

*Denne melding til obligasjonseierne er kun utarbeidet på engelsk. For informasjon vennligst kontakt Nordic Trustee AS*

**TO THE BONDHOLDERS IN:**

**ISIN NO 001 0713548 – FRN SOLSTAD OFFSHORE ASA SENIOR UNSECURED OPEN BOND ISSUE 2014/2019 (SOFF04)**

Oslo, 14 May 2020

**Important notice:** Due to the outbreak of the corona virus Covid-19 bondholders are encouraged to abstain from appearing in person at the bondholder meeting, and instead to participate by proxy as described below. The Issuer may be prevented from arranging the meeting as a physical meeting. Bondholders should note that additional information on proceedings of the meeting may be given on short notice and announced on the issuer's profile on [www.stamdata.no](http://www.stamdata.no) and the Issuer's website.

**SUMMONS TO BONDHOLDERS' MEETING – SOLSTAD OFFSHORE ASA**

**1 INTRODUCTION**

Nordic Trustee AS (the "**Bond Trustee**") acts as trustee for the bondholders (the "**Bondholders**") in the above mentioned bond issue and the bonds issued thereunder (together with the bonds issued under the other Bond Issues, the "**Bonds**") by Solstad Offshore ASA (the "**Issuer**") under the amended and restated bond agreement dated 26 September 2016, as amended (the "**Bond Agreement**").

The Issuer has requested the Bond Trustee to issue this summons for a Bondholders' Meeting pursuant to Clause 16 (Bondholders' Meeting) of the Bond Agreement to consider approval of the Proposal (as defined below). The Proposal is an offer from the Issuer to the Bondholders to redeem all the Bonds, against a combination of cash payment and conversion of the Bonds to shares in the Issuer. The Proposal is part of a more comprehensive implementation of a solution to the restructuring process (the "**Restructuring**") in the Issuer and certain of its subsidiaries.

Defined terms used in this summons shall have the meaning ascribed to them in the Bond Agreement unless otherwise set out herein or required by the context. In this summons the following terms shall have the meaning ascribed to them below:

**"Bond Issues"** means the bond issue FRN Solstad Offshore ASA Unsecured Open Bond Issue 2014/2019 (SOFF04) with ISIN NO 001 0713548 and the bond issues with separate ISINs in respect of defaulted interest payments under the Bond Agreement with ISIN NO0010840549, NO0010848716, NO0010858939, NO0010864762, NO0010872500 and NO0010877905.

**"Completion"** means the date when the share subscriptions concerning the Bondholders have been approved and settled, the relevant EGM Matters have been registered with the Norwegian Register for Business Enterprises, and the new shares issued to the Bondholders have been registered in the Norwegian Central Securities Depository (Euronext VPS).

**"Cut-Off Date"** means 31 March 2020.

**"EGM Matters"** means the Restructuring Transactions that are required to be approved by extraordinary general meeting(s) of the Issuer.

**"Implementation Period"** means the period commencing 8 May 2020 and ending on the earlier of (i) Completion, (ii) the Longstop Date or (iii) termination of the Restructuring Implementation Agreement.

"**Issuer Group**" means the Issuer and certain of its subsidiaries.

"**Longstop Date**" means 8 November 2020.

"**Restructuring Implementation Agreement**" means a restructuring implementation agreement between the Issuer Group and a majority of the Issuer Group's financial creditors and certain other stakeholders (as mentioned therein) dated 8 May 2020.

"**Restructuring Transactions**" means the transactions contemplated to be implemented pursuant to the Restructuring Implementation Agreement.

"**SOFF04 Bond Liabilities**" means any and all amounts and liabilities owing by the Issuer to the Bondholders under or pursuant to the Bond Agreement, for the avoidance of doubt including the bonds issued under all Bond Issues, amounting to NOK 1,162,401,414 calculated as of the Cut-Off Date.

*The information in this summons regarding the Issuer is provided by the Issuer, and the Bond Trustee expressly disclaims any and all liability whatsoever related to such information.*

## 2 BACKGROUND

The restructuring process in the Issuer Group has been ongoing over time and the Issuer refers to the resolutions adopted in the Bondholders' Meeting on 19 December 2018, where the Bondholders approved suspension, deferral and standstill arrangements in the Issuer and certain of its subsidiaries. In the Bondholders' Meeting on 4 December 2019, these arrangements were extended until 31 March 2020.

The restructuring process in the Issuer Group has continued in April and May 2020 and the Issuer Group entered into the Restructuring Implementation Agreement on 8 May 2020. The Issuer also refers to stock exchange notice of the 8 May 2020 where the main terms of the Restructuring were explained. In addition to setting out the main terms for the Restructuring, the purpose of the Restructuring Implementation Agreement is also to govern the implementation process and to cater for the sequencing of various steps and events related to the Restructuring.

