceeds of the Reference Assets (including liaising with the Collateral Disposal Agent) will be paid in accordance with the Priority of Payments.

Early Redemption Event..... The occurrence of any of the following events, as determined by the Calculation Agent, will constitute an Early Redemption Event:

- (i) a Tax Redemption Event; or
- (ii) a Reference Assets Default; or
- (iii) a Reference Assets Early Redemption.

“**Tax Redemption Event**” shall have the meaning given to such term in the Registration Document.

A “**Reference Assets Default**” means one of the following events: (i) the acceleration of the outstanding Reference Assets under the terms of the Reference Assets; (ii) the failure of the Reference Assets Issuer to pay an installment of principal of, or any amount of interest due on (to the extent that interest is not permitted to be deferred under the terms of the Reference Assets), the related Reference Assets after the due date thereof and after the expiration of any applicable grace period; (iii) the occurrence of any event of default under such Reference Assets caused by the insolvency or bankruptcy of the Reference Assets Issuer; or (iv) any early termination of the Reference Assets either automatically in accordance with its terms or where the Reference Assets Issuer is the defaulting party or the affected party. A Reference Assets Default shall be deemed to have occurred for all purposes notwithstanding the rescission or annulment of such declaration of acceleration under such Reference Assets or the subsequent payment (after such applicable grace period) of such overdue principal or interest or the subsequent performance of the Reference Assets Issuer’s obligations thereunder.

A “**Reference Assets Early Redemption**” occurs when the Reference Assets are prepaid or terminated early pursuant to an early prepayment or termination prior to their scheduled maturity date, unless such Reference Assets amortize in accordance with their terms following the occurrence of an early amortization event in respect of the Reference Assets pursuant to the terms thereof and the holder of such Reference Assets receives payment in full in respect of the principal amount of outstanding Reference Assets being prepaid or terminated.

Settlement Conditions..... If an Early Redemption Event has occurred, the following conditions (the “**Settlement Conditions**”) must be satisfied for Physical Delivery to a Holder to occur:

- (i) such Holder must have paid to (a) the Trustee its pro rata share of any amounts due ranking in priority to payments to such Holder under the Priority of Payments and (b) the Calculation Agent the costs incurred by the Calculation Agent (including legal expenses) in connection with its determination that the Settlement Conditions have or have not been satisfied;
- (ii) such Holder provides the Trustee with the details of the entity to which it would like the Reference Assets to be transferred by assignment and assumption or novation;
- (iii) (a) such Holder directs any financial institution or custodian through which the Holder has a beneficial interest in any Notes that are held by Euroclear, Clearstream, or a common depositary for Euroclear or Clearstream, as applicable, to send a message (which may be by SWIFT or any other electronic messaging service) to Euroclear, Clearstream, or such common depositary, disclosing (A) the ISIN

number of such Notes, (B) the account number through which it holds such Notes, (C) the name and contact details of the direct or indirect Account Holder(s) (each a “**Financial Intermediary**”) through which it holds such Notes, (D) the nominal amount of such Notes and the currency in which such Notes are denominated and (E) the name, email address and other contact details of such Holder, (b) such Holder provides the Trustee with any information that may be requested or required by the Trustee to effect settlement by Physical Delivery and (c) such Holder provides a written undertaking to the Trustee and the Issuer that it will, within five Business Days after Physical Delivery has taken place, send to the Financial Intermediary (with a copy to the Trustee and the Issuer) a duly signed notice in the form set out in Annex C, addressed to Euroclear and/or Clearstream, as applicable (the “**Clearing System Notice**”);

(iv) such Holder represents that it is legal under the laws of the jurisdiction of incorporation of the entity which is to take Physical Delivery for such entity to receive such Physical Delivery; and

(v) the Calculation Agent, on behalf of the Issuer, determines, in its sole discretion (which may be exercised in reliance on one or more opinions of counsel, provided that it shall not be liable for any action it takes or omits to take in good faith in reliance on any such opinion of counsel), that the Issuer can make such Physical Delivery legally in the manner in which delivery of instruments similar to the Reference Assets are made, and without limiting the Issuer’s ability to effect Physical Delivery to other Holders.

The Calculation Agent will determine whether the Settlement Conditions have been satisfied or not within the Physical Delivery Period. If the Calculation Agent fails to make such determination then the Reference Assets will be liquidated as provided for under the section entitled “Liquidation of Charged Assets Due to an Early Redemption Event”. Otherwise, payment by Physical Delivery shall be made as provided for under the sections entitled “Payments on or after the Maturity Date and upon an Early Redemption Event – On or after the Maturity Date” and “Payments on or after the Maturity Date and upon an Early Redemption Event – Early Redemption”; *provided that* if Physical Delivery is not effected within thirty Business Days of the Calculation Agent’s determination that the Settlement Conditions have been satisfied, then the Reference Assets will be liquidated as provided for under the section entitled “Liquidation of Charged Assets Due to an Early Redemption Event”.

If the Calculation Agent, on behalf of the Issuer, fails to make the determination provided for in clause (v) above within the Physical Delivery Period, the Settlement Conditions shall be deemed not to be satisfied.

Upon satisfaction of the Settlement Conditions and subject to the procedures set out under “Early Redemption” above, the Issuer shall effect Physical Delivery to the relevant Holder.

Each Holder may be required to make the representation and provide the evidence detailed in clause (iii) above in respect of any date even if it has previously made such representation or provided such evidence on a prior date. Each Holder must deliver the Clearing System Notice to the Financial Intermediary, with a copy to the Trustee and the Issuer, instructing Euroclear and/or Clearstream to (a) in respect of any

payment of an Early Redemption Amount or Liquidation Proceeds Amount, cancel and reduce the outstanding principal amount of its Notes, in an amount proportional to the principal amount of Reference Assets in respect of which the Physical Delivery to it has taken place or (b) in respect of any Interest Payment, make a record on the Notes that a payment of interest (in respect of the applicable interest period) has been made, in each case within five Business Days after Physical Delivery has taken place.

The Trustee, the Issuer, the Calculation Agent and the Collateral Disposal Agent make no representations as to the current or future legality of delivering the Reference Assets.

Reference Assets Purchase Price Avoidance	After the purchase of the Reference Assets by the Issuer, if and to the extent amounts (the “ Returned Amount ”) due to the group of international banks originally lenders thereunder are returned to and actually received by the Issuer as a result of any part of the purchase price being voided or rescinded, the Trustee shall, on behalf of and pursuant to written notice from the Issuer, (i) cause the Returned Amount to be set aside and not applied in accordance with the Priority of Payments and (ii) arrange for the payment of the Returned Amount from the Collection Account to the account of the relevant original lender, provided that such payment shall be made only to the extent that the relevant Reference Assets corresponding to the Returned Amount have not been returned to the relevant lender.
Additional Amounts.....	If the Issuer receives any amounts from the Reference Assets Issuer under the terms of the Reference Assets other than amounts in respect of interest or principal or swap payments (an “ Additional Amount ”) then, to the extent that any such Additional Amount exceeds amounts to be retained by the Issuer to reimburse it for any costs or expenses incurred by it (and howsoever described) in connection with it being the lender under or counterparty to the Reference Assets, any such Additional Amount shall be applied in accordance with the Priority of Payments and any amount due to Holders of the Notes shall be paid two Business Days following the date on which the relevant Additional Amount was actually received by the Issuer.
Specified Currency	All payments of interest and principal under the Notes are payable in U.S. dollars.
Authorized Denominations and Minimum Subscription	U.S.\$1,000,000 and integral multiples of U.S.\$1,000 in excess thereof.
Ratings	The Notes will not be rated upon issuance.
Listing	This Securities Note has been approved by the Central Bank as competent authority under the Prospectus Directive. The Central Bank only approves this Securities Note as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on the Regulated Market.
MS Note Redemption	Not Applicable.
Governing Law	The Notes will be governed by the law of the State of New York.

Transfer Restrictions.....	<p>The Notes have not been and will not be registered under the Securities Act and the Issuer will not be registered under the Investment Company Act. The Notes will be offered only to non-U.S. persons in offshore transactions in reliance and in accordance with Regulation S under the Securities Act, in Authorized Denominations for any single beneficial owner. Each purchaser of the Notes (whether by initial purchase or by transfer) will be deemed to have made the representations and agreements set forth in the Notice to Investors and the Transfer Restrictions sections in the Registration Document.</p> <p>Each Holder and beneficial owner of a Note will be deemed to acknowledge and agree that (a) the Distributor may obtain or be in possession of non-public information regarding the Reference Assets Issuer which may not be made available to any Holder and (b) the Distributor makes no representations with respect to the Reference Assets Issuer or the accuracy or completeness of any information regarding the foregoing.</p>
Limited Recourse.....	<p>The Notes are limited recourse obligations of the Issuer. The payment of principal, interest and other amounts in respect of the Notes will be made solely from amounts actually received in respect of the Charged Assets in accordance with the Priority of Payments and not from the assets relating to any other Series or from the general assets of the Issuer. Holders of the Notes will not have any recourse to the general assets of the Issuer or any assets forming part of the Charged Assets of any other Series of Notes. Moreover, no recourse shall be had for the payment of any amount owing in respect of the Notes or the Indenture against any officer, director, employee, stockholder or incorporator of the Issuer. The Charged Assets in respect of the Notes shall not be available or used to meet liabilities to, and shall be absolutely protected from, any creditors of the Issuer who are not Secured Parties in respect of the Notes, and who accordingly shall not be entitled to recourse to such Charged Assets. The fees and claims of, amongst others, the Trustee and any agent or receiver shall have priority over the claims of the Holders of the Notes in respect of the Charged Assets. The obligations of the Issuer to pay any amounts due and payable in respect of the Notes shall be limited to the proceeds available at such time to make such payments in accordance with the Priority of Payments. If the net proceeds of realization of the security constituted by the Indenture upon enforcement thereof (as converted to U.S. dollars in accordance with the terms hereof) are less than the aggregate amount payable in such circumstances by the Issuer in respect of the Notes and to the other Secured Parties (such negative amount being referred to herein as a “shortfall”), all of the obligations of the Issuer in respect of the Notes and its obligations to the other Secured Parties in such circumstances will be limited to such net proceeds which shall be applied in accordance with the Priority of Payments. In such circumstances the Issuer will not be obligated to pay, and the other assets (if any) of the Issuer will not be available for payment of, such shortfall which shall be suffered by the Secured Parties in accordance with the Priority of Payments (applied in reverse order), the rights of the Secured Parties to receive any further amounts in respect of such obligations shall be extinguished and shall not thereafter revive and none of the Holders or the other Secured Parties may take any further action to recover such amounts. The application of any proceeds by the Trustee in accordance with the Priority of Payments shall be without any liability as to the consequence of such action and without having regard to the effect</p>

thereof on, or being required to account for such action to, any Secured Party; provided that the Trustee will not be required to take any action that would involve the Trustee in any liability or expense unless previously indemnified and/or secured to its satisfaction in its sole discretion.

Collection Account	Notwithstanding anything to the contrary in the Base Listing Particulars, the Collection Account shall be an account located in the United States established with the Trustee, operated by the Trustee through its London Branch.
Indemnification of Trustee.....	Notwithstanding anything to the contrary in the Registration Document, the Applicable Indenture will contain provisions for the indemnification of the Trustee for any loss, liability or expense incurred without negligence, willful misconduct or bad faith on its part arising out of or in connection with the acceptance or administration of the trust, subject to the provisions of the Standard Terms of Indenture pertaining to limited recourse and non-petition. In addition, the Trustee has been indemnified by Odebrecht Óleo e Gás S.A., the parent company of the Reference Assets Issuer, in relation to certain losses arising out of, in relation to or in connection with a failure by the Reference Assets Issuer to pay amounts falling due under the terms of the Reference Assets.
Trustee's receipt of notice of default with respect to any Reference Assets	Notwithstanding anything to the contrary in the Registration Document, if an event of default occurs and is continuing with respect to any Reference Assets, the Trustee will notify each Holder of the Notes of such occurrence only after receipt of written notice of such default.
Voting and Noteholder Meetings.....	Notwithstanding anything to the contrary in the Registration Document, without the consent of 100% of the Holders of both Classes of Notes, the Issuer may not (a) change the Scheduled Maturity Date for either Class or any Payment Date for either Class, or reduce the Principal Balance of any Note or the amount of interest payable thereon or change the coin or currency in which any Note or interest thereon is payable; (b) change the Priority of Payments for the application of Collections; (c) impair the right to institute suit for the enforcement of any such payment on or after the date any such payment becomes due and payable; (d) reduce the percentage of Principal Balance, whether of a Class or Classes, the consent of the Holders of which is required for the execution of any amendment or supplement to the Applicable Indenture, or the consent of the Holders of which is required for any waiver of compliance with provisions of the Applicable Indenture or for any waiver of Indenture Events of Default under the Applicable Indenture and their consequences provided for in the Applicable Indenture; (e) change any obligation to redeem Notes or change any redemption price or dates; (f) permit the creation of any lien ranking prior to or on a parity with the lien of the Trustee for the benefit of, <i>inter alios</i> , the Holders under the Applicable Indenture with respect to any part of the Charged Assets, or except as otherwise permitted thereunder, terminate the lien under the Applicable Indenture on any property at any time subject thereto or deprive a Holder of the security afforded by such liens; or (g) modify certain provisions of the Applicable Indenture relating to amendments, control or limitation on suits by Holders. In addition, without the written consent of at least 75% of the Holders of both classes of Notes, the Issuer cannot, or cannot direct the Trustee to, accelerate the OOSL Credit Agreements upon the occurrence of an event of default thereunder (other than an event of default the

occurrence of which leads to automatic acceleration).

Further Issues..... Not Applicable.

DOCUMENTS INCORPORATED BY REFERENCE

This Securities Note must be read and construed in conjunction with the Registration Document, available at http://www.ise.ie/debt_documents/Regdoc_ee84d052-22b6-4348-9ff0-ec8f0acfd12.PDF which is incorporated by reference into, and forms part of, this Securities Note, save that any statement contained in any of the documents incorporated by reference in, and forming part of, this Securities Note shall be deemed to be modified or superseded for the purpose of this Securities Note to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute part of this Securities Note.

USE OF PROCEEDS

The proceeds from the issuance and sale of the Notes are to be applied by the Issuer to acquire the Reference Assets.

THE CHARGED ASSETS

Annex A of this Securities Note provides information with respect to the Reference Assets Issuer as provided by the Reference Assets Issuer. An investor in the Notes should review such information and obtain and evaluate such other information concerning the Reference Assets Issuer as it would if it were investing directly in the Reference Assets.

The information on the Reference Assets set out below is provided as to the form in which the Reference Assets are expected to be on the Issue Date following the issue of the Notes and the purchase of the Reference Assets.

Reference Assets Issuer	Odebrecht Oil Services Ltd.
	OOSL was incorporated on September 14, 2001 under the laws of the Cayman Islands. All of its shares are owned directly by Odebrecht Óleo e Gás S.A. (“OOG”), which was incorporated on June 23, 2006 under the laws of Brazil with registered number 08.091.102/0002-52. The controlling interest (81.4%) in OOG is owned by Odebrecht S.A. The address of the registered office of OOG is at Av. Pasteur, 154, 10º Floor, CEP 22.290-040 Rio de Janeiro – RJ, Brazil.
	The address of the registered office of OOSL is Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.
	The corporate purpose of OOSL is unrestricted and OOSL has full power and authority to carry out any object not prohibited by the laws of the Cayman Islands.
Reference Assets:	OOSL I Credit Agreement, OOSL Six Credit Agreement and OOSL Swaps, as summarized below.

OOSL I Credit Agreement Summary

Parties

Borrower	Odebrecht Oil Services Ltd.
Credit Agreement.....	Credit Agreement dated as of December 14, 2010, as amended, restated and novated by a Deed of Amendment and Restatement, Release and Novation dated on or around August 6, 2013 (the “ OOSL I Credit Agreement ”)
Administrative Agent.....	The provisions relating to the Administrative Agent shall apply directly to the sole Lender or be disappplied.
Lenders	EM Falcon Limited

Types and Amounts of Credit Facilities

Closing Dates.....	Tranche A Loans: December 14, 2010 Tranche B Loans: December 14, 2010
Original Amounts	Tranche A Loans: U.S.\$442,110,000 Tranche B Loans: U.S.\$447,890,000 Tranche A Loans and the Tranche B Loans (the “ Loans ”) are fully drawn and there are no outstanding commitments.
Outstanding Amounts	Tranche A Loans: U.S.\$433,267,800 Tranche B Loans: U.S.\$442,291,375
Purpose	The proceeds of the Loans were primarily applied to finance the construction of

two drilling ships (ODN I and ODN II).

Maturity Dates **Tranche A Loans:** September 12, 2022

Tranche B Loans: August 28, 2022

Principal Repayments Schedule..... The Loans are repayable in 20 installments, the first installment of which has already been paid. The remaining installments are set out below. Each installment is due on the last Business Day of each of March and September of each year, with the second installment due on September 30, 2013, except for the last installments, which are due on August 28, 2022 and September 12, 2022.

Remaining Tranche A Principal Payments (U.S.\$)		Remaining Tranche B Principal Payments (U.S.\$)	
Installment	Payment	Installment	Payment
2	12,158,025.00	2	12,093,030.00
3	14,368,575.00	3	14,556,425.00
4	16,137,015.00	4	16,124,040.00
5	18,789,675.00	5	18,811,380.00
6	18,789,675.00	6	18,811,380.00
7	21,221,280.00	7	21,498,720.00
8	21,663,390.00	8	21,498,720.00
9	22,547,610.00	9	22,394,500.00
10	22,989,720.00	10	22,394,500.00
11	24,537,105.00	11	23,738,170.00
12	24,537,105.00	12	24,186,060.00
13	26,305,545.00	13	25,753,675.00
14	26,305,545.00	14	25,753,675.00
15	27,852,930.00	15	27,321,290.00
16	28,073,985.00	16	27,545,235.00
17	29,621,370.00	17	29,112,850.00
18	29,621,370.00	18	29,336,795.00
19	31,389,810.00	19	30,904,410.00
20	16,358,070.00	20	30,456,520.00
Total	433,267,800.00	Total	442,291,375.00

Collateral None

Certain Payment Provisions

Interest Rate Interest in respect of the outstanding principal amount of each Loan from the date of Borrowing thereof until the maturity of such Loan (whether by acceleration or otherwise) at a rate per annum which shall, during each Interest Period applicable thereto, be equal to the sum of (i) the Eurodollar Rate (as determined by the Administrative Agent) and (ii) the Applicable Margin.

“Eurodollar Rate” means, with respect to each Interest Period in respect of a

Loan, the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) appearing on Reuters Screen LIBOR01 Page (or any successor page) as the London interbank offered rate for deposits in U.S. dollars at approximately 11:00 a.m. (London time) two (2) Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period. If for any reason the rate specified on Reuters Screen LIBOR01 Page is not available, the term “Eurodollar Rate” means, for any Loan for any Interest Period therefor, the rate per annum determined by calculating the arithmetic mean (rounded upwards, if necessary, to the nearest 1/100 of 1%) of the offered rates, advised to the Administrative Agent at approximately 11:00 a.m. (New York City time) two (2) Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period, for deposits in Dollars by any three reference banks active in U.S. dollars in the London interbank market selected by the Administrative Agent, acting reasonably.

“**Applicable Margin**” means:

- (a) up to, but excluding, August 28, 2016, 255 basis points per annum; and
- (b) from and including August 28, 2016, 280 basis points per annum.

Interest Periods	The initial Interest Period for any Loan shall commence on (and include) the date of Borrowing of such Loan and end on (but not include) the next succeeding Interest Payment Date. Each Interest Period occurring thereafter in respect of such Loan shall commence on (and include) the last day of the immediately preceding Interest Period and end on (but not include) the next succeeding Interest Payment Date.
Interest Payment Dates	The last Business Day of March and September in each year.
Default Rate	Overdue principal and, to the extent permitted by law, overdue interest in respect of each Loan and any other overdue amount payable by OOSL under the OOSL I Credit Agreement shall bear interest at a rate which is equal to the sum of (i) the Eurodollar Rate in effect from time to time with respect to the Loans, (ii) the Applicable Margin, and (iii) two percent (2%) per annum.
Rate Basis	All computations of interest under the OOSL I Credit Agreement shall be made on the basis of a 360-day year and the actual number of days elapsed.
Optional Prepayments	OOSL has the right to prepay the Loans, without premium or penalty, in whole or in part at any time and from time to time at its discretion, on the following terms and conditions: (i) OOSL shall give the Lender (with a copy to the Trustee) at least five (5) Business Days’ prior written irrevocable notice of its intent to prepay the Loans and the aggregate principal amount of the prepayment; (ii) prepayment of a Loan may only be made on the last day of an Interest Period applicable thereto, unless OOSL pays all amounts owing under the OOSL I Credit Agreement as a result of prepaying such Loan on a day other than the last day of the Interest Period applicable thereto, (iii) such prepayment shall be in an aggregate principal amount of at least U.S.\$5,000,000 (or an integral multiple of U.S.\$1,000,000 in excess thereof); and (iv) such prepayment shall (x) first be allocated pro rata between the Tranche A Loans and the Tranche B Loans in proportion to their respective principal amounts outstanding and (y) then be applied to reduce the scheduled Tranche A principal payments and scheduled Tranche B principal payments in inverse order of their due dates.

Principal Covenants and Events of Default

Covenants	OOSL undertakes various covenants, including: <ul style="list-style-type: none"> 1. delivery of annual financial statements;
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2. give written notice of occurrence of a default or event of default under the OOSL I Credit Agreement
3. provide copies of certain material notices, demands or other communications given or received by OOSL;
4. maintenance of existence and conduct of business;
5. compliance with laws;
6. payment of taxes;
7. maintain accounting and financial management systems;
8. obtain, maintain and comply with all necessary governmental approvals;
9. maintain certain hedging agreements;
10. certain restrictions on transactions with its affiliates;
11. certain restrictions on transfers and issue of equity interests of OOSL;
12. requirement to take any action necessary to ensure that at all times the Loans rank at least pari passu in priority with all other unsecured obligations of the OOSL;
13. requirement to provide certain assistance to the Lenders in complying with “know your customer” procedures in cases where evidence or documentation necessary to carry out such procedures is not already available to the Lenders;
14. limited recourse and non-petition against the Issuer as Lender.

Events of Default

Events of Default comprise:

1. failure by OOSL to pay principal or interest when due unless payment is made within three (3) Business Days of its due date;
2. default by the Borrower under any of the OOSL Six Credit Agreement or the OOSL Swaps, or any event shall occur and continue in respect of any of them the effect of which is to cause or permit the lenders or counterparties to cause OOSL’s obligations to become due or prepaid in full prior to their stated maturity or payment to be liquidated as a result of the early termination thereof;
3. any representation, warranty or certificate made by or on behalf of OOSL in the OOSL I Credit Agreement and the OOSL I Swaps shall prove to have been false or misleading in any material respect when made or deemed made, unless the circumstances giving rise to such misrepresentation are capable of remedy and are remedied within 21 days of notice from the Lenders or after OOSL becomes aware of such misrepresentation;
4. failure by OOSL to comply with or perform any other agreement or covenant contained in the OOSL I Credit Agreement or the OOSL I Swaps and such failure shall continue unremedied for 30 days after OOSL becomes aware or should have become aware of such failure, subject to a proviso permitting extension of the cure period in certain circumstances;
5. OOSL shall admit in writing its inability to, or be generally unable to, pay its debts as such debts become due;

6. insolvency-related events occur with respect to OOSL;
7. a final judgment for the payment of money in excess of U.S.\$10,000,000 against OOSL in the aggregate, shall be rendered by one or more courts, administrative tribunals, or other bodies having jurisdiction against OOSL, and is not discharged within sixty (60) days;
8. OOSL shall fail to obtain, renew, maintain or comply with any necessary governmental approval or any necessary governmental approval shall be revoked, terminated, withdrawn, suspended, modified or withheld or shall cease to be in full force and effect or any proceeding is commenced to revoke, terminate, withdraw, suspend, modify or withhold any necessary governmental approval and such proceeding is not terminated within thirty (30) days; unless, in any such case, such failure, revocation, termination, withdrawal, suspension, modification, withholding or failure to be in full force and effect could not reasonably be expected to have a Material Adverse Effect (as defined in the OOSL I Credit Agreement); or
9. OOG ceases to own, directly or indirectly, 51% of the share capital of OOSL.

If an Event of Default (other than an Event of Default specified in 5 above) occurs and is continuing, the Trustee shall direct the Issuer as Lender to accelerate all of the obligations of OOSL under the OOSL I Credit Agreement upon the written instruction of at least 75% of the Holders of each Class of Notes to the Trustee. If an Event of Default specified in 5 above, occurs, all obligations of OOSL under the OOSL I Credit Agreement shall be automatically accelerated.

Certain Documentation Matters

Limited Recourse Obligations of the Issuer as Lender to OOSL under the OOSL I Credit Agreement are limited recourse obligations. Once the Issuer has purchased the Loans under the OOSL I Credit Agreement, it will have no resources to make any payments to OOSL as a Lender since its available resources are pledged in favor of the Trustee for the benefit of the Holders. OOSL has agreed in the OOSL I Credit Agreement that the obligation of the Lenders to make Loans thereunder has been discharged in full, that no new Loans may be requested by OOSL, that the obligation of the Issuer as Lender under the OOSL I Credit Agreement excludes any kind of monetary obligation to OOSL, and that OOSL has no recourse to the Issuer as Lender (or any of its officers, directors, employees, stockholders or incorporators) for the payment of any kind of monetary obligation and any such monetary obligation (if it arises) will be extinguished and OOSL may not take any action to recover against the Issuer as Lender in respect of any such monetary obligation. The Charged Assets in respect of the Notes shall not be available or used to meet liabilities to, and shall be absolutely protected from, any creditors of the Issuer who are not Secured Parties in respect of the Notes, and who accordingly shall not be entitled to recourse to such Charged Assets. OOSL as Borrower is not a Secured Party in respect of the Notes. Therefore, the application of any proceeds by the Trustee in accordance with the Priority of Payments shall be without having regard to the effect thereof on, or being required to account for such action to, OOSL as Borrower; provided that the Trustee will not be required to take any action that would involve the Trustee in any liability or expense unless previously indemnified and/or secured to its satisfaction in its sole discretion.

Modification and Amendment	The Series Indenture provides that the Trustee will not approve or consent or otherwise agree to any amendment or supplement to or other modification of the OOSL I Credit Agreement (save for certain exceptions, including corrective or clarifying amendments), without the consent of the Holders of at least 75% of the Principal Balance of the Notes entitled to vote.
Transfers and Security	<p>A Lender may, with prior written notice to OOSL, assign any of its rights or transfer any of its rights and obligations to one or more commercial banks or other financial institutions or to a trust, fund, corporation, partnership or other entity which is regularly engaged in, or has as one of its purposes, making, purchasing or investing in loans, securities or other financial assets.</p> <p>A Lender may, without obtaining consent from OOSL, 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 the OOSL I Credit Agreement to secure obligations of that Lender.</p>
Governing Law	English law
Forum.....	England

OOSL Six Credit Agreement Summary

Parties

Borrower.....	Odebrecht Oil Services Ltd.
Credit Agreement.....	Amended, Restated and Novated Credit Agreement dated June 26, 2012 as further amended, restated and novated by a Deed of Amendment and Restatement, Release and Novation dated on or around August 6, 2013 (the “ OOSL Six Credit Agreement ”)
Administrative Agent.....	The provisions relating to the Administrative Agent shall apply directly to the sole Lender or be disappplied.
Lenders	EM Falcon Limited

Types and Amounts of Credit Facilities

Closing Dates.....	<p>Tranche A Closing Date: August 16, 2007</p> <p>Tranche B Closing Date: August 16, 2007</p>
Original Amounts	<p>Tranche A Loans: U.S.\$393,795,000</p> <p>Tranche B Loans: U.S.\$36,205,000</p> <p>Both Tranche A Loans and Tranche B Loans (the “Loans”) are fully drawn and there are no outstanding commitments.</p>
Outstanding Amounts	<p>Tranche A Loans: U.S.\$279,924,957</p> <p>Tranche B Loans: U.S.\$22,352,230</p>
Purpose	The proceeds of the Tranche A Loans and the Tranche B Loans were primarily applied to finance the construction of a drilling ship (Norbe VI).
Maturity Dates	<p>Tranche A Loans: April 28, 2017</p> <p>Tranche B Loans: April 28, 2017</p>
Principal Repayments Schedule.....	The Loans are repayable in 14 installments. The first six installments have already been paid. The remaining installments are set out below. Each installment is due on the last business day of each of April and October in

each year, with the seventh installment due on October 31, 2013.

Remaining Tranche A Principal Payments (U.S.\$)		Remaining Tranche B Principal Payments (U.S.\$)	
Installment	Payment	Installment	Payment
7	21,779,203	7	2,536,038
8	24,711,018	8	2,605,779
9	25,129,849	9	2,677,438
10	27,224,003	10	2,751,068
11	29,318,157	11	2,826,722
12	32,249,973	12	2,904,457
13	33,925,296	13	2,984,329
14	85,587,457	14	3,066,398
Total	279,924,957	Total	22,352,230

Collateral None

Certain Payment Provisions

Interest Rate Interest in respect of the unpaid principal amount of each Loan from the date of Borrowing thereof until the maturity of such Loan (whether by acceleration or otherwise) at a rate per annum which shall, during each Interest Period applicable thereto, be equal to the sum of (x) the Eurodollar Rate (as determined by the Administrative Agent) for such Interest Period, and (y) the Applicable Margin.

“Eurodollar Rate” means, for any Loan for any Interest Period therefor, the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) appearing on Reuters Screen LIBOR 01 Page (or any successor page) as the London interbank offered rate for deposits in U.S. dollars at approximately 11:00 a.m. (London time) two (2) Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period; provided, however, if more than one rate is specified on Reuters Screen LIBOR 01 Page, the applicable rate shall be the arithmetic mean of all such rates (rounded upwards, if necessary, to the nearest 1/100 of 1%). If for any reason the rate specified on Reuters Screen LIBOR 01 Page is not available, the term **“Eurodollar Rate”** shall mean, for any Loan for any Interest Period therefor, the rate per annum determined by calculating the arithmetic mean of the offered rates (rounded upwards, if necessary, to the nearest 1/100 of 1%), advised to the Lenders at approximately 11:00 a.m. (London time) two (2) Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period, for deposits in U.S. dollars by any three major banks active in U.S. dollars in the London interbank market selected by the Lenders.

“Applicable Margin” means:

(a) as to the Tranche A Loans:

- (i) for the period commencing on the date of this Agreement and ending on (but excluding) 16 August 2014, 200.5 basis points per annum; and
- (ii) for the period commencing on (and including) 16 August 2014, 212.5 basis points per annum.

(b) as to the Tranche B Loans, 25 basis points per annum.

Interest Periods	The initial Interest Period for any Loan shall commence on (and include) the date of Borrowing of such Loan and end on (but not include) the next succeeding Interest Payment Date. Each Interest Period occurring thereafter in respect of such Loan shall commence on (and include) the last day of the immediately preceding Interest Period and end on (but not include) the next succeeding Interest Payment Date.
Interest Payment Dates	The last Business Day of April and October in each year.
Default Rate	Overdue principal and, to the extent permitted by Law, overdue interest in respect of each Loan and any other overdue amount payable by OOSL under the OOSL Six Credit Agreement shall bear interest at a rate which is equal to the sum of (i) the Eurodollar Rate in effect from time to time with respect to the Loans, (ii) the Applicable Margin, and (iii) two percent (2%) per annum, with such interest to be payable on demand.
Rate Basis	All computations of interest under the OOSL Six Credit Agreement shall be made on the basis of a 360-day year and the actual number of days elapsed.
Optional Prepayments	OOSL has the right to prepay the Loans, without premium or penalty, in whole or in part at any time and from time to time on the following terms and conditions: (i) OOSL shall give the Lender at least five (5) days' prior written notice of its intent to prepay the Loans and the aggregate principal amount of the prepayment; (ii) prepayment of a Loan may only be made on the last day of an Interest Period applicable thereto, unless OOSL pays all amounts owing under the OOSL Six Credit Agreement as a result of prepaying such Loan on a day other than the last day of the Interest Period applicable thereto; (iii) such prepayment shall be in an aggregate principal amount of at least U.S.\$5,000,000 (or an integral multiple of U.S.\$1,000,000 in excess thereof); and (iv) each prepayment of Loans shall (x) first be allocated pro rata between the Tranche A Loans and the Tranche B Loans in proportion to their respective principal amounts outstanding and (y) then be applied to reduce the scheduled Tranche A principal payments and scheduled Tranche B principal payments in inverse order of their due dates.

Principal Covenants and Events of Default

Covenants	OOSL undertakes various covenants, including: <ol style="list-style-type: none"> 1. delivery of annual financial statements; 2. give written notice of occurrence of a default or event of default under the OOSL Six Credit Agreement 3. provide copies of certain material notices, demands or other communications given or received by OOSL; 4. maintenance of existence and conduct of business; 5. compliance with laws; 6. payment of taxes; 7. maintain accounting and financial management systems; 8. obtain, maintain and comply with all necessary governmental approvals; 9. maintain hedging agreements; 10. certain restrictions on transactions with its affiliates;
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11. certain restrictions on transfers and issue of equity interests of OOSL;
12. requirement to take any action necessary to ensure that at all times the Loans rank at least pari passu in priority with all other unsecured obligations of OOSL;
13. requirement to provide certain assistance to the Lenders in complying with “know your customer” procedures in cases where evidence or documentation necessary to carry out such procedures is not already available to the Lenders;
14. limited recourse and non-petition against the Issuer as Lender.

Events of Default

Events of Default comprise:

1. failure by OOSL to pay principal or interest when due unless payment is made within three (3) Business Days of its due date;
2. default by the Borrower under any of the OOSL I Credit Agreement or the OOSL Swaps, or any event shall occur and continue in respect of any of them the effect of which is to cause or permit the lenders or counterparties to cause OOSL’s obligations to become due or prepaid in full prior to their stated maturity or payment to be liquidated as a result of the early termination thereof;
3. any representation, warranty or certificate made by or on behalf of OOSL in the OOSL Six Credit Agreement and the OOSL Six Swaps shall prove to have been false or misleading in any material respect when made or deemed made, unless the circumstances giving rise to such misrepresentation are capable of remedy and are remedied within 21 days of notice from the Lenders or after OOSL becomes aware of such misrepresentation;
4. failure by OOSL to comply with or perform any other agreement or covenant contained in the OOSL Six Credit Agreement or the OOSL Six Swaps and such failure shall continue unremedied for 30 days after OOSL becomes aware or should have become aware of such failure, subject to a proviso permitting extension of the cure period in certain circumstances;
5. OOSL shall admit in writing its inability to, or be generally unable to, pay its debts as such debts become due;
6. insolvency-related events occur with respect to OOSL;
7. a final judgment for the payment of money in excess of U.S.\$10,000,000 against OOSL in the aggregate, shall be rendered by one or more courts, administrative tribunals, or other bodies having jurisdiction against OOSL, and is not discharged within sixty (60) days;
8. OOSL shall fail to obtain, renew, maintain or comply with any necessary governmental approval or any necessary governmental approval shall be revoked, terminated, withdrawn, suspended, modified or withheld or a proceeding is commenced to revoke, terminate, withdraw, suspend, modify or withhold any necessary governmental approval and such proceeding is not terminated within thirty (30) days; unless such failure, revocation, termination, withdrawal, suspension, modification, withholding or failure to be in full force and effect could not reasonably be expected to have a Material Adverse Effect (as defined in the OOSL Six Credit

Agreement); or

9. OOG ceases to own, directly or indirectly, 51% of the share capital of OOSL.

If an Event of Default (other than an Event of Default specified in 5 above) occurs and is continuing, the Trustee shall direct the Issuer as Lender to accelerate all of the obligations of OOSL under the OOSL Six Credit Agreement upon the written instruction of at least 75% of the Holders of each Class of Notes to the Trustee. If an Event of Default specified in 5 above, occurs, all obligations of OOSL under the OOSL Six Credit Agreement shall be automatically accelerated.