The Bondholders are not a party to the Restructuring Implementation Agreement, but the said agreement require the Bondholders to accept redemption of all Bonds and settlement of all SOFF04 Bond Liabilities, against a part payment in cash of NOK 50,000,000 and conversion of the remaining SOFF04 Bond Liabilities in the amount of NOK 1,112,401,414 to shares in the Issuer. The Bonds will be converted at the same conversion rate as all other debt to be equitized in the Issuer in the Restructuring, and the amount of such other debt will, subject to any Conversion Debt Redemption as defined below, be equivalent to approximately NOK 9.5 billion as per the Cut-Off Date (the "**Other Conversion Debt**").

The cash payment and the shares will be distributed:

- (i) to the Bondholders pro rata to their claim in the Issuer; and
- (ii) between the Bond Issues based on their relative claim,

in each case calculated as of the Cut-Off Date (and including accrued interest and any default interest).

Upon Completion, depending on the total amount of converted debt and the amount of new capital to the Issuer, the Bondholders are expected to receive shares corresponding to approximately 7.4 % of all shares in the Issuer. The indicated ownership is an estimate only, based on a conversion of approximately NOK 10.9 billion of total debts to equity in the Issuer, which represent the conditional commitments according to

the Restructuring Implementation Agreement. The existing shares in the Issuer is expected to represent approximately 0.4 % and the total converted debt (including that of the Bondholders) will represent approximately 64 – 75 % of the shares in the Issuer. The final ownership percentage to the Bondholders will also depend on other factors, including final amounts of new capital resulting from share issues to and convertible loan from industrial shareholders to retain ownership of up to 1/3 of shares in the Issuer, repair issue to minority shareholders, certain warrants and a management incentive programme, all as described in the above captioned stock exchange notice (<https://newsweb.oslobors.no/message/505102>).

It may be that the Issuer will offer to carry out a redemption of a part of the liabilities of the Issuer Group to be converted into shares prior to Completion (the "**Conversion Debt Redemption**"). If so, the Bondholders will be offered to tender their liabilities to the Issuer and participate in the Conversion Debt Redemption on equal terms with the other creditors to such liabilities.

On the basis of the above, and in accordance with Clause 16.2 of the Bond Agreement, the Issuer has therefore approached the Bond Trustee to convene a Bondholders' Meeting in order to (briefly summarised) obtain approval to:

1. Within the Longstop Date settle the SOFF04 Bond Liabilities and redeem all the Bonds by (i) a cash payment to the Bondholders in the amount of NOK 50,000,000 and (ii) conversion of the remaining amount of NOK 1,112,401,414 to shares in the Issuer, both distributed to the Bondholders pro rata to their claim calculated as of the Cut-Off Date, and
2. authorise the Bond Trustee to act for the Bondholders to implement the below Proposal, to subscribe to the shares for the Bondholders, and generally to act for the Bondholders to give effect to or better implement the Proposal, and
3. waive the application of the default provisions in the Bond Agreement prior to and during the Implementation Period,

(all as more detailed in the below Proposal).

The Issuer believes that the Proposal will represent a good solution for the Bondholders considering the current financial condition of the Issuer and the Issuer Group.

### **3 CONDITIONS FOR EFFECTIVE PROPOSAL AND COMPLETION**

The Proposal shall be effective from the time it has been approved by the Bondholders in the Bondholders' Meeting, as evidenced by a notice from the Bond Trustee.

However, it shall be a condition for the Proposal to remain effective, that the Restructuring Implementation Agreement becomes effective within 29 May 2020 (or such later date as the parties thereto may agree, but prior to the Longstop Date). If the Restructuring Implementation Agreement has not become effective prior to the Longstop Date, or if it is terminated prior to the Longstop Date, then the Bondholders will not be bound by the Proposal (if approved in the Bondholders' Meeting) and the Bond Agreement will continue unamended and in full force and effect.

### **4 PROPOSAL**

The Issuer propose the following to the Bondholders (the "**Proposal**"):

- 4.1 All of the SOFF04 Bond Liabilities shall as soon as practically possible and latest within the Longstop Date be settled as follows:*