Certain Documentation Matters

Limited Recourse	Obligations of the Issuer as Lender to OOSL under the OOSL Six Credit Agreement are limited recourse obligations. Once the Issuer has purchased the Loans under the OOSL Six Credit Agreement, it will have no resources to make any payments to OOSL as a Lender since its available resources are pledged in favor of the Trustee for the benefit of the Holders. OOSL has agreed in the OOSL Six Credit Agreement that the obligation of the Lenders to make Loans thereunder has been discharged in full, that no new Loans may be requested by OOSL, that the obligation of the Issuer as Lender under the OOSL Six Credit Agreement excludes any kind of monetary obligation to OOSL, and that OOSL has no recourse to the Issuer as Lender (or any of its officers, directors, employees, stockholders or incorporators) for the payment of any kind of monetary obligation and any such monetary obligation (if it arises) will be extinguished and OOSL may not take any action to recover against the Issuer as Lender in respect of any such monetary obligation. The Charged Assets in respect of the Notes shall not be available or used to meet liabilities to, and shall be absolutely protected from, any creditors of the Issuer who are not Secured Parties in respect of the Notes, and who accordingly shall not be entitled to recourse to such Charged Assets. OOSL as Borrower is not a Secured Party in respect of the Notes. Therefore, the application of any proceeds by the Trustee in accordance with the Priority of Payments shall be without having regard to the effect thereof on, or being required to account for such action to, OOSL as Borrower; provided that the Trustee will not be required to take any action that would involve the Trustee in any liability or expense unless previously indemnified and/or secured to its satisfaction in its sole discretion.
Modification and Amendment	The Series Indenture provides that the Trustee will not approve or consent or otherwise agree to any amendment or supplement to or other modification of the OOSL Six Credit Agreement (save for certain exceptions, including corrective or clarifying amendments), without the consent of the Holders of at least 75% of the Principal Balance of the Notes entitled to vote.
Transfers and Security	<p>A Lender may, with prior written notice to OOSL, assign any of its rights or transfer any of its rights and obligations to one or more commercial banks or other financial institutions or to a trust, fund, corporation, partnership or other entity which is regularly engaged in, or has as one of its purposes, making, purchasing or investing in loans, securities or other financial assets.</p> <p>A Lender may, without obtaining consent from OOSL, 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 the OOSL Six Credit Agreement to secure obligations of that Lender.</p>
Governing Law	English law

Forum..... England

OOSL Swaps Summary

OOSL Swaps	<p>The “OOSL I Swaps” are 36 fixed-to-floating interest rate swaps under the Master Agreement and schedule (as set forth below) and the relevant Swap Confirmations, the materials terms of which are set forth below.</p> <p>The “OOSL Six Swaps” are 8 fixed-to-floating interest rate swaps under the Master Agreement and schedule (as set forth below) and the relevant Swap Confirmations, the materials terms of which are set forth below.</p>
Master Agreement	On August 7, 2013, the Issuer and the Swap Counterparty entered into a master agreement consisting of a 2002 ISDA Master Agreement (Multicurrency-Cross Border) published by the International Swaps and Derivatives Association, Inc. (www.isda.org) and a schedule thereto (the “ Master Agreement ”) incorporating the 2006 ISDA Definitions.
Aggregate Notional Amount.....	<p>OOSL I Swaps: U.S.\$875,559,175</p> <p>OOSL Six Swaps: U.S.\$302,277,186</p>
Fixed Rate.....	<p>OOSL I Swaps: The weighted average rate is 3.082443%</p> <p>OOSL Six Swaps: The weighted average rate is 4.33874%</p>
Floating Rate.....	<p>OOSL I Swaps: 6 month LIBOR except with respect to the final interest period, for which the floating rate is 5 month LIBOR or, if 5 month LIBOR is not available, an interpolated rate based on 3 month LIBOR and 6 month LIBOR</p> <p>OOSL Six Swaps: 6 month LIBOR</p>
Day Count Fraction.....	<p>OOSL I Swaps: Actual/360 for both fixed rate and floating rate</p> <p>OOSL Six Swaps: Actual/360 for both fixed rate and floating rate</p>
Party A.....	For all OOSL Swaps, originally a group of international banks. Pursuant to certain transfer and novation arrangements, the current Party A is the Issuer.
Party B	<p>OOSL I Swaps: Originally ODN I GmbH. Pursuant to certain transfer and novation arrangements, the current Party B is OOSL (the “Swap Counterparty”).</p> <p>OOSL Six Swaps: Originally Odebrecht Drilling Services LLC and then ODN Six GmbH. Pursuant to certain transfer and novation arrangements, the current Party B is the Swap Counterparty.</p>
Floating Rate Payer Payment Dates.....	<p>OOSL I Swaps: Semi-annually, on the last calendar day of each of March and September, other than the final Floating Rate Payer Payment Date which shall occur on the Termination Date, subject to adjustment in accordance with the Modified Following Business Day Convention.</p> <p>OOSL Six Swaps: Semi-annually, on the last calendar day of each of October and April, to and including the Termination Date, subject to adjustment in accordance with the Modified Following Business Day Convention.</p>
Fixed Rate Payer Payment Dates	<p>OOSL I Swaps: Semi-annually, on the last calendar day of each of March and September, other than the final Fixed Rate Payer Payment Date which shall occur on the Termination Date, subject to adjustment in accordance with the Modified Following Business Day Convention.</p> <p>OOSL Six Swaps: Semi-annually, on the last calendar day of each of October and April, to and including the Termination Date, subject to adjustment in</p>

	accordance with the Modified Following Business Day Convention.
Scheduled Termination Date	OOSL I Swaps: March 31, 2022 as to two of the OOSL I Swaps, August 28, 2022 as to 17 of the OOSL Swaps, and September 12, 2022 as to 17 of the OOSL Swaps, subject to (i) adjustment in accordance with the Modified Following Business Day Convention and (ii) earlier termination in accordance with their terms.
	OOSL Six Swaps: for five of the OOSL Six Swaps, October 31, 2016, and for the remaining three OOSL Six Swaps, April 28, 2017 subject to (i) adjustment in accordance with the Modified Following Business Day Convention and (ii) earlier termination in accordance with their terms.
General.....	Under the OOSL Swaps, the Issuer and the Swap Counterparty will each agree to exchange certain payments on each payment date under the applicable OOSL Swap. All payments to be made by the Issuer will be made by the Trustee in accordance with the provisions of the Applicable Indenture. The amounts to be exchanged by the parties on a payment date will be one floating amount, calculated with reference to the notional principal amount of the applicable OOSL Swap and an interest rate base, and one fixed amount, also calculated with reference to the notional principal amount of the applicable OOSL Swap. Under no circumstances will the Issuer or the Swap Counterparty be required to gross up any payment on account of any applicable tax. The Issuer is not considered to have any Affiliates for the purpose of the OOSL Swaps. OOSL's Affiliates are limited to those entities controlled, directly or indirectly, by it.
Swap Confirmations	<p>The terms of the OOSL Swaps are set out in Swap Confirmations between the Issuer and the Swap Counterparty (the “Swap Confirmations”).</p> <p>Under the Swap Confirmations, on each Fixed Rate Payer Payment Date, the Swap Counterparty will be obligated to pay to the Issuer a fixed interest rate on a notional amount equal to the aggregate outstanding principal balance of the Loans under the OOSL Credit Agreements. On each Floating Rate Payer Payment Date, the Issuer will be obligated to pay to the Swap Counterparty a floating interest rate based on LIBOR on the same notional amount. The fixed rate payments to the Issuer will form part of the basis (along with the performance of the OOSL Credit Agreements) for determining the amount of payments on the Notes.</p> <p>The amount that the Issuer is obligated to pay to the Swap Counterparty will be netted against the amount that the Swap Counterparty is obligated to pay to the Issuer in respect of payments under each OOSL Swap. Only the net amount payable in respect of each OOSL Swap will be due from the Issuer or the Swap Counterparty, as applicable, and for receipt by the Issuer payable to the Trustee for application in the Priority of Payments.</p>
Currency	U.S. dollars
Modification and Amendment	The Series Indenture provides that the Trustee will not approve or consent or otherwise agree to any amendment or supplement to or other modification of the OOSL Swaps (save for certain exceptions, including corrective or clarifying amendments), without the consent of the Holders of at least 75% of the Principal Balance of the Notes entitled to vote.
Transfers and Security	OOSL may not transfer its obligations under the OOSL Swaps without the consent of the Issuer and the Trustee. The Issuer may create security over its rights under the OOSL Swaps, and may transfer the OOSL Swaps to any person after an Event of Default or Termination Event in which Party B is the Defaulting Party or the Affected Party, as applicable, and otherwise to, and in the same proportion as the transfer of loans, an assignee or transferee of the

loans under the OOSL Credit Agreements.

Limited Recourse Obligations of the Issuer as Party A under the OOSL Swaps are limited recourse obligations. Once the Issuer has purchased the OOSL Swaps, it will have no resources to make any payments as Party A to OOSL, including swap payments due by it on any payment date under the OOSL Swaps, since its available resources are pledged in favor of the Trustee for the benefit of the Holders. OOSL has agreed in the OOSL Swaps that it will not have any recourse to any assets of the Issuer or any assets forming part of the Charged Assets of the Notes or any other Series of Notes, including for swap payments due by it on any payment date under the OOSL Swaps, although OOSL will be able to net payments due to it from the Issuer against payments due from OOSL on the same day. Moreover, OOSL has agreed in the OOSL Swaps that it will not have recourse for the payment of any amount owing by the Issuer to OOSL under the OOSL Swaps against any officer, director, employee, stockholder or incorporator of the Issuer. The rights of OOSL to receive any unpaid amounts in respect of such obligations shall be extinguished and shall not thereafter revive and OOSL may not take any action to recover such amounts. The Charged Assets in respect of the Notes shall not be available or used to meet liabilities to, and shall be absolutely protected from, any creditors of the Issuer who are not Secured Parties in respect of the Notes, and who accordingly shall not be entitled to recourse to such Charged Assets. OOSL as Party B is a Secured Party only in respect of any termination payment upon early termination of the OOSL Swaps. The application of any proceeds by the Trustee in accordance with the Priority of Payments shall be without any liability as to the consequence of such action on OOSL and without having regard to the effect thereof on, or being required to account for such action to, OOSL; provided that the Trustee will not be required to take any action that would involve the Trustee in any liability or expense unless previously indemnified and/or secured to its satisfaction in its sole discretion.

Calculation Agent Morgan Stanley Capital Services Inc., subject to the provisions set out in the OOSL Swaps.

Governing Law English law

Jurisdiction..... England

Reference Assets Default

Events of Default **“Events of Default”** under each OOSL Swap are limited to any of the following:

1. the failure of the Issuer to pay any amount when due under such OOSL Swap after giving effect to the applicable grace period, if any;
2. the failure of the Swap Counterparty to pay any amount when due under such OOSL Swap after giving effect to the applicable grace period, if any;
3. the failure of the Issuer to comply with or perform any agreement to be complied with or performed under such OOSL Swap after giving effect to the applicable grace period, if any;
4. the failure of the Swap Counterparty to comply with or perform any agreement to be complied with or performed under such OOSL Swap after giving effect to the applicable grace period, if any;
5. representation made by the Issuer or a Swap Counterparty proving to have been incorrect or misleading in any material respect;
6. the occurrence of certain events of insolvency or bankruptcy of the

Issuer, the Swap Counterparty; and

7. certain other standard events of default under the Master Agreement, including “Merger without Assumption” (with respect to the Swap Counterparty), as described in Sections 5(a)(iii) and 5(viii) of the Master Agreement.

The following events of default are not Events of Default under the OOSL Swaps with respect to the Issuer: “Default Under Specified Transaction”, and “Cross Default” as described in Sections 5(a)(ii), 5(a)(iv), 5(a)(v), and 5(a)(vi), respectively, of the Master Agreement.

Termination Events.....

“**Termination Events**” under each OOSL Swap consist of the following:

1. the adoption of any change in any applicable law, or the change in the interpretation of any law by any court or governmental authority, which causes it to become unlawful for the Issuer or the Swap Counterparty or both, as applicable (the “**Affected Party**” or “**Affected Parties**”), to perform any obligation to make or receive a payment pursuant to the OOSL Swaps;
2. actions taken by a taxing authority or brought by a court of competent jurisdiction or a change in tax law, with the result that one of the parties to such OOSL Swaps (an “**Affected Party**”) will probably be required to (A) pay an additional amount to the other party as a result of the imposition of certain withholding taxes or (B) receive a payment from which an amount is deducted or withheld on account of the imposition of such withholding tax, in each case under the OOSL Swaps (a “**Tax Event**”);
3. a “**Force Majeure Event**” as such term is more particularly described in Section 5(b)(ii) of the Master Agreement occurs;
4. a “**Tax Event Upon Merger**” as such term is more particularly described in Section 5(b)(iv) of the Master Agreement occurs with respect to the Swap Counterparty;
5. a “**Credit Event Upon Merger**” as described in 5(b)(v) of the Master Agreement occurs with respect to the Swap Counterparty; and
6. the Additional Termination Events specified below occur.

Additional Termination Events.....

“**Additional Termination Events**” under each OOSL Swap consist of the following:

1. if an Indenture Event of Default in respect of the Notes occurs and the Trustee gives the relevant notice to the Issuer (the “**Affected Party**”) and the Collateral (as defined in such Indenture) is sold or liquidated;
2. if an Early Redemption Event in respect of the Notes occurs and the Notes are to be redeemed and the Collateral (as defined in such Indenture) is sold or liquidated provided that if the Notes are to be redeemed in part only, the termination event shall be in respect of the pro rata portion of the aggregate notional principal amount corresponding to the pro rata portion of the Notes being redeemed;
3. if a Class of the Notes is redeemed in whole prior to the Scheduled Maturity Date of such Class (otherwise than as a result of an Indenture Event of Default) or the outstanding principal balance of both Classes of Notes becomes zero (the Issuer is the “**Affected Party**”);
4. Redemption of Reference Assets and/or Permitted Investments such that cash flows will be insufficient to meet the Issuer’s (the “**Affected**

Party") obligations under such OOSL Swap; or

5. if either party is required to receive a payment from the other party (the "**Affected Party**," but if the Affected Party is Party A then either party may designate an Early Termination Date) from which an amount is required to be deducted or withheld because of Tax and no transfer to an Affiliate is effected that avoids such result.

GENERAL INFORMATION

1. The Issuer is not and has not been involved in any governmental, legal or arbitration proceedings which may have or have had during the 12 months preceding the date of this Securities Note a significant effect on the financial position of the Issuer, nor so far as the Issuer is aware are any such proceedings pending or threatened.
2. There has been no material adverse change in the financial position of the Issuer since June 30, 2012.
3. Save as disclosed herein, there has been no significant change and no significant new matter has arisen since the publication of the Registration Document.
4. Copies of the following documents in physical form will be available for inspection during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Issuer and the Principal Paying Agent for so long as the Notes are outstanding:
 - (i) this Securities Note;
 - (ii) the OOSL I Credit Agreement, the OOSL I Swaps, the OOSL Six Credit Agreement and the OOSL Six Swaps, together comprising the Reference Assets;
 - (iii) the Memorandum and Articles of Association of OOSL;
 - (iv) the most recently published audited financial statements of OOSL as of and in respect of the periods ending on December 31, 2012 and December 31, 2011;
 - (v) the Applicable Indenture;
 - (vi) the Registration Document;
 - (vii) the Memorandum and Articles of Association of the Issuer; and
 - (viii) the most recently published audited financial statements of the Issuer in respect of the period ending on June 30, 2012.
5. On issue, the Notes will be represented by a Regulation S Global Note registered in the name of a nominee for a common depositary for Euroclear and Clearstream. The Regulation S Global Note will be exchangeable in whole but not in part for Definitive Notes in the limited circumstances specified in the Regulation S Global Note.
6. The Notes have been accepted for clearance through Euroclear and Clearstream. The Common Code and the ISIN for the Regulation S Global Notes are 094422515 and XS0944225159, respectively for Class A Notes and 094422523 and XS0944225233, respectively for Class B Notes.
7. The Issuer has obtained all necessary consents, approvals and authorisations in Ireland (if any) in connection with the issue and performance of the Notes. The issue of the Notes was authorised by resolutions of the Board of Directors of the Issuer passed on or about August 2, 2013.
8. The Issuer does not intend to provide post issuance transaction information regarding the Notes and/or the performance of any Charged Assets, other than information which it is required to provide to the Holders of the Notes in accordance with the Conditions of the Notes.
9. Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in relation to the Notes and is not itself seeking admission of the Notes to the Official List of the Irish Stock Exchange or trading on the Regulated Market for the purposes of the Prospectus Directive.
10. The total expenses incurred in connection with the issue of this Securities Note and the admission to the Official List and trading on the Regulated Market of the Notes are approximately EUR3,250.

ANNEX A

THE REFERENCE ASSETS ISSUER

The Reference Assets Issuer

Odebrecht Oil Services Ltd. (“OOSL”) is an exempted company incorporated in Cayman Islands on March 10, 1982 (government incorporation number: 16859) whose registered office is at PO Box 309, Ugland House Grand Cayman KY1-1104, Cayman Islands, phone number + 55 21 3850-3000, and operates under the laws of Cayman Islands.

The Auditors of OOSL

PricewaterhouseCoopers, Auditores Independentes

CRC 2SP000160/O-5 “F” RJ

Av. Tancredo Neves 620, 30º e 34º andar, Ed. Empresarial Mundo Plaza, Caminho das Árvores

Salvador, BA, Brazil, 41820-020, Phone: + 55 71 3319-1900

Felipe Edmond Ayoub (Contador CRC 1SP187402/O-4 “S” RJ)

PwC are independent accountants in accordance with Brazilian applicable laws and regulations, including those established by the “Conselho Federal de Contabilidade” (Brazilian Federal Accountancy Council), the IBRACON and the “Comissão de Valores Mobiliário” (Brazilian Securities Commission) (the “CVM”).