- (i) *by a cash payment to the Bondholders in the amount of NOK 50,000,000 pro rata to their claim calculated as of the Cut-Off Date, and*
- (ii) *the residual claim of the SOFF04 Bond liabilities, amounting to NOK 1,112,401,414 shall be converted into shares in the Issuer, at the same conversion rate as will be used to convert the Other Conversion Debt into shares, such shares to be distributed to the Bondholders pro rata to their claim calculated as of the Cut-Off Date.*
- 4.2 *The Bond Trustee (acting on behalf of the Bondholders) shall subscribe for the above shares in the Issuer. The total amount subscribed (NOK 1,112,401,414) and the amount of the cash payment (NOK 50,000,000) shall be settled by payment through the Paying Agent to the Bondholders pro rata to their claim as calculated on the Cut-Off Date by setting off the amounts against the SOFF04 Bond Liabilities.*
- 4.3 *No part of the SOFF04 Bond Liabilities shall carry interest, or attract any form of fees or similar, after the Cut-Off Date. No compensation relating to the period after the Cut-Off Date will be paid to the Bondholders. The said cash payment and conversion of the residual claim to shares in the Issuer shall constitute full and final settlement of any and all amounts and obligations of the Issuer to the Bondholders, and the Bonds shall be redeemed and cancelled.*
- 4.4 *The above cash payment of NOK 50,000,000 shall be made by the Issuer by payment through the Paying Agent to the Bondholders pro rata to their claim as calculated on the Cut-Off Date within 5 Business Days after Completion.*
- 4.5 *The above shares in the Issuer will be registered with the Norwegian Central Securities Depository (Euronext VPS) and listed on the Oslo Stock Exchange under the same ISIN as the currently outstanding shares of the Issuer.*
- 4.6 *The Issuer and the Bond Trustee are entitled to provide any calculation to be adjusted or rounded downwards in order to complete the distribution of the cash payment, and the conversion into shares, or in connection with any other resolution or action contemplated by this Proposal.*
- 4.7 *The application of the default provisions in the Bond Agreement for any Event of Default having occurred, or occurring prior to or during the Implementation Period, is waived.*
- 4.8 *This Proposal is contingent on the Restructuring Implementation Agreement becoming effective, and the EGM Matters being approved by the Issuer, both prior to the Longstop Date.*
- 4.9 *The Bondholders authorise the Bond Trustee to vote in favour of any issue with a view to implementing the above, to subscribe for the shares on behalf of the Bondholders, to amend the Bond Agreement if so required or desired, and to take any action, negotiate, adjust, amend, finalise, enter into and deliver any agreements, notices, arrangements or other documentation and generally (without limitation) to do any and all other acts, matters and things necessary to give effect to or for better implementing the above, all in the Bond Trustee's discretion.*

## **5 SUPPORT FROM BONDHOLDERS**

The Issuer has informed the Bond Trustee that it has obtained undertakings from key Bondholders representing a substantial share of all Bonds entitled to vote that they support the restructuring process of the Issuer Group and that they will vote in favour of the Proposal.

## 6 NON-RELIANCE AND EVALUATION OF THE PROPOSAL

The Proposal is put forward to the Bondholders without further evaluation or recommendations from the Bond Trustee. Nothing herein shall constitute a recommendation to the Bondholders from the Bond Trustee. Each Bondholder should independently evaluate the Proposal and vote accordingly.

## 7 FURTHER INFORMATION

The Issuer has retained Arctic Securities AS as its financial advisor. Bondholders may contact them for further information.

Arctic Securities AS, Corporate Finance  
Anders Eide  
+47 484 03 260  
Email: [anders.eide@arctic.com](mailto:anders.eide@arctic.com)

For further questions to the Bond Trustee, please contact:

Nordic Trustee AS  
Fredrik Lundberg or Lars Erik Lærum  
+47 22 87 94 00  
Email: [lundberg@nordictrustee.com](mailto:lundberg@nordictrustee.com) or [laerum@nordictrustee.com](mailto:laerum@nordictrustee.com)

## 8 BONDHOLDERS' MEETING

The Bondholders are hereby summoned to a Bondholders' Meeting:

**Time:** 29 May 2020 at 13.00 hours (1 pm) (Oslo time),  
**Place:** The offices of Nordic Trustee AS,  
Kronprinsesse Märthas plass 1, 7<sup>th</sup> floor  
0160 Oslo

### Agenda:

- 1 Approval of the summons.
- 2 Approval of the agenda.
- 3 Election of two persons to co-sign the minutes together with the chairman.
- 4 Request for adoption of the Proposal.

**It is proposed that the Bondholders' Meeting resolve the following:**

*"The Bondholders' Meeting approves the Proposal as described in clause 4 of the summons"*

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Only Bonds issued under ISIN NO 001 0713548 will have voting rights. To approve the above resolution, Bondholders representing at least 2/3 of the Bonds represented in person or by proxy at the meeting must vote in favour of the resolution. In order to have a quorum, at least 1/2 of the voting Bonds must be represented at the meeting. If the proposal is not adopted, the Bond Agreement will remain unchanged.

Please find attached a Bondholder's Form from the Securities Depository (VPS), indicating your bondholding at the printing date. The Bondholder's Form will serve as proof of ownership of the Bonds and of the voting rights at the Bondholders' Meeting. (If the Bonds are held in custody - i.e. the owner is not registered directly in the VPS - the custodian must confirm; (i) the owner of the Bonds, (ii) the