Management

Name	Address	Function
Herculano de Almeida Horta Barbosa	Avenida Pasteur, No. 154, 12º floor, Botafogo, Rio de Janeiro, RJ, Brazil	Director and Officer
Jorge Luiz Uchoa Mitidieri	Avenida Pasteur, No. 154, 12º floor, Botafogo, Rio de Janeiro, RJ, Brazil	Director and Officer
Jose Claudio Breviglieri Grossi	Avenida Pasteur, No. 154, 12º floor, Botafogo, Rio de Janeiro, RJ, Brazil	Director and Officer
Roberto Prisco Paraiso Ramos	Avenida Pasteur, No. 154, 12º floor, Botafogo, Rio de Janeiro, RJ, Brazil	Director and Chief Executive Officer
Carlos Alberto Brenner	Avenida Pasteur, No. 154, 12º floor, Botafogo, Rio de Janeiro, RJ, Brazil	Director and Officer
Roberto Lopes Pontes Simões	Avenida Pasteur, No. 154, 12º floor, Botafogo, Rio de Janeiro, RJ, Brazil	Director and Officer
Guilherme Pacheco de Britto	Avenida Pasteur, No. 154, 12º floor, Botafogo, Rio de Janeiro, RJ, Brazil	Director and Officer
Rogério Luis Murat Ibrahim	Avenida Pasteur, No. 154, 12º floor, Botafogo, Rio de Janeiro, RJ, Brazil	Director and Officer

There are no potential conflicts of interest between any duties of any of the directors of OOSL to OOSL, and their private interests and/or other duties.

Description of Principal Activities

OOSL is a 100% owned subsidiary of Odebrecht Óleo e Gás S.A. (“OOG”), sharing the same activities. OOG is a *sociedade anônima* incorporated in Brazil on June 23, 2006 (registered number 08.091.102/0002-52) whose registered office is at Av. Pasteur, 154, 10º Floor, CEP 22.290-040 Rio de Janeiro – RJ, Brazil, telephone number: + 55 21 3850-3000, and operates under the laws of Brazil. OOG is a leading Brazilian oilfield services company focused on providing integrated solutions to its clients in the exploration, development and production of offshore oil and gas fields. OOG is part of the Odebrecht Group, which has been active as a general service provider for the oil and gas industry for nearly 60 years. OOG’s operations include the following services:

- **Offshore Drilling.** Odebrecht has been operating in this segment since 1979. As of 2006, OOG has been focused on deep- and ultra-deepwater drilling rig operations. Currently, OOG has seven ultra-deepwater rigs under operation for Petrobras. Three of these rigs have been operating since the second half of 2011: Norbe VI, which began operating in July 2011; Norbe VIII, which began operating in August 2011 and Norbe IX, which began operating in

November 2011. Three other rigs started operations in the second half of 2012: ODN Delba III and ODN II in August 2012 and ODN I in September 2012. The last rig to begin operations was ODN Tay IV, which began operating in March 2013. All of these rigs are chartered by Petrobras under seven- to ten-year contracts. OOG has also entered into a partnership with Sete Brasil S.A. to build and operate five ultra-deepwater rigs for Petrobras under fifteen-year charters for four drillships and one semi-submersible drilling platform. These rigs will be built in Brazil and are expected to start operations between the second half of 2016 and the first half of 2020. As of March 31, 2013, the total portfolio of revenues already contracted by OOG and its subsidiaries represented by these charters and services agreements, or backlog, amounted to U.S.\$10.5 billion.

- **Offshore Production Platforms.** OOG charters and operates floating production, storage and offloading vessels, or FPSOs, and other oil and gas production facilities to its clients, as well as manages the conversion of these units. FPSOs are the preferred deepwater option in Brazil and Angola and use technology in which major oil companies have expertise and operating experience. OOG, through its wholly-owned subsidiary OOSL, has a 50/50 joint venture partnership with Maersk Company Ltd., or Maersk, in the North Sea Production Company, or NSPC, for the operation of an FPSO. This NSPC joint venture has successfully operated this FPSO since 1997 and is currently contracted through 2019. Odebrecht Oil & Gas also has a 50/50 joint venture partnership with Teekay Petrojarl Production AS, or Teekay, in the FPSO Cidade de Itajaí, or CDI, for the charter and operation of CDI. CDI began operations in February 2013 in a nine year contract with Petrobras, with annual optional renewals by mutual agreement between the parties for up to six years. As of March 13, 2013, the total backlog of these contracts amounted to U.S.\$474 million.
- **Modification and Maintenance.** OOG engages in offshore maintenance, modification and operation services of platforms, or MMO. These services include engineering, fabrication, installation, commissioning, start-up, preventive and corrective maintenance, shutdown planning and execution and systems revamp. OOG currently provides MMO services to Petrobras, through contracts to service certain of its production and drilling platforms in the Campos Basin; to Shell and to Statoil/Maersk for two production platforms and one FPSO.
- **Subsea.** OOG is the first Brazilian company to effectively invest in the subsea market. Its focus within the subsea area is on investments in pipe laying vessels for long-term charter and construction and installation of rigid and flexible subsea pipelines. OOG's subsea involvement started with two projects. The first project, concluded in the second half of 2012 for a total amount of approximately U.S.\$240 million, is an agreement to install, in partnership with Subsea 7 (formerly known as Acergy), rigid pipeline for Petrobras's Sul Norte Capixaba Project. The second project is for the charter and operation of two PLSVs, in a 50/50 joint venture partnership with Technip S.A. These two PLSVs are being built in South Korea by Daewoo Shipbuilding Marine Engineer, or DSME, and are expected to start operations in October 2014 and April 2015.

The Odebrecht Group

Founded in 1944, the Odebrecht Group is one of Latin America's largest privately-owned corporate groups, active across various industries, including engineering and construction, petrochemicals, oil and gas, sugar and ethanol, environmental engineering and real estate. In the 1950s and 1960s, the Odebrecht Group constructed numerous refineries, terminals and pipelines. In the late 1970s, the Odebrecht Group operated over 12 rigs, of which five were owned by the Odebrecht Group, and constructed offshore production platforms and was the first Brazilian private enterprise to drill offshore in Brazil. In the 1990s, the Odebrecht Group expanded its drilling operations to offshore deepwater, among others, in the Campos Basin and established a presence in oil production in the North Sea, owning and operating an FPSO jointly with Maersk.

The Odebrecht Group has developed a strong relationship with Petrobras over the past 55 years. Petrobras has been one of the most important clients of Construtora Norberto Odebrecht S.A., or CNO, the engineering and construction company of the Odebrecht Group. In the late 1970s, Odebrecht S.A. was the first Brazilian private enterprise to drill an oil field offshore the Brazilian coast, and thereafter, Petrobras became the primary client of its drilling business. In addition, Petrobras holds a 36.2% equity interest in Braskem S.A., or Braskem, the petrochemical company of the Odebrecht Group, and has been the primary supplier of the main raw materials used by Braskem since its formation. OOG is committed to maintaining the Odebrecht Group's strong relationship with Petrobras by continuing to provide high quality integrated oilfield services.

Today, the Odebrecht Group is focused on the integrated oilfield services industry through OOG, which was created as a separate company in 2006 and is pursuing promising opportunities primarily in Brazil and Angola. Since 2010, OOG has run its business independently from the Odebrecht Group. The shareholders of OOG are Odebrecht S.A. with 81.4%, Temasek Holdings, a company owned by the Singapore Government, with 13.6% and Gávea, a private fund managed by the former president of Brazilian Central Bank, with 5.0%. These shareholders have entered into a Shareholders Agreement governing

their relationship as shareholders of the Company and the corporate governance of OOG. All shareholders have representatives in the board of directors and the minority shareholders have certain veto rights.

Odebrecht Oil Services Ltd.

OOSL is an entity 100% owned by OOG and does not have any dependence on any other entity in the group. OOSL is party to a number of financings with international banks and is subject to various covenants and restrictions on change of control.

Litigation

OOSL is not or has not been engaged in or, so far as OOSL is aware, has pending or threatened, any governmental, legal or arbitration proceedings which may have, or have had, a significant effect on the its financial position or profitability during the 12 months preceding the date of this Securities Note.

Financial Statements

The Reference Assets Issuer's accounts are prepared in accordance with accounting practices adopted in Brazil, or Brazilian GAAP, which are based on:

- the accounting standards issued by the Brazilian Institute of Independent Auditors (*Instituto dos Auditores Independentes do Brasil*), or IBRACON, and the Brazilian Federal Accounting Council (*Conselho Federal de Contabilidade*), or the CFC; and
- the accounting standards issued by the Brazilian Accounting Standards Committee (*Comitê de Pronunciamentos Contábeis - CPC*), or the CPC.

Brazilian accounting standards have changed in recent years to converge with International Financial Reporting Standards as issued by the International Accounting Standards Board (“**IFRS**”). The accounting practices adopted in Brazil applicable to the Reference Assets Issuer's financial statements differ from IFRS only in relation to the valuation of investments in subsidiaries and associates based on the equity accounting method, instead of cost or fair value in accordance with IFRS.

There has been no material adverse change in the prospects of the Reference Assets Issuer and no significant change in the financial or trading position of the Reference Assets Issuer since December 31, 2012. The Reference Assets Issuer's financial statements for the financial years ended December 31, 2012 and December 31, 2011 are set out on the following pages. The Reference Assets Issuer's financial statements for the financial year ended December 31, 2011 includes an other matters paragraph stating that the comparative information as at, and for the period ended, December 31, 2010 has not been audited.

Odebrecht Oil Services Ltd.

Financial statements at

December 31, 2012

and independent auditor's report



Independent Auditor's Report

To the Board of Directors and Shareholders
Odebrecht Oil Services Ltd.

We have audited the accompanying financial statements of Odebrecht Oil Services Ltd. ("the Company"), which comprise the balance sheet as at December 31, 2012 and the statements of operations, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting practices adopted in Brazil, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Brazilian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Odebrecht Oil Services Ltd.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Odebrecht Oil Services Ltd. as at December 31, 2012, and its financial performance and cash flows for the year then ended in accordance with practices adopted in Brazil.

Salvador, April 26, 2013

A handwritten signature in blue ink, appearing to read "PricewaterhouseCoopers".

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5 "P" RJ

A handwritten signature in blue ink, appearing to read "Edilene Edmond Aguiar".

Edilene Edmond Aguiar
Contador CRC 1SP187402/O-4 "S" RJ

Odebrecht Oil Services Ltd.

Balance Sheets

In thousands of U.S. dollars

Assets	December 31, 2012	December 31, 2011	Liabilities and equity	December 31, 2012	December 31, 2011
Current			Current		
Cash and cash equivalents (Note 6)	255,886	292,575	Financings (Note 11)	49,318	25,247
Accounts receivable from customers	5,879		Trade payables	7,594	2,931
Advances to suppliers	2,794	1,385	Related parties (Note 9)	73,067	152,437
Prepaid expenses	7,226	4,373	Insurance payable	8,851	5,925
Other assets	1,233	1,149	Other liabilities	4,781	431
	<u>272,948</u>	<u>299,483</u>		<u>144,511</u>	<u>186,971</u>
Non-current			Non-current		
Swap derivative instruments (Note 7)	1,633	1,683	Financings (Note 11)	517,114	277,821
Loans (Note 8)	213,887	88,841	Swap derivative instruments (Note 7)	7,887	3,663
Related parties (Note 9)	319,904	94,044		<u>525,001</u>	<u>281,484</u>
Investments (Note 10)	16,744	280,142			
Intangibles	272	272	Equity (Note 12)		
Property, plant and equipment	95	91	Capital	194,358	83,836
	<u>662,466</u>	<u>466,078</u>	Share premium		303,116
			Accumulated other comprehensive loss	(1,811)	(2,382)
			Accumulated losses	<u>(36,646)</u>	<u>(88,497)</u>
			Total equity	<u>156,801</u>	<u>296,073</u>
Total assets	<u>825,923</u>	<u>764,928</u>	Total liabilities and equity	<u>825,923</u>	<u>764,928</u>

The accompanying notes are an integral part of these financial statements.

Odebrecht Oil Services Ltd.

Statements of operations

For the years ended December 31

In thousands of U.S. dollars, unless otherwise indicated

	2012	2011
Revenue (Note 13)	348,195	107,620
Costs of service rendered	(282,645)	(155,088)
Gross profit (loss)	65,550	(47,468)
General and administrative expenses (Note 14)	(43,926)	(10,682)
Share of profit of investees (Note 10)	18,609	42,360
Operating profit (loss)	40,233	(15,790)
Financial expenses	(36,871)	(16,743)
Financial income	48,479	13,345
Financial result, net (Note 15)	11,608	(3,398)
Profit (loss) for the year	51,841	(19,188)
Basic and diluted profit (loss) per thousand shares attributable to shareholders of the Company (in US\$) (Note 16)	389.15	(53.63)

The accompanying notes are an integral part of these financial statements.

Odebrecht Oil Services Ltd.

Statements of comprehensive income (loss)

For the years ended December 31

In thousands of U.S. dollars

	<u>2012</u>	<u>2011</u>
Profit (loss) for the year	<u>51,841</u>	<u>(19,188)</u>
Exchange rate variation of foreign subsidiaries	<u>571</u>	<u>(45)</u>
Total comprehensive income (loss) for the year	<u><u>52,412</u></u>	<u><u>(19,233)</u></u>

The accompanying notes are an integral part of these financial statements.

Odebrecht Oil Services Ltd.

Statements of changes in equity

In thousands of U.S. dollars

	Attributed to the company's shareholders				
	Capital	Share premium	Other comprehensive loss	Accumulated losses	Total
At January 1, 2011	397,644	300,000	(2,337)	(69,309)	625,998
Loss for the year				(19,188)	(19,188)
Exchange rate variation of foreign subsidiaries			(45)		(45)
Capital reduction (Note 12)		(146,342)			(146,342)
Capital increase (Note 12)		149,458			149,458
Transfers of investments in Norbes VIII and IX to OOG S.A (Note 12)	(313,808)				(313,808)
At December 31, 2011	83,836	303,116	(2,382)	(88,497)	296,073
At January 1, 2012	83,836	303,116	(2,382)	(88,497)	296,073
Profit for the year				51,841	51,841
Exchange rate variation of foreign subsidiaries			571		571
Capital reduction (Note 12)	(7,026)	(791)			(7,817)
Capital increase (Note 12)	97,837				97,837
Share premium capitalization (Note 12)	302,325	(302,325)			
Transfers of investments in Norbe VI to OOG S.A (Note 12)	(282,614)				(282,614)
At December 31, 2012	194,358		(1,811)	(36,656)	155,891

The accompanying notes are an integral part of these financial statements.

Odebrecht Oil Services Ltd.

Statement of cash flows For the years ended December 31 In thousands of U.S. dollars

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities		
Profit (loss) for the year	51,841	(19,188)
Share of profit of investees	(18,609)	(42,360)
Finance result, net	10,951	5,082
Loss on the fair value of derivative financial instruments	<u>4,356</u>	<u>1,532</u>
	48,439	(54,934)
Changes in assets and liabilities		
Trade accounts receivable	(5,879)	
Prepaid expenses	(2,853)	(4,373)
Advances to suppliers	(1,368)	(1,046)
Other assets	(84)	4,344
Related parties	(301,880)	58,422
Trade payables	4,663	2,931
Other accounts payable	<u>8,296</u>	<u>5,758</u>
Net cash provided by (used in) operating activities	<u>(250,666)</u>	<u>11,102</u>
Cash flows from investing activities		
Capital increase in subsidiaries	(4,873)	(133,665)
Issuance third parties loan	(125,046)	(57,981)
Acquisition of property, plant and equipment	(4)	
Acquisition of intangible assets		(23)
Dividends receipt	<u>4,837</u>	
Net cash used in investing activities	<u>(125,086)</u>	<u>(191,669)</u>
Cash flows from financing activities		
Financing issued	282,000	150,000
Payments of borrowings	(21,439)	
Payment of interests	(14,623)	(3,692)
Repayment of interests on related parties	3,095	
Capital increase	<u>90,020</u>	<u>3,116</u>
Net cash provided by financing activities	<u>339,053</u>	<u>149,424</u>
Decrease in cash and cash equivalents	(36,689)	(31,143)
Cash and cash equivalents at the beginning of the year	<u>292,575</u>	<u>323,718</u>
Cash and cash equivalents at the end of the year	<u><u>255,886</u></u>	<u><u>292,575</u></u>

The main non cash transaction is disclosed in note 1.

The accompanying notes are an integral part of these financial statements.

Odebrecht Oil Services Ltd.

Notes to the financial statements

at December 31, 2012

In thousands of U.S. dollars, unless otherwise indicated

1 Operating context

Odebrecht Oil Services Ltd. ("OOSL" or "Company"), was constituted on September 14, 2001, in the Cayman Islands. It was acquired by Odebrecht Óleo & Gás S.A. ("OOG") on October 31, 2007, as the result of the process of business segregation of the corporate structure of the Odebrecht Organization, through the partial split-off of equity of Construtora Norberto Odebrecht S.A. ("CNO").

Its activities comprises rendering services related to the extraction of oil and gas and investment to OOG Group Companies that directly or indirectly operate in this segment.

As of June 26, 2012 the Company transferred the control of the investee Odebrecht Drilling Services LLC ("ODS") to OOG through capital reduction. This operation did not involve any cash transaction.

On December 31, 2012 the investments of the Company are represented by North Sea Production Company Ltd ("NSPC"), a company acquired on December 31, 2007 from Tenenge UK Ltd. ("TUK"), in a transaction under common control. This entity is jointly controlled with Maersk Company Limited and its main activity consists of the management and operation of the floating production, storage and offloading system (FPSO) North Sea Producer operating in the North Sea.

The issue of these financial statements of OOSL was authorized by the Directors on April 24, 2013.

2 Summary of significant accounting policies

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements have been prepared on the historical cost basis, except for certain financial assets and liabilities (including derivative instruments), which are measured at their fair value.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires the Company's management to exercise its judgment in the process of applying the Company's accounting policies. Those areas that require a higher judgment which are more complex, as well as other areas requiring significant estimates and assumptions for the financial statements, are disclosed in note 3.

The Company has not presented the consolidated financial statements, as required by CPC 36(R3) "Consolidated Financial Statements", because it is a controlled company of Odebrecht Óleo e Gás S.A. ("OOG"), which presents consolidated financial statements in accordance with the accounting practices adopted in Brazil, which do not require the Company to prepare consolidated financial statements.

The financial statements have been prepared in accordance with the accounting practices adopted in Brazil including the standards issued by the Brazilian Accounting Pronouncements Committee (CPC).

2.2 Income tax

The Company did not engage in operations, in the periods presented, subject to income tax in the Cayman Islands.

Odebrecht Oil Services Ltd.

Notes to the financial statements

at December 31, 2012

In thousands of U.S. dollars, unless otherwise indicated

2.3 Conversion of foreign currency

(a) Functional currency and presentation currency

Items included in the financial statements of each of the Company entity is measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in U.S. dollar, which is the Company's functional currency, and also the Company's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or the dates of valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of operations.

Exchange variances on assets and liabilities are classified as "Financial Income" and "Financial expenses", respectively.

(c) Subsidiaries with a different functional currency

The results and financial position of the entities that have a functional currency different from the presentation currency are translated into the presentation currency, as follows:

- (i) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet, maintaining the initial equity accounts for the same converted values on the final balance sheet of the previous period. The changes in equity other than income are converted at the rates on the dates of these changes.
- (ii) Income and expenses of each statement of operations are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions).
- (iii) All resulting exchange differences are recognized as the separate component "Other comprehensive income" in equity.

The functional currency adopted by NSPC is the pound sterling. All others are U.S. dollars.

2.4 Cash and cash equivalents

Cash and cash equivalents comprise cash, bank deposits and other highly liquid short-term investments with original maturities of up to 90 days, and for which the risk of change in value is insignificant.

Odebrecht Oil Services Ltd.

Notes to the financial statements

at December 31, 2012

In thousands of U.S. dollars, unless otherwise indicated

2.5 Prepaid expenses

Prepaid expenses represent prepayments, for which benefits or services will be received at a later date. At December 31, 2012 and December 31, 2011, this account represents the expenses with the insurance policies of drilling rigs (Norbe VIII, Norbe IX, Tay IV and QDN I and II) amounting to US\$ 7,226 and US\$ 4,373, respectively, contracted with third parties. Such expenses are initially recorded as prepaid expenses and expensed in the statement of operations over time as the benefit is received. Such costs are changed to the specific companies on a monthly basis.

2.6 Investments

(i) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Company has the power to determine the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of possible voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

(ii) Jointly-controlled entities

Jointly-controlled entities are all those entities in which the Company shares control over the economic activity, including the unanimous agreement between the parties on strategic, financial and operational decisions related to the activity.

Accounting policies of these entities are changed, where necessary, to ensure consistency with the policies adopted by the Company.

Investments in subsidiaries and jointly-controlled entities are accounted for using the equity method.

2.7 Financial assets

2.7.1 Classification

The Company classifies its financial assets in the following categories: measured at fair value through profit or loss, loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the initial recognition. There are no financial assets classified as "available-for-sale" in the periods presented.

(a) Financial assets measured at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired mainly for the purpose of selling in the short-term. Derivatives are also categorized as held for trading unless they are designated as hedges.

Odebrecht Oil Services Ltd.

Notes to the financial statements at December 31, 2012

In thousands of U.S. dollars, unless otherwise indicated

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments, not quoted in an active market. They are classified as current assets, except for those with maturity dates of over 12 months after the balance sheet date (these are classified as non-current assets). Loans and receivables of the Company include "Loans" (Note 8), "Other assets" and "Cash and cash equivalents" (Note 6).

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any other category. They are included in non-current assets unless management intends to realize them within 12 months after the reporting period.

2.7.2 Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade-date, which is the date on which the Company commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the statement of operations. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred, and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortized cost using the effective interest method. Gains or losses related to the changes in the fair value of financial assets measured at fair value through profit or loss are recognized in the statement of operations as financial income (expense) as they occur.

2.7.3 Compensation of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

2.7.4 Impairment of financial assets – assets measured at amortized cost

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events occurred after the initial recognition of the assets (an "event of loss") and that event (or events) of loss has an impact in the future estimated cash flows of the financial asset or group of financial assets that can be estimated in a reliable manner.

Odebrecht Oil Services Ltd.

Notes to the financial statements

at December 31, 2012

In thousands of U.S. dollars, unless otherwise indicated

The criteria used by the Company's to identify objective evidence of an impairment loss include:

- (i) Significant financial difficulties of the issuer or debtor;
- (ii) A breach of contract, such as default or delay in the payment of interest or principal;
- (iii) The Company, for economic or legal reasons related to the financial difficult of the borrower, grants to the borrower a concession that it would not otherwise consider;
- (iv) It is probable that the borrower will enter bankruptcy or other financial restructuring;
- (v) The disappearance of an active market for the financial asset due to the financial difficulties; or
- (vi) Observable data indicating a measurable reduction in the estimated future cash flows for a portfolio of financial assets since initial recognition, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
 - . Adverse changes in the payment situation of the borrowers in the portfolio;
 - . Local or national economic conditions that correlate with the defaults on payments of the assets in the portfolio.

The amount of any impairment loss is measured as the difference between the carrying amount of the assets and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the original interest rate of the financial assets. The carrying amount of the asset is reduced and the amount of the loss is recognized in the statement of operations. For practical reasons, the Company can measure the impairment based on the fair value of an instrument using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively with an event that occurred after the impairment was recognized (i.e.: an improvement in the credit rating of the borrower), the reversal of this loss recognized previously is credited to the statements of operations.

2.8 Derivative financial instruments

Initially, derivatives are recognized at fair value on the date a derivative contract is entered into, and are subsequently remeasured at fair value. Changes in the fair value of any of these derivative instruments, are recognized immediately in the statement of operations as a financial expense/income.

Up to December 31, 2012, OOSL has not adopted hedge accounting as part of its accounting policies.

Odebrecht Oil Services Ltd.

Notes to the financial statements at December 31, 2012

In thousands of U.S. dollars, unless otherwise indicated

2.9 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units - CGU). Impaired non-financial assets, other than goodwill, are subsequently reviewed for possible reversal of the impairment at each reporting date.

2.10 Trade accounts payable

Trade accounts payables are obligations to pay for goods or services that have been acquired from suppliers in the normal course of business. Accounts payable are classified as current liabilities if payment is due in one year or less. If not, they are presented as non-current liabilities.

Trade accounts payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. In practice, they are usually recognized at the amount of the related invoice.

2.11 Financings

Financings are recognized initially at fair value, net of transaction costs incurred. Financings are subsequently carried at amortized cost. Any difference between the proceeds (net of transaction costs) and the settlement value is recognized in the statement of operations over the period of the financing using the effective interest method.

Fees paid on the establishment of credit facilities are recognized as transaction costs to the extent that it is probable that some or all of the facility will be drawn upon. In this case, the fee is deferred until the draw down occurs.

Financings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.12 Provisions

Provisions are recognized when: (i) the Company has a present obligation or a constructive obligation as a result of past events; (ii) it is probable that a disbursement of resources will be necessary to settle the obligation; and (iii) the amounts can be measured reliably.

2.13 Capital

The common shares are classified in equity. The incremental costs directly attributable to the issuance of new shares are stated in equity as a deduction of the proceeds, net of taxes.

Odebrecht Oil Services Ltd.

Notes to the financial statements at December 31, 2012

In thousands of U.S. dollars, unless otherwise indicated

2.14 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Company's activities. Revenue is shown net of taxes, rebates and discounts.

The Company recognizes revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

2.15 New standards, amendments and interpretations to existing standards that are not yet effective

The early adoption of these standards, has not been implemented in Brazil by the Brazilian Accounting Pronouncements Committee (CPC).

. CPC 26 (R1) "Presentation of financial statements" was issued in December, 2011. The main change is a requirement for entities to group items presented in "other comprehensive income" on the basis of whether they will be reclassified to profit or loss or remain in equity. The amendment to the standard is applicable as from January 1, 2013. The Company expects that the adoption of this amendment will only give rise to impacts on disclosure.

. CPC 19 (R2), "Joint ventures " was issued in November, 2012. The standard provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. There are two types of joint arrangements: (i) joint operations - arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses; and (ii) joint ventures - arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. The proportional consolidation method will no longer be permitted in joint ventures. The standard is applicable as from January 1, 2013 but it will not have any impact for the Company.

. CPC 46 "Fair value measurement" was issued in December 2012. CPC 46 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement. The standard is applicable as from January 1, 2013. The impact of this standard will be basically an addition to disclosure.

There are no other CPC that are not yet effective that would be expected to have a material impact on the Company.

3 Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events considered reasonable under the circumstances.

Odebrecht Oil Services Ltd.

Notes to the financial statements

at December 31, 2012

In thousands of U.S. dollars, unless otherwise indicated

3.1 Critical accounting estimates and assumptions

Based on assumptions, the Company makes estimates concerning the future. The resulting accounting estimates will rarely be equal to the actual results. The estimates and the assumptions that represent a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within that next financial year are addressed below.

(a) Fair value of derivatives designated as hedge

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses judgment to select among a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. The Company has used discounted cash flows analysis to calculate the fair value of the hedging derivative.

The Company contracted a derivative instrument to hedge the working capital loan (Note 11). The fair value of this instrument is recorded in accordance with the accounting policy described in Note 2.6 and the asset and liability positions are presented in Note 7.

4 Financial risk management

4.1 Financial risk factors

The Company's activities expose it to various financial risks: market risk (including currency risk and cash flow interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company uses derivative financial instruments to hedge cash flow interest rate risk.

Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges the Company against possible financial risks in close cooperation with the Company's operating units. The Board provides written principles for overall risk management, as well as for specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of surplus liquidity.

(a) Market risk

(i) Foreign exchange rate risk

The Company operates internationally and is exposed to foreign exchange rate risk resulting from currency exposures, related to pounds sterling. The foreign exchange rate risk is the result of commercial future contracts, recognized assets and liabilities and foreign investments.

Odebrecht Oil Services Ltd.

Notes to the financial statements at December 31, 2012

In thousands of U.S. dollars, unless otherwise indicated

The associated risk arises from the possibility which aims at acting in the derivatives market only to hedge contracted cash flows, excluding any possibility of speculative transactions. The Company enters into hedging operations to change floating rates to fixed rates on borrowings, with matched maturities, amounts and types of rate, thus eliminating mismatch risks. The Company also enters into transactions to avoid mismatches between revenues and costs in different currencies within limits and safety margins adopted in its cash flow forecast, minimizing exchange rate impacts.

(ii) Cash flow interest rate risk

This risk arises from the possibility that the Company may incur losses due to fluctuations in interest rates that lead to an increase in financial expenses related to financing obtained in the market. The financing contracted for working capital purposes is subject to floating interest rates, hedged by derivative swap instrument into fixed interest rate.

Sensitivity analysis

We present below a table with derivative financial instruments at fair value, describing the risks that may lead to material losses for the Company in a probable scenario (scenario I), according to management's judgment. In addition, another two scenarios are shown with a 25% and 50% deterioration in the risk factor identified (interest rate), (scenarios II and III, respectively).

<u>Instrument</u>	<u>Description</u>	<u>Scenario I</u>	<u>Scenario II</u>	<u>Scenario III</u>
Derivatives	LIBOR decrease	(3,052)	(3,057)	(3,060)

(b) Credit risk

Credit risk is managed on a corporate basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and other financial institutions, as well as credit exposures to customers. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. There are no default events related to our customers and management does not expect any loss arising from default by these counterparties.

(c) Liquidity risk

Cash flow forecasting is performed in the operating entities of the Company and aggregated by the finance department. This department monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, and compliance with internal balance sheet ratios.

Odebrecht Oil Services Ltd.

Notes to the financial statements at December 31, 2012

In thousands of U.S. dollars, unless otherwise indicated

The table below presents the Company's non-derivative financial liabilities by maturity range, corresponding to the period remaining at the balance sheet date until to the contractual maturity. The derivatives financial liabilities are included in the analysis if their maturities are indispensable to an understanding of cash flows. The amounts reported in the table are undiscounted contractual cash flows.

	At December 31, 2012			
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Principal of financings	42,857	63,083	429,631	25,000
Interests on financings	27,658	27,536	41,384	1,480
Trade accounts payable	7,594			
Related parties	73,067			
Insurance payable	8,851			

	At December 31, 2011			
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Principal of financings	21,429	42,857	185,714	50,000
Interests on financings	15,614	13,998	29,838	4,436
Trade accounts payable	2,931			
Related parties	152,457			
Insurance payable	5,905			

4.2 Capital management

The Company has and follows financial policies that provide the guidelines for management of risks and the consequent impacts on capital structure. Under these policies, the nature and general position of financial risks is regularly monitored and managed in order to evaluate results and the financial impact on cash flows. The main financial institutions with which OOSL maintains operations are those presented in Note 11.

Under these policies, market risks are hedged when necessary to support corporate strategy.

According to the risk management policy, derivative instruments for speculative purposes are prohibited.

4.3 Fair value estimates

The Company believes that the balances of trade accounts receivable, after impairments and trade accounts payable, do not differ significantly from fair values. The fair values are estimated by discounting future contractual cash flow, using market interest rates available for similar financial instruments.

Odebrecht Oil Services Ltd.

Notes to the financial statements

at December 31, 2012

In thousands of U.S. dollars, unless otherwise indicated

For financial instruments designated as fair value through profit or loss, the Company follows CPC 40. The Company's financial instruments are not traded on active markets and their fair value is calculated using valuation techniques. These valuation techniques preferentially use information available in the market and minimize Company-specific estimative.

5 Financial instruments by category

(a) Financial assets are classified as follow:

Assets	December 31, 2012	December 31, 2011
Loans and receivables		
Cash and cash equivalents (Note 6)	255,886	292,575
Accounts receivable from customers	5,879	
Loans (Note 8)	213,887	88,841
Other receivables (*)	<u>1,233</u>	<u>1,149</u>
	476,885	382,565
Financial assets measured at fair value through profit or loss		
Swap derivative instruments (Note 7)	<u>1,653</u>	<u>1,685</u>
	<u>478,538</u>	<u>384,250</u>

(*) prepayments are excluded from "Other receivables"

(b) Financial liabilities are classified as follows:

Liabilities	December 31, 2012	December 31, 2011
Other financial liabilities		
Financings (Note 11)	566,432	303,068
Trade payables	7,594	2,931
Related parties (Note 9)	73,067	152,457
Insurance payable	8,851	5,905
Other liabilities	<u>5,871</u>	<u>431</u>
	661,815	464,792
Hedging derivatives		
Swap derivative instruments (Note 7)	<u>7,887</u>	<u>3,663</u>
	<u>669,702</u>	<u>468,455</u>

Odebrecht Oil Services Ltd.

Notes to the financial statements at December 31, 2012

In thousands of U.S. dollars, unless otherwise indicated

6 Cash and cash equivalents

	December 31, 2012	December 31, 2011
Cash and banks	299	140
Bank deposits	255,587	292,435
	<u>255,886</u>	<u>292,575</u>

At December 31, 2012, bank deposits are represented by fixed and floating rate operations in short – term time deposits with maturity of up to 90 days, denominated in US dollars, with first-class financial institutions.

7 Swap derivative instruments

	December 31, 2012		December 31, 2011	
	Asset	Liability	Asset	Liability
Interest rate swap	1,653	7,887	1,685	3,663

The derivative financial instruments are intended to hedge the Company's operations against the risks of fluctuations in interest rates and are not used with the objective to generating financial income, i.e. they are not speculative.

The remaining period to the maturity of the hedged items is more than 12 months, and therefore the fair value of these derivatives is classified as a non-current asset or liability.

Interest rate swap

The notional amount of the interest rate swap contracts, as of December 31, 2012, is US\$ 278,571 (2011 – US\$ 225,000).

As of December 31, 2012, the fixed interest rates varied between 1.26% and 1.69% (2011 – 1.40% and 1.69%) and the variable rates are based on LIBOR. The gains and losses related to these interest rate swap contracts are recognized in the statement of operations up to the full repayment of the hedged loans.

Odebrecht Oil Services Ltd.

Notes to the financial statements

at December 31, 2012

In thousands of U.S. dollars, unless otherwise indicated

8 Loans

Refers to loans granted to Delba GmbH, a minority shareholder of ODN I GmbH ("ODN I and II") and ODN Tay IV GmbH ("ODN Tay IV"), indirect subsidiaries of OOG, related to the capital contributions to be made by Delba, whenever it does not have sufficient financial resources to pay the amounts due. These contracts bear interest of 13% and 14.5% p.a., with payment due in 7 and 10 years, respectively. The loans will be repaid with funds from dividend distributions and Delba can also use its own financial resources for this purpose. If there is any remaining balance at the end of the contract, OOG has the right to use that amount to increase its shareholding. Delba's shareholdings in ODN I and II and ODN Tay IV were given in guarantee of the loans. On December 31, 2012 the balance amounts to US\$ 213,887 (US\$ 88,841 - 2011).

9 Related parties

The balances of assets, liabilities and revenues with related parties are as follows:

	Assets		Liabilities		Revenues	
	2012	2011	2012	2011	2012	2011
Delba Drilling Cöoperatie U.A	20,970	4,473	4,748	10,098	31,944	15,625
North Sea Production Company	192	137			2,102	1,901
Technip Odebrecht PLSV CV	2,401				4,802	1,000
Tenenge Overseas Corporation		2,400			2,676	
ODN I GmbH	10,326		1,388	51,902	91,401	17,459
ODN Tay IV GmbH	21,942			31,798	134,058	27,488
Odebrecht Óleo e Gás S.A	80,009	80,009	66,931	58,659		
Odebrecht Drilling Norbe VIII	4,014	4,269			36,617	29,277
Odebrecht Drilling Norbe IX	3,957	2,756			37,891	12,469
Odebrecht Drilling Norbe VI	861					
Odebrecht Oil & Gas GmbH	172,532					
OOG-TKP FPSO GmbH & Co KG					1,331	
Odebrecht Serviços no exterior Ltd					1,088	
Bottinas Drilling B. V					213	
Odebrecht Oil and Gas Angola	2,790				3,004	2,400
	<u>339,904</u>	<u>94,044</u>	<u>73,067</u>	<u>152,457</u>	<u>347,127</u>	<u>107,619</u>

Odebrecht Oil Services Ltd.

Notes to the financial statements at December 31, 2012

In thousands of U.S. dollars, unless otherwise indicated

10 Investments

Investments in subsidiaries

	December 31, 2012	December 31, 2011
At the beginning of the year	280,142	406,342
North Sea Production Corporation(*)		
Exchange rate variation of foreign subsidiaries	571	(45)
Equity in the results	5,921	1,280
Dividends paid	(4,837)	
Odebrecht Drilling Services LLC		
Capital increase	4,873	95,106
Equity in the results	12,688	39,681
Transfer to ODN Six	(282,614)	
Odebrecht Drilling Norbe VIII(***)		
Capital increase		25,041
Transfer to ODN Eight GmbH		(157,467)
Odebrecht Drilling Norbe IX(***)		
Capital increase		25,146
Transfer to ODN Nine GmbH		(156,341)
ODN VIII/IX		
Equity in the results		1,399
At the end of the year	16,744	280,142

Interest in subsidiaries (%)

		December 31, 2012	December 31, 2011
Subsidiaries			
North Sea Production Company (*)	United Kingdom	50	50
Odebrecht Drilling Services LLC (**)	United States		100
Odebrecht Drilling Norbe VIII(***)	United States		100
Odebrecht Drilling Norbe IX(***)	United States		100
ODN VIII/IX	Cayman Islands		100

(*) Jointly-controlled subsidiary

(**) Odebrecht Drilling Norbe Six GmbH received from its indirect shareholder OOG the totality of the shares issued by ODS.

(***) Entities wound up in 2011. Their assets and liabilities were transferred to ODN Eight and Nine.

Odebrecht Oil Services Ltd.

Notes to the financial statements

at December 31, 2012

In thousands of U.S. dollars, unless otherwise indicated

Information on the results of operations, assets and liabilities of the main direct investees of the Company, privately-held companies, are summarized as follows:

<u>December 31, 2012</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Revenues</u>	<u>Profit</u>
NSPC	52,667	19,178	66,933	11,866
<u>December 31, 2011</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Revenues</u>	<u>Profit</u>
NSPC	44,948	14,772	43,256	2,560
ODS	648,690	383,637	57,188	39,681

11 Financings

	<u>Type</u>	<u>December 31, 2012</u>	<u>December 31, 2011</u>
Itaú BBA	Working capital	130,345	151,905
Bradesco	Working capital	76,172	76,122
Banco do Brasil	Working capital	100,136	75,041
Citibank	Working capital	50,969	
BTG Pactual	Working capital	159,290	
ING	Working capital	49,520	
		<u>566,432</u>	<u>303,068</u>
	Current	<u>(49,318)</u>	<u>(25,247)</u>
	Non-current	<u>517,114</u>	<u>277,821</u>

(a) Summary of bank borrowings

(i) Itaú BBA

On September 3, 2010, the Company signed a long-term loan agreement in the amount of US\$ 150,000 for working capital purposes that is hedged by a derivative instrument to swap a floating for fixed interest rate. The fair value of this derivative is presented in Note 5.

The principal amount will be repaid in semi-annual installments as from September 2012. The final installment is scheduled for September 2015. The interest will be paid in March and September of each year and the final settlement is scheduled for September 2015.

(ii) Bradesco

On September 6, 2011, the Company signed a long-term loan agreement in the amount of US\$ 75,000 for working capital purposes that is hedged by a derivative instrument to swap a floating for fixed interest rate. The fair value of this derivative is presented in Note 5.

Odebrecht Oil Services Ltd.

Notes to the financial statements at December 31, 2012

In thousands of U.S. dollars, unless otherwise indicated

The principal will be repaid in semi-annual installments as from September 2016. The final installment is scheduled for September 2018. The interest will be paid in March and September of each year and the final settlement is scheduled for September 2018.

(iii) Banco do Brasil

On December 27, 2011, the Company signed a long-term loan agreement in the amount of US\$ 75,000 for working capital purposes. In January 2012, a swap derivative was contracted in order to hedge the loan.

The principal amount will be fully repaid in December 2016. The interest will be paid in May and November of each year and the final settlement is scheduled for November 2016.

On December 6, 2012, the Company signed a long-term loan agreement in the amount of US\$ 25,000 for working capital purposes.

The principal amount will be fully repaid in October 2017. The interest will be paid in May and November of each year and the final settlement is scheduled for October 2017.

(iv) Citibank

On July 19, 2012, the Company signed a long-term loan agreement in the amount of US\$ 50,000 for working capital purposes.

The principal amount will be repaid in semi-annual installments as from December 2014. The final installment is scheduled for May 2017. The interest will be paid in June and December of each year and the final settlement is scheduled for May 2017.

(v) BTG Pactual

On September 21, 2012, the Company signed a long-term loan agreement in the amount of US\$ 157,000 for working capital purposes.

The principal amount will be repaid in bimonthly installments as from October 2014. The final installment is scheduled for September 2017. The interest will be paid in March and September of 2013 and 2014 and bimonthly as from October 2014. The final settlement is scheduled for September 2017.

(vi) ING

On December 14, 2012, the Company signed a long-term loan agreement in the amount of US\$ 50,000 for working capital purposes.

The principal amount will be repaid in semi-annual installments as from June 2015. The final installment is scheduled for December 2017. The interest will be paid in June and December of each year and the final settlement is scheduled for December 2017.

Odebrecht Oil Services Ltd.

Notes to the financial statements at December 31, 2012

In thousands of U.S. dollars, unless otherwise indicated

(b) Composition of long-term financing by year of maturity

	December 31, 2012	December 31, 2011
2013		42,643
2014	63,083	42,643
2015	134,326	42,643
2016	183,136	99,892
2017	111,719	25,000
2018 onwards	24,850	25,000
	<u>517,114</u>	<u>277,821</u>

(c) Information on book value and fair value

The difference between the book value and the market value of financings denominated in foreign currency, determined based on the discounted cash flow method at the rate prevailing on the balance sheet date, can be summarized as follows:

	December 31, 2012		December 31, 2011	
	Book value	Fair value	Book value	Fair value
Itaú BBA	130,345	131,886	151,905	153,443
Bradesco	76,172	78,793	76,122	76,122
Banco do Brasil	100,136	101,613	75,041	75,041
Citibank	50,969	55,513		
BTG Pactual	159,290	159,290		
ING	49,520	49,520		
	<u>566,432</u>	<u>576,615</u>	<u>303,068</u>	<u>304,606</u>

12 Equity

The Company is a wholly owned subsidiary of Odebrecht Óleo e Gás S.A

(a) Capital

On December 31, 2011: OOG S.A. increased the capital of the Company in the amount of US\$ 149,458. Additional, the Company reduced the share premium by repaying the capital to OOG S.A in the amount totals of US\$ 146,342 and transferred the investments in Norbe VIII and IX to OOG S.A via capital repayment in the amount of US\$ 313,808.

Odebrecht Oil Services Ltd.

Notes to the financial statements

at December 31, 2012

In thousands of U.S. dollars, unless otherwise indicated

OOG S.A increased the capital of the Company in the amount of US\$ 97,837 and the Company reduced the capital and share premium by repaying capital to OOG S.A in the amounts of US\$ 7,026 and US\$ 791, respectively.

On June 25, 2012 the Company transferred share premium to capital in the amount US\$ 302,325 via share premium capitalization.

On June 26, 2012 the Company transferred the investments in Norbe VI to OOG S.A via capital repayment in the amount of US\$ 282,614.

On December 31, 2012 the Company's paid up capital totals US\$ 194,358 (2011 - US\$ 83,836) divided into 194,357,728 common shares owned by Odebrecht Óleo e Gás S.A.

(b) Other comprehensive income (loss)

Refers to the cumulative translation adjustment of the Company's subsidiaries established abroad whose functional currency is different from the presentation currency.

13 Revenue

On December 31, 2012 the revenue is mainly comprised by the vessel maintenance contract (Specialized Oil Industry Services Agreement - SOISA).

14 General and administrative expenses

	2012	2011
Personnel expenses	(4,000)	(135)
Third-party services	(39,908)	(10,504)
Others	(18)	(43)
	<u>(43,926)</u>	<u>(10,682)</u>

15 Financial result, net

	2012	2011
Financial expenses		
Interest on financing	(19,153)	(8,897)
Exchange rate variation	(4,281)	
Derivatives losses	(11,194)	(3,947)
Guarantee expenses	(2,209)	(3,893)
Others	(34)	(6)
	<u>(36,871)</u>	<u>(16,743)</u>
Financial income		
Exchange rate variation	14,642	23
Interest on loans	26,376	11,131
Derivatives gains	6,763	1,560
Others	698	631
	<u>48,479</u>	<u>13,345</u>
Financial result, net	<u>11,608</u>	<u>(3,398)</u>

Odebrecht Oil Services Ltd.

Notes to the financial statements at December 31, 2012

In thousands of U.S. dollars, unless otherwise indicated

16 Earnings (loss) per one thousand shares

Basic

The basic earnings (loss) per one thousand shares is calculated by dividing the profit or loss attributable to the Company's shareholders by the weighted average number of common shares outstanding during the period/year, excluding the common shares purchased and held in treasury.

	2012	2011
Net profit (loss) attributable to common share holders – Basic and diluted	51,841	(19,188)
Weighted average number of outstanding common shares	133,214,800	357,767,715
Basic and diluted profit (loss) per one thousand shares - in US\$	389,15	(53,63)

17 Insurance

The Company has a risk management program designed to mitigate losses and contracts insurance in the market compatible with its size and operations. The amounts insured are considered to be sufficient by management to cover eventual losses, considering the nature of the activities, the risk involved in operations and the recommendations of insurance brokers.

On December 31, 2012, the Company had the following insurance policies contracted with third parties:

Covered items	Covered risk	Amount
Drillships	Hull and machinery /increased value/accelerated cost of construction/protection and indemnity/civil liability/delay in delivery	US\$ 5,708,981

The insurances contracted by OOSL, in case of loss, have the ODN I GmbH, ODN Eight GmbH, ODN Nine GmbH and ODN Tay IV as the beneficiary.

18 Subsequent events

On April 08, 2013, the Company received dividends resources from ODN Holding in the amount of USD 15,040 as repayment of the loans granted to Delba GmbH (Note 8).

* ‡ ‡

Odebrecht Oil Services Ltd.

**Financial statements at
December 31, 2011
and report of independent auditors**



Independent Auditor's Report

To the Board of Directors and Shareholders
Odebrecht Oil Services Ltd.

We have audited the accompanying financial statements of Odebrecht Oil Services Ltd. ("the Company"), which comprise the balance sheet as at December 31, 2011 and the statements of operations, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting practices adopted in Brazil, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Brazilian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Odebrecht Oil Services Ltd.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Odebrecht Oil Services Ltd. as at December 31, 2011, and its financial performance and cash flows for the year then ended in accordance with practices adopted in Brazil.

Other matters

The accompanying financial statements include comparative information as required by the accounting practices adopted in Brazil. The comparative information as at, and for the period ended December 31, 2010 has not been audited.

Salvador, May 29, 2013

A handwritten signature in blue ink, likely belonging to a PricewaterhouseCoopers auditor, written over the printed name and title.

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5 "F" RJ

A handwritten signature in blue ink, likely belonging to Felipe Edmond Ayoub, written over the printed name and title.

Felipe Edmond Ayoub
Contador CRC 1SP187402/O-4 "S" RJ

Odebrecht Oil Services Ltd.

Balance Sheets

In thousands of U.S. dollars

Assets	December 31, 2011	December 31, 2010 (unaudited)	Liabilities and equity	December 31, 2011	December 31, 2010 (unaudited)
Current			Current		
Cash and cash equivalents (Note 6)	292,575	323,718	Financings (Note 11)	25,247	2,427
Advances to suppliers	1,356		Trade payables	2,931	
Prepaid expenses	4,373		Related parties (Note 9)	152,457	
Other assets	1,149	4,958	Insurance payable	5,905	
	<u>299,453</u>	<u>328,676</u>	Other liabilities	431	579
				<u>186,971</u>	<u>3,006</u>
Non-current			Non-current		
Swap derivative instruments (Note 7)	1,685	854	Financings (Note 11)	277,821	149,695
Loans (Note 8)	88,841	30,860	Swap derivative instruments (Note 7)	3,663	
Related parties (Note 9)	94,044			<u>281,484</u>	<u>149,695</u>
Investments (Note 10)	280,142	406,342			
Intangibles	272	249	Equity (Note 12)		
Property, plant and equipment	91	11,718	Capital	83,836	397,644
	<u>465,075</u>	<u>450,023</u>	Share premium	303,116	300,000
			Accumulated other comprehensive loss	(2,382)	(2,337)
			Accumulated losses	(88,497)	(69,309)
				<u>296,073</u>	<u>625,998</u>
			Total equity		
Total assets	<u><u>764,528</u></u>	<u><u>778,699</u></u>	Total liabilities and equity	<u><u>764,528</u></u>	<u><u>778,699</u></u>

The accompanying notes are an integral part of these financial statements.

Odebrecht Oil Services Ltd.

Statements of operations

For the years ended December 31

In thousands of U.S. dollars, unless otherwise indicated

	<u>2011</u>	<u>2010</u>
		(unaudited)
Revenue (Note 13)	107,620	33,934
Costs of service rendered	<u>(155,088)</u>	<u>(36,877)</u>
Gross loss	(47,468)	(2,943)
General and administrative expenses (Note 14)	(10,682)	(1,602)
Amortization of goodwill		(14,789)
Share of profit of investees (Note 10)	<u>42,360</u>	<u>(679)</u>
Operating loss	(15,790)	(20,013)
Financial expenses	(16,743)	(6,826)
Financial income	<u>13,345</u>	<u>4,371</u>
Financial result, net (Note 15)	(3,398)	(2,455)
Loss for the year	<u>(19,188)</u>	<u>(22,468)</u>
Basic and diluted loss per thousand shares attributable to shareholders of the Company (in US\$) (Note 16)	<u>(53,63)</u>	<u>(55,30)</u>

The accompanying notes are an integral part of these financial statements.

Odebrecht Oil Services Ltd.

Statements of comprehensive income (loss)
For the years ended December 31
In thousands of U.S. dollars

	<u>2011</u>	<u>2010</u>
		(unaudited)
Loss for the year	(19,188)	(22,648)
Exchange rate variation of foreign subsidiaries	<u>(45)</u>	<u>(451)</u>
Total comprehensive loss for the year	<u>(19,233)</u>	<u>(23,099)</u>

The accompanying notes are an integral part of these financial statements.

Odebrecht Oil Services Ltd.

Statements of changes in equity
In thousands of U.S. dollars

	Attributed to the company's shareholders			
	Capital	Share premium	Other comprehensive loss	Accumulated losses
At January 1, 2010 (unaudited)	338,424		(1,886)	(46,841)
Loss for the year				(22,468)
Exchange rate variation of foreign subsidiaries			(451)	(451)
Capital reduction (Note 12)	(75,581)			(75,581)
Capital increase (Note 12)	134,801	300,000		
At December 31, 2010 (unaudited)	397,644	300,000	(2,337)	(69,309)
At January 1, 2011	397,644	300,000	(2,337)	(69,309)
Loss for the year				(19,188)
Exchange rate variation of foreign subsidiaries			(45)	(45)
Capital reduction (Note 12)		(146,342)		(146,342)
Capital increase (Note 12)		149,458		149,458
Transfers of investments in Norbes VIII and IX to OOG S.A (Note 12)	(313,808)			(313,808)
At December 31, 2011	83,836	303,116	(2,382)	(88,497)

The accompanying notes are an integral part of these financial statements.

Odebrecht Oil Services Ltd.

Statement of cash flows

For the years ended December 31

In thousands of U.S. dollars

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities		(unaudited)
Loss for the year	(19,188)	(22,468)
Depreciation and amortization		10
Share of profit of investees	(42,360)	679
Amortization of goodwill		14,789
Finance result, net	5,082	(1,066)
Profit (loss) on the fair value of derivative financial instruments	1,532	(854)
	<u>(54,934)</u>	<u>(8,910)</u>
Changes in assets and liabilities		
Prepaid expenses	(4,373)	
Advances to suppliers	(1,046)	
Other assets	4,344	(4,941)
Related parties	58,422	35,710
Trade payables	2,931	
Other accounts payable	5,758	579
	<u>11,102</u>	<u>22,438</u>
Net cash provided by operating activities		
Cash flows from investing activities		
Capital increase in subsidiaries	(133,665)	(182,707)
Issuance of third parties loan	(57,981)	(29,794)
Acquisition of property, plant and equipment		(11,809)
Acquisition of intangible assets	(29)	
	<u>(191,669)</u>	<u>(224,310)</u>
Net cash used in investing activities		
Cash flows from financing activities		
Financing issued	150,000	150,000
Payment of interests	(3,692)	2,122
Capital increase	3,116	359,220
	<u>149,424</u>	<u>511,342</u>
Net cash provided by financing activities		
Increase (decrease) in cash and cash equivalents	(31,143)	309,470
Cash and cash equivalents at the beginning of the year	<u>323,718</u>	<u>14,248</u>
Cash and cash equivalents at the end of the year	<u>292,575</u>	<u>323,718</u>

The main non cash transaction is disclosed in note 1.

The accompanying notes are an integral part of these financial statements.

Odebrecht Oil Services Ltd.

**Notes to the financial statements
at December 31, 2011**
In thousands of U.S. dollars

1 Operating context

Odebrecht Oil Services Ltd. ("OOSL" or "Company"), was constituted on September 14, 2001, in the Cayman Islands. It was acquired by Odebrecht Óleo & Gás S.A. ("OOG") on October 31, 2007, as the result of the process of business segregation of the corporate structure of the Odebrecht Organization, through the partial split-off of equity of Construtora Norberto Odebrecht S.A. ("CNO").

Its activities comprises rendering services related to the extraction of oil and gas and investment to OOG Group Companies that directly or indirectly operate in this segment.

On June 7, 2011 the Company received from its indirect shareholder Odebrecht Óleo e Gás S.A. ("OOG") the totality of the shares issued by Odebrecht Drilling Norbe VIII LLC ("ODN VIII") and Odebrecht Drilling Norbe IX LLC ("ODN IX"), a transaction with parties under common control. This operation did not involve any cash transaction.

The issue of these financial statements of OOSL was authorized by the Directors on May 29, 2013.

2 Summary of significant accounting policies

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements have been prepared on the historical cost basis, except for certain financial assets and liabilities (including derivative instruments), which are measured at their fair value.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires the Company's management to exercise its judgment in the process of applying the Company's accounting policies. Those areas that require a higher judgment which are more complex, as well as other areas requiring significant estimates and assumptions for the financial statements, are disclosed in note 3.

The Company has not presented the consolidated financial statements, as required by CPC 36(R3) "Consolidated Financial Statements", because it is a controlled company of Odebrecht Óleo e Gás S.A. ("OOG"), which presents consolidated financial statement in accordance with the accounting practices adopted in Brazil, which do not require the Company to prepare consolidated financial statements.

The financial statements have been prepared in accordance with the accounting practices adopted in Brazil including the standards issued by the Brazilian Accounting Pronouncements Committee (CPC).

2.2 Income tax

The Company did not engage in operations, in the periods presented, subject to income tax in the Cayman Islands.

Odebrecht Oil Services Ltd.

Notes to the financial statements

at December 31, 2011

In thousands of U.S. dollars

2.3 Conversion of foreign currency

(a) Functional currency and presentation currency

Items included in the financial statements of each of the Company entity is measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in U.S. dollar, which is the Company's functional currency, and also the Company's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or the dates of valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of operations.

Exchange variances on assets and liabilities are classified as "Financial Income" and "Financial expenses", respectively.

(c) Subsidiaries with a different functional currency

The results and financial position of the entities that have a functional currency different from the presentation currency are translated into the presentation currency, as follows:

- (i) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet, maintaining the initial equity accounts for the same converted values on the final balance sheet of the previous period. The changes in equity other than income are converted at the rates on the dates of these changes.
- (ii) Income and expenses of each statement of operations are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions).
- (iii) All resulting exchange differences are recognized as the separate component "Other comprehensive income" in equity.

The functional currency adopted by NSPC is the pound sterling. All others are U.S. dollars.

2.4 Cash and cash equivalents

Cash and cash equivalents comprise cash, bank deposits and other highly liquid short-term investments with original maturities of up to 90 days, and for which the risk of change in value is insignificant.

2.5 Prepaid expenses

Prepaid expenses represent prepayments, for which benefits or services will be received at a later date. At December 31, 2011, this account represents the expenses with the insurance policies of drilling rigs (Norbe VI, Norbe VIII and Norbe IX) amounting to US\$ 4,373, contracted with third parties. Such expenses are initially recorded as prepaid expense and expensed in the statement of operations over time as the benefit is received. Such costs are charged to the specific companies on a monthly basis.

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2.6 Investments

(i) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Company has the power to determine the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of possible voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

(ii) Jointly-controlled entities

Jointly-controlled entities are all those entities in which the Company shares control over the economic activity, including the unanimous agreement between the parties on strategic, financial and operational decisions related to the activity.

Accounting policies of these entities are changed, where necessary, to ensure consistency with the policies adopted by the Company.

Investments in subsidiaries and jointly-controlled entities are accounted for using the equity method.

2.7 Financial assets

2.7.1 Classification

The Company classifies its financial assets in the following categories: measured at fair value through profit or loss, loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the initial recognition. There are no financial assets classified as "available-for-sale" in the periods presented.

(a) Financial assets measured at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired mainly for the purpose of selling in the short-term. Derivatives are also categorized as held for trading unless they are designated as hedges.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments, not quoted in an active market. They are classified as current assets, except for those with maturity dates of over 12 months after the balance sheet date (these are classified as non-current assets). Loans and receivables of the Company include "Loans" (Note 8), "Other assets" and "Cash and cash equivalents" (Note 6).

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any other category. They are included in non-current assets unless management intends to realize them within 12 months after the reporting period.

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2.7.2 Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade-date, which is the date on which the Company commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the statement of operations. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred, and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortized cost using the effective interest method. Gains or losses related to the changes in the fair value of financial assets measured at fair value through profit or loss are recognized in the statement of operations as financial income (expense) as they occur.

2.7.3 Compensation of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

2.7.4 Impairment of financial assets – assets measured at amortized cost

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events occurred after the initial recognition of the assets (an "event of loss") and that event (or events) of loss has an impact in the future estimated cash flows of the financial asset or group of financial assets that can be estimated in a reliable manner.

The criteria used by the Company's to identify objective evidence of an impairment loss include:

- (i) Significant financial difficulties of the issuer or debtor;
- (ii) A breach of contract, such as default or delay in the payment of interest or principal;
- (iii) The Company, for economic or legal reasons related to the financial difficult of the borrower, grants to the borrower a concession that it would not otherwise consider;
- (iv) It is probable that the borrower will enter bankruptcy or other financial restructuring;
- (v) The disappearance of an active market for the financial asset due to the financial difficulties; or
- (vi) Observable data indicating a measurable reduction in the estimated future cash flows for a portfolio of financial assets since initial recognition, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
 - Adverse changes in the payment situation of the borrowers in the portfolio;
 - Local or national economic conditions that correlate with the defaults on payments of the assets in the portfolio.

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The amount of any impairment loss is measured as the difference between the carrying amount of the assets and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the original interest rate of the financial assets. The carrying amount of the asset is reduced and the amount of the loss is recognized in the statement of operations. For practical reasons, the Company can measure the impairment based on the fair value of an instrument using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively with an event that occurred after the impairment was recognized (i.e.: an improvement in the credit rating of the borrower), the reversal of this loss recognized previously is credited to the statements of operations.

2.8 Derivative financial instruments

Initially, derivatives are recognized at fair value on the date a derivative contract is entered into, and are subsequently remeasured at fair value. Changes in the fair value of any of these derivative instruments, are recognized immediately in the statement of operations as a financial expense/income.

Up to December 31, 2011, OOSL has not adopted hedge accounting as part of its accounting policies.

2.9 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units - CGU). Impaired non-financial assets, other than goodwill, are subsequently reviewed for possible reversal of the impairment at each reporting date.

2.10 Trade accounts payable

Trade accounts payables are obligations to pay for goods or services that have been acquired from suppliers in the normal course of business. Accounts payable are classified as current liabilities if payment is due in one year or less. If not, they are presented as non-current liabilities.

Trade accounts payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. In practice, they are usually recognized at the amount of the related invoice.

2.11 Financings

Financings are recognized initially at fair value, net of transaction costs incurred. Financings are subsequently carried at amortized cost. Any difference between the proceeds (net of transaction costs) and the settlement value is recognized in the statement of operations over the period of the financing using the effective interest method.

Fees paid on the establishment of credit facilities are recognized as transaction costs to the extent that it is probable that some or all of the facility will be drawn upon. In this case, the fee is deferred until the draw down occurs.

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Financings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.12 Provisions

Provisions are recognized when: (i) the Company has a present obligation or a constructive obligation as a result of past events; (ii) it is probable that a disbursement of resources will be necessary to settle the obligation; and (iii) the amounts can be measured reliably.

2.13 Capital

The common shares are classified in equity. The incremental costs directly attributable to the issuance of new shares are stated in equity as a deduction of the proceeds, net of taxes.

2.14 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Company's activities. Revenue is shown net of taxes, rebates and discounts.

The Company recognizes revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

2.15 Standards, amendments and interpretations of existing standards that are not yet effective

(a) Standards, amendments and interpretations of existing standards that are not yet effective and have not been early adopted by the Company

The following new standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after January 1, 2011 or later periods. However, the Company has not early adopted them.

- CPC 05 (R1), "Related party disclosures", issued in September 2010. CPC 05 (R1) is mandatory for periods beginning on or after January 1, 2011. Earlier application, in whole or in part, is permitted.

The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The Company will apply the revised standard from January 1, 2012. When the revised standard is applied, the Company and the parent will need to disclose any transactions between its subsidiaries and its associates. The Company is currently putting systems in place to capture the necessary information. It is, therefore, not possible at this stage to disclose the impact, if any, of the revised standard on the related party disclosures.

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- . ICPC 16, "Extinguishing financial liabilities with equity instruments", issued in December 2010. The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt for equity swap). It requires a gain or loss to be recognized in the statement of operations, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished. The Company will apply the interpretation from January 1, 2012. It is not expected to have any impact on the Company or the parent entity's financial statements.

(b) Interpretations of standards and amendments to existing standards that are not yet effective and not relevant to the Company's operations

The following interpretations and amendments to the existing standards have been published and are mandatory for the Company's accounting periods beginning on or after January 1, 2011 or later periods, but are not relevant for the Company's operations.

Below is a list of standards/interpretations that have been issued and are effective for periods after January 1, 2010.

ICPC 16 - "Extinguishing Financial Liabilities with Equity Instruments"	Clarifies the requirements of IFRSs when an entity renegotiates the terms of a financial liability with its creditor and the creditor agrees to accept the entity's shares or other equity instruments to settle the financial liability fully or partially.	July 1, 2010
CPC 05 (R1), - "Related parties disclosures"	Amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities	January 1, 2011

There are no other CPC that are not yet effective that would be expected to have a material impact on the Company.

3 Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events considered reasonable under the circumstances.

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3.1 Critical accounting estimates and assumptions

Based on assumptions, the Company makes estimates concerning the future. The resulting accounting estimates will rarely be equal to the actual results. The estimates and the assumptions that represent a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within that next financial year are addressed below.

(a) Fair value of derivatives designated as hedge

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses judgment to select among a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. The Company has used discounted cash flows analysis to calculate the fair value of the hedging derivative.

The Company contracted a derivative instrument to hedge the working capital loan (Note 11). The fair value of this instrument is recorded in accordance with the accounting policy described in Note 2.6 and the asset and liability positions are presented in Note 7.

4 Financial risk management

4.1 Financial risk factors

The Company's activities expose it to various financial risks: market risk (including currency risk and cash flow interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company uses derivative financial instruments to hedge cash flow interest rate risk.

Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges the Company against possible financial risks in close cooperation with the Company's operating units. The Board provides written principles for overall risk management, as well as for specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of surplus liquidity.

(a) Market risk

(i) Foreign exchange rate risk

The Company operates internationally and is exposed to foreign exchange rate risk resulting from currency exposures, related to pounds sterling. The foreign exchange rate risk is the result of commercial future contracts, recognized assets and liabilities and foreign investments.

The associated risk arises from the possibility which aims at acting in the derivatives market only to hedge contracted cash flows, excluding any possibility of speculative transactions. The Company enters into hedging operations to change floating rates to fixed rates on borrowings, with matched maturities, amounts and types of rate, thus eliminating mismatch risks. The Company also enters into transactions to avoid mismatches between revenues and costs in different currencies within limits and safety margins adopted in its cash flow forecast, minimizing exchange rate impacts.

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(ii) Cash flow interest rate risk

This risk arises from the possibility that the Company may incur losses due to fluctuations in interest rates that lead to an increase in financial expenses related to financing obtained in the market. The financing contracted for working capital purposes is subject to floating interest rates, hedged by derivative swap instrument into fixed interest rate.

Sensitivity analysis

We present below a table with derivative financial instruments at fair value, describing the risks that may lead to material losses for the Company in a probable scenario (scenario I), according to management's judgment. In addition, another two scenarios are shown with a 25% and 50% deterioration in the risk factor identified (interest rate), (scenarios II and III, respectively).

<u>Instrument</u>	<u>Description</u>	<u>Scenario I</u>	<u>Scenario II</u>	<u>Scenario III</u>
Derivatives	LIBOR decrease	(437)	(2,793)	(3,609)

(b) Credit risk

Credit risk is managed on a corporate basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and other financial institutions, as well as credit exposures to customers. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. There are no default events related to our customers and management does not expect any loss arising from default by these counterparties.

(c) Liquidity risk

Cash flow forecasting is performed in the operating entities of the Company and aggregated by the finance department. This department monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, and compliance with internal balance sheet ratios.

The table below presents the Company's non-derivative financial liabilities by maturity range, corresponding to the period remaining at the balance sheet date until to the contractual maturity. The derivatives financial liabilities are included in the analysis if their maturities are indispensable to an understanding of cash flows. The amounts reported in the table are undiscounted contractual cash flows.

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	At December 31, 2011			
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Principal of financings	21,429	42,857	185,714	50,000
Interests on financings	15,614	13,998	29,838	4,436
Trade accounts payable	2,931			
Related parties	152,457			
Insurance payable	5,905			
	At December 31, 2010 (unaudited)			
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Principal of financings	21,429	42,857	42,857	42,857
Interests on financings	7,424	5,830	3,727	1,591

4.2 Capital management

The Company has and follows financial policies that provide the guidelines for management of risks and the consequent impacts on capital structure. Under these policies, the nature and general position of financial risks is regularly monitored and managed in order to evaluate results and the financial impact on cash flows. The main financial institutions with which OOSL maintains operations are those presented in Note 11.

Under these policies, market risks are hedged when necessary to support corporate strategy.

According to the risk management policy, derivative instruments for speculative purposes are prohibited.

4.3 Fair value estimates

The Company believes that the balances of trade accounts receivable, after impairments and trade accounts payable, do not differ significantly from fair values. The fair values are estimated by discounting future contractual cash flow, using market interest rates available for similar financial instruments.

For financial instruments designated as fair value through profit or loss, the Company follows CPC 40. The Company's financial instruments are not traded on active markets and their fair value is calculated using valuation techniques. These valuation techniques preferentially use information available in the market and minimize Company-specific estimative.

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5 Financial instruments by category

(a) Financial assets are classified as follow:

Assets	December 31, 2011	December 31, 2010 (unaudited)
Loans and receivables		
Cash and cash equivalents (Note 6)	292,575	323,718
Loans (Note 8)	88,841	30,860
Other receivables (*)	1,149	4,958
	<u>382,565</u>	<u>359,536</u>
Financial assets measured at fair value through profit or loss		
Swap derivative instruments (Note 7)	<u>1,685</u>	<u>854</u>
	<u>384,250</u>	<u>360,390</u>

(*) prepayments are extracted from "Other receivables"

Financial liabilities are classified as follows:

Liabilities	December 31, 2011	December 31, 2010 (unaudited)
Other financial liabilities		
Financings (Note 11)	303,068	152,122
Trade payables	2,931	
Related parties (Note 9)	152,457	
Insurance payable	5,905	
Other liabilities	<u>431</u>	<u>579</u>
	<u>464,792</u>	<u>152,701</u>
Hedging derivatives		
Swap derivative instruments (Note 7)	<u>3,663</u>	
	<u>468,455</u>	<u>152,701</u>

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6 Cash and cash equivalents

	<u>December 31, 2011</u>	<u>December 31, 2010 (unaudited)</u>
Cash and banks	140	1,624
Bank deposits	<u>292,435</u>	<u>322,094</u>
	<u>292,575</u>	<u>323,718</u>

At December 31, 2011, bank deposits are represented by fixed and floating rate operations in short -term time deposits with maturity of up to 90 days, denominated in US dollars, with first-class financial institutions.

7 Swap derivative instruments

	<u>December 31, 2011</u>		<u>December 31, 2010 (unaudited)</u>	
	<u>Asset</u>	<u>Liability</u>	<u>Asset</u>	<u>Liability</u>
Interest rate swap	<u>1,685</u>	<u>3,663</u>	<u>854</u>	

The derivative financial instruments are intended to hedge the Company's operations against the risks of fluctuations in interest rates and are not used with the objective to generating financial income, i.e. they are not speculative.

The remaining period to the maturity of the hedged items is more than 12 months, and therefore the fair value of these derivatives is classified as a non-current asset or liability.

Interest rate swap

The notional amount of the interest rate swap contracts, as of December 31, 2011 is US\$ 225,000 (2010 - US\$ 150,000 - unaudited).

As of December 31, 2011, the fixed interest rates varied between 1.40% and 1.69% (2010 - 1.40% and 1.69% - unaudited) and the variable rates are based on LIBOR. The gains and losses related to these interest rate swap contracts are recognized in the statement of operations up to the full repayment of the hedged loans.

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8 Loans

Refers to loans granted to Delba GmbH, a minority shareholder of ODN I GmbH ("ODN I and II") and ODN Tay IV GmbH ("ODN Tay IV"), indirect subsidiaries of OOG, related to the capital contributions to be made by Delba, whenever it does not have sufficient financial resources to pay the amounts due. These contracts bear interest of 13% and 14.5% p.a., with payment due in 7 and 10 years, respectively. The loans will be repaid with funds from dividend distributions and Delba can also use its own financial resources for this purpose. If there is any remaining balance at the end of the contract, OOG has the right to use that amount to increase its shareholding. Delba's shareholdings in ODN I and II and ODN Tay IV were given in guarantee of the loans. On December 31, 2011 the balance amounts to US\$ 88,841 (US\$ 30,860 – 2010 - unaudited).

9 Related parties

The balances of assets, liabilities and revenues with related parties are as follows:

	Assets		Liabilities		Revenues	
	2011	2010	2011	2010	2011	2010
	(unaudited)		(unaudited)		(unaudited)	
Delba Drilling Cooperatie U.A	4,473		10,098		15,625	
North Sea Production Company	137				1,901	1,395
Technip Odebrecht PLSV CV					1,000	
Tenenge Overseas Corporation	2,400					
ODN I GmbH			51,902		17,459	3,539
ODN Tay IV GmbH			31,798		27,488	
Odebrecht Óleo e Gás S.A	80,009		58,669			
Odebrecht Drilling Norbe VIII	4,269				29,277	13,850
Odebrecht Drilling Norbe IX	2,756				12,469	13,850
Odebrecht Oil and Gas Angola					2,400	
	94,044		152,467		107,619	32,634

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10 Investments

Investments in subsidiaries

	December 31, 2011	December 31, 2010
		(unaudited)
At the beginning of the year	406,342	224,766
Odebrecht Oil and Gas Angola		
Transfer to TOC		2,370
North Sea Production Corporation(*)		
Exchange rate variation of foreign subsidiaries	(45)	(451)
Equity in the results	1,280	1,398
Odebrecht Drilling Services LLC		
Capital increase	95,106	46,485
Equity in the results	39,681	
Odebrecht Drilling Norbe VIII(***)		
Capital increase	25,041	67,132
Transfer to ODN Eight GmbH	(157,467)	
Odebrecht Drilling Norbe IX(***)		
Capital increase	25,146	66,040
Transfer to ODN Nine GmbH	(156,341)	
ODN VIII/IX		
Equity in the results	1,399	(1,398)
At the end of the year	280,142	406,342

		Interest in subsidiaries (%)	
		December	December
Country		31, 2011	31, 2010
			(unaudited)
Subsidiaries			
North Sea Production Company (*)	United Kingdom	50	50
Odebrecht Drilling Services LLC (**)	United States	100	100
Odebrecht Drilling Norbe VIII(***)	United States	100	100
Odebrecht Drilling Norbe IX(***)	United States	100	100
ODN VIII/IX	Cayman Islands	100	100

(*) Jointly-controlled subsidiary

(**) Odebrecht Drilling Norbe Six GmbH received from its indirect shareholder OOG the totality of the shares issued by ODS.

(***) Entities wound up in 2011. Their assets and liabilities were transferred to ODN Eight and Nine.

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Information on the results of operations, assets and liabilities of the main direct investees of the Company, privately-held companies, are summarized as follows:

December 31, 2011	Assets	Liabilities	Revenues	Profit
NSPC	44,948	14,772	43,256	2,560
ODS	648,690	383,637	57,188	39,681
December 31, 2010	Assets (unaudited)	Liabilities (unaudited)	Revenues (unaudited)	Profit (unaudited)
NSPC	45,962	18,255	45,158	2,796
ODS	548,938	418,671		
Norbe VIII	889,889	757,464		
Norbe IX	880,973	749,778		
Norbe VIII/IX	1,496,136	1,495,871		

11 Financings

	Type	December 31, 2011	December 31, 2010 (unaudited)
Itaú BBA	Working capital	151,905	152,122
Bradesco	Working capital	76,122	
Banco do Brasil	Working capital	75,041	
		303,068	152,122
	Current	(25,247)	(2,427)
	Non-current	277,821	149,695

(a) Summary of bank borrowings

(i) Itaú BBA

On September 3, 2010, the Company signed a long-term loan agreement in the amount of US\$ 150,000 for working capital purposes that is hedged by a derivative instrument to swap a floating for fixed interest rate. The fair value of this derivative is presented in note 5.

The principal amount will be repaid in semi-annual installments as from September 2012. The final installment is scheduled for September 2015. The interest will be paid in March and September of each year and the final settlement is scheduled for September 2015.

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(ii) Bradesco

On September 6, 2011, the Company signed a long-term loan agreement in the amount of US\$ 75,000 for working capital purposes that is hedged by a derivative instrument to swap a floating for fixed interest rate. The fair value of this derivative is presented in note 5.

The principal will be repaid in semi-annual installments as from September 2016. The final installment is scheduled for September 2018. The interest will be paid in March and September of each year and the final settlement is scheduled for September 2018.

(iii) Banco do Brasil

On December 27, 2011, the Company signed a long-term loan agreement in the amount of US\$ 75,000 for working capital purposes.

The principal amount will be fully repaid in December 2016. The interest will be paid in May and November of each year and the final settlement is scheduled for November 2016.

(b) Composition of long-term financing by year of maturity

	December 31, 2011	December 31, 2010 (unaudited)
2012		21,124
2013	42,643	42,857
2014	42,643	42,857
2015	42,643	42,857
2016	99,892	
2017 onwards	50,000	
	<u>277,821</u>	<u>149,695</u>

(c) Information on book value and fair value

The difference between the book value and the market value of financings denominated in foreign currency, determined based on the discounted cash flow method at the rate prevailing on the balance sheet date, can be summarized as follows:

	December 31, 2011		December 31, 2010 (unaudited)	
	Book value	Fair value	Book value	Fair value
Itaú BBA	151,905	153,443	152,122	151,889
Bradesco	76,122	76,122		
Banco do Brasil	75,041	75,041		
	<u>303,068</u>	<u>304,606</u>	<u>152,122</u>	<u>151,889</u>

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12 Equity

The Company is a wholly owned subsidiary of Odebrecht Óleo e Gás S.A

(a) Capital

On December 31, 2010: OOG S.A. increased the capital of the Company in the amount of US\$ 134,801 (unaudited) and the share premium in the amount of US\$ 300,000 (unaudited). OOG S.A. also reduced the capital of the Company in the amount of US\$ 75,581 (unaudited) due to the transfer of OOGA (US\$ 36,582 - unaudited) and the forgiveness of debt regarding ODN I GmbH (US\$ 38,999 - unaudited).

On December 31, 2011: OOG S.A. increased the share premium of the Company in the amount of US\$ 149,458. Additionally, the Company reduced the share premium by repaying the capital to OOG S.A in the amount totals of US\$ 146,342 and transferred the investments in Norbe VIII and IX to OOG S.A via capital repayment in the amount of US\$ 313,808.

(b) Other comprehensive income (loss)

Refers to the cumulative translation adjustment of the Company's subsidiaries established abroad whose functional currency is different from the presentation currency.

13 Revenue

On December 31, 2011 the revenue is mainly comprised by the vessel maintenance contract (Specialized Oil Industry Services Agreement - SOISA), as for 2010 (unaudited) de revenue consists mainly on the Technical Services Agreement – TSA invoiced to the SPEs.

14 General and administrative expenses

	2011	2010
		(unaudited)
Personnel expenses	(135)	(104)
Third-party services	(10,504)	(1,280)
Others	(43)	(218)
	<u>(10,682)</u>	<u>(1,602)</u>

Odebrecht Oil Services Ltd.

Notes to the financial statements

at December 31, 2011

In thousands of U.S. dollars

15 Financial result, net

	2011	2010
		(unaudited)
Financial expenses		
Interest on financing	(8,897)	(6,129)
Exchange rate variation		(208)
Derivatives losses	(3,947)	(446)
Guarantee expenses	(3,893)	
Others	(6)	(43)
	(16,743)	(6,826)
Financial income		
Exchange rate variation	23	602
Interest on loans	11,131	2,740
Derivatives gains	1,560	854
Others	631	175
	13,345	4,371
Financial result, net	(3,398)	(2,455)

16 Earnings (loss) per one thousand shares

Basic

The basic earnings (loss) per one thousand shares is calculated by dividing the profit or loss attributable to the Company's shareholders by the weighted average number of common shares outstanding during the period/year, excluding the common shares purchased and held in treasury.

	2011	2010
		(unaudited)
Net loss attributable to common share holders – Basic and diluted	(19,188)	(22,468)
Weighted average number of outstanding common shares	357,767,715	406,274,047
Basic and diluted loss per one thousand shares – in US\$	(53,63)	(55,30)

17 Insurance

The Company has a risk management program designed to mitigate losses and contracts insurance in the market compatible with its size and operations. The amounts insured are considered to be sufficient by management to cover eventual losses, considering the nature of the activities, the risk involved in operations and the recommendations of insurance brokers.

Odebrecht Oil Services Ltd.

Notes to the financial statements

at December 31, 2011

In thousands of U.S. dollars

On December 31, 2011, the Company had the following insurance policies contracted with third parties:

Covered items	Covered risk	Amount
Drillships	Hull and machinery /increased value/accelerated cost of construction/protection and indemnity/civil liability/delay in delivery	US\$ 4,665,426

The insurances contracted by OOSL, in case of loss, have the Odebrecht Drilling Services LLC, ODN Eight GmbH and ODN Nine GmbH as the beneficiary.

18 Subsequent events

As of June 26, 2012 the Company transferred the control of the investee Odebrecht Drilling Services LLC ("ODS") to OOG through capital reduction. This operation did not involve any cash transaction.

On April 08, 2013, the Company received resources from ODN Holding in the amount of USD 15,040 as repayment of the loans granted to Delba GmbH (Note 8).

* ± ±

ANNEX B

REFERENCE ASSETS DISTRIBUTION DATES, DISTRIBUTION AMOUNT PAYMENT DATES AND CLASS B NOTES PRINCIPAL REDUCTION AMOUNTS

OOSL I Credit Agreement/OOSL I Swaps Distribution Dates	OOSL Six Credit Agreement/OOSL Six Swaps Distribution Dates	Distribution Amount Payment Dates and Principal Reduction Dates	Class B Notes Principal Reduction Amounts (in U.S.\$)
September 30, 2013	October 31, 2013	September 30, 2013 October 31, 2013	38,636,295 26,447,984
March 31, 2014	April 30, 2014	March 31, 2014 April 30, 2014	28,728,452 28,901,257
September 30, 2014	October 31, 2014	September 30, 2014 October 31, 2014	32,232,544 28,839,039
March 31, 2015	April 30, 2015	March 31, 2015 April 30, 2015	37,921,318 30,467,539
September 30, 2015	October 30, 2015	September 30, 2015 October 30, 2015	38,189,912 32,020,874
March 31, 2016	April 29, 2016	March 31, 2016 April 29, 2016	43,482,778 34,364,282
September 30, 2016	October 31, 2016	September 30, 2016 October 31, 2016	44,460,679 35,167,571
March 31, 2017	April 28, 2017	March 31, 2017 April 28, 2017	47,190,300 86,176,594
September 29, 2017	—	September 29, 2017	48,672,740
March 29, 2018	—	March 29, 2018	49,223,236
September 28, 2018	—	September 28, 2018	49,400,910
March 29, 2019	—	March 29, 2019	52,395,746
September 30, 2019	—	September 30, 2019	52,088,517
March 31, 2020	—	March 31, 2020	54,777,930
September 30, 2020	—	September 30, 2020	54,877,002
March 31, 2021	—	March 31, 2021	57,528,438
September 30, 2021	—	September 30, 2021	57,350,270
March 31, 2022	—	March 31, 2022	60,201,392
August 28, 2022	—	August 28, 2022	27,420,782
September 12, 2022	—	September 12, 2022	13,833,290

ANNEX C

FORM OF CLEARING SYSTEM NOTICE

[Euroclear Bank S.A./N.V. (“**Euroclear**”)]

Attention: [●]

Telephone: [●]

Fax: [●]

[Clearstream Banking, *société anonyme* (“**Clearstream**”)]

Attention: [●]

Telephone: [●]

Fax: [●]

Re: Physical Settlement in respect of the [U.S.\$[110,000,000] Class A Pass-through Notes due 2022 (the “**Class A Notes**”)]/[U.S.\$[1,075,130,000] Class B Pass-through Notes due 2022]¹ (the “**Class B Notes**”) of Series 2013-02 issued by EM Falcon Limited (the “**Issuer**”)

Reference is made to the Indenture dated as of August 7, 2013 (as supplemented, the “**Indenture**”) among the Issuer and The Bank of New York Mellon, as Trustee. Capitalized terms used but not defined herein shall have the meanings given them in the Indenture.

This letter relates to U.S.\$[●] aggregate principal amount of Notes held in the form of a Regulation S Global Note with [*Euroclear or Clearstream, as applicable*] (ISIN No. XS0944225159 for Class A Notes, ISIN No. XS0944225233 for Class B Notes; Common Code No. 094422515 for Class A Notes, Common Code No. 094422523 for Class B Notes) over which [*name of Holder*] (the “**Holder**”) has a beneficial ownership interest (the “**Designated Notes**”). The Holder’s beneficial interest is held in Account Number [*Number*] of [*Bank*] with [*Euroclear or Clearstream, as applicable*].

As a result of the Holder having received Physical Delivery of its pro rata portion of the Reference Assets (the “**Physical Settlement**”), the Holder irrevocably instructs the cancellation and removal of the Designated Notes from the records of [*Euroclear or Clearstream, as applicable*]. The Holder certifies that (i) it has received the Physical Settlement in full settlement of the Issuer’s obligations under the Designated Notes and the Indenture and (ii) it has no further payment or other claims on the Issuer or the Trustee under the terms of the Designated Notes or the Indenture.

You are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby.

[*Name of Holder*]

By:

Name:

Title:

Dated: _____, _____

¹ Delete whichever is not applicable.

ANNEX D

PERMITTED INVESTMENTS

“Permitted Investments” means any of the following investments selected by the Calculation Agent in its sole and absolute discretion; provided that, the acquisition (including the manner of acquisition), ownership, enforcement or disposition of which and the nature of which will not cause the Issuer to be treated as engaged in a trade or business within the United States for U.S. federal income tax purposes or otherwise be subject to U.S. federal, state or local income tax on a net income basis;; provided that, the acquisition (including the manner of acquisition), ownership, enforcement or disposition of which and the nature of which will not cause the Issuer to be treated as engaged in a trade or business within the United States for U.S. federal income tax purposes or otherwise be subject to U.S. federal, state or local income tax on a net income basis; (provided further that, in the case of clauses (i) and (ii) below, at the time of purchase of the relevant asset, payments in respect thereof are not subject to any deduction or withholding on account of tax by virtue of such asset being held by or on behalf of the Issuer):

- (i) any U.S. dollar-denominated senior debt securities of the United States of America issued by the U.S. Treasury Department and backed by the full faith and credit of the United States of America with a maturity that falls no later than the next following Interest Payment Date in respect of the Notes; and/or
- (ii) any U.S. dollar denominated investment that is an offshore money market fund or liquidity fund or similar investment vehicle that principally invests in short term fixed income obligations, including, without limitation, any investment vehicle for which the Calculation Agent or the Trustee, or an affiliate of any of them, provides services, provided that (a) such fund has a Moody's money market fund rating of at least "Aaa/MR1+" and an S&P rating of "AAA", (b) such fund distributes interest or dividends on such investment on a regular basis and at least quarterly, (c) the Issuer will not invest in any one such money market fund or liquidity fund an amount exceeding, in the aggregate, 10 per cent. of the share capital of such fund and (d) the maturity date of such fund falls no later than the next following Interest Payment Date in respect of the Notes; and/or
- (iii) U.S. dollars; and/or
- (iv) any repurchase or similar arrangements, if applicable.

ANNEX E

FORM OF POWER OF ATTORNEY

By this power of attorney, THE BANK OF NEW YORK MELLON, a New York banking corporation, not in its individual capacity but solely as trustee under the Standard Terms of Indenture dated May 17, 2013 (the “**Standard Terms**”) and the Series Indenture (the “**Series Indenture**” and, together with the Standard Terms, the “**Indenture**”) dated August 7, 2013 by and among EM Falcon Limited, an Irish limited company, as issuer (the “**Issuer**”) and The Bank of New York Mellon, as trustee, acting through its office located at One Canada Square, London E14 5AL, United Kingdom (the “**Trustee**”), represented herein by its officers, according to its by-laws (the “**Grantor**”), hereby irrevocably constitutes and appoints as its attorney-in-fact, [CDA Name], [CDA address] and any officer or agent thereof (the “**Grantee**”), in its capacity as collateral disposal agent (the “**Collateral Disposal Agent**”) in respect of the Reference Assets referred to in the Indenture, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of the Trustee, acting on behalf of and in the name of the Grantor, for action by any technologically available means (including, without limitation, any form of electronic data transmission), and to execute in any appropriate manner, any and all documents and instruments which may be necessary or reasonably desirable to accomplish the following purposes, in accordance with the Indenture:

1. request firm bid quotations to purchase the aggregate amount of outstanding Reference Assets (a “**Bid Quote**”) from, to the extent reasonably practicable, three leading banks, dealers, brokers or any other active market participants that deal in obligations of the type as such Reference Assets (as selected by the Grantee in its reasonable discretion) (each such dealer or entity, which may or may not include an affiliate of such dealer, a “**Reference Dealer**”), in respect of the purchase of some or all of the Reference Assets;
2. arrange for the sale of the outstanding Reference Assets to the Reference Dealer which provided the highest quotation(s); and
3. transfer to the Collection Account an amount equal to the Liquidation Proceeds Amount referred to in the Indenture received by the Grantee immediately upon receipt thereof by the Grantee.

The Grantee agrees to perform each of the above acts. The Grantor agrees to release the Reference Assets from the security interests under the Indenture in order to permit the Grantee to settle the sale of the Reference Assets.

The authority granted to the Grantee by this power of attorney is not transferable to any other party or entity.

This instrument shall be governed by and construed in accordance with the laws of the State of New York (without regard to its conflicts of law principles).

All actions heretofore taken by the Grantee, which the Grantee could properly have taken pursuant to this power of attorney, be, and hereby are, ratified and affirmed.

Notwithstanding anything to the contrary contained herein, neither the Grantor nor the Issuer shall have any duty whatsoever to monitor or supervise the activities of the Grantee. Neither the Issuer nor the Grantor shall have any duty whatsoever to compensate or indemnify the Grantee. The Grantee agrees and acknowledges that the Holders are responsible for negotiating the terms for the services rendered by Grantee and memorializing such terms in a contract with the Holders, including any compensation and/or indemnity being provided by the Holders to the Grantee in respect of its appointment as Collateral Disposal Agent, a copy of which contract must be delivered to the Grantor by Holders pursuant to the terms of the Indenture.

For purposes of this instrument, the following definitions shall apply: (i) “**Notes**” means the U.S.\$82,812,295 Class A Pass-through Notes due 2022 and the U.S.\$1,190,997,673 Class B Pass-through Notes due 2022 of Series 2013-02, issued by EM Falcon on August 7, 2013 pursuant to the Indenture; and (ii) “**Holders**” means the holders of the Notes. This power of attorney is effective for 30 days from the date hereof or the earlier of (a) revocation by the Grantor, (b) the date on which the Grantee shall no longer be retained on behalf of the Grantor or an affiliate of the Grantor, and (c) the date on which the Liquidation Proceeds Amount is paid to the Collection Account.

By signing below the Grantee hereby accepts its appointment under this power of attorney and agrees to perform all acts and duties required of it by the terms of this power of attorney.

IN WITNESS WHEREOF, The Bank of New York Mellon, as Trustee, pursuant to the Indenture, and these present to be signed and acknowledged in its name and behalf by *[insert name]* its duly elected and authorized Managing Director and *[insert name]* its duly elected and authorized Vice President this [●]th day of *[date]*.

THE BANK OF NEW YORK MELLON
as Grantor

By: _____
Name:
Title:

By: _____
Name:
Title:

Witness: _____
Printed Name:

[CDA]
as Grantee

By: _____
Name:
Title:

ANNEX F

DEFINED TERMS

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REGISTERED OFFICE OF THE COMPANY

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2nd Floor
11/12 Warrington Place
Dublin 2
Ireland

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The Bank Of New York Mellon
One Canada Square
London E14 5AL
United Kingdom

**PRINCIPAL PAYING AGENT, AGENT BANK AND
TRANSFER AGENT**

The Bank Of New York Mellon
One Canada Square
London E14 5AL
United Kingdom

REGISTRAR

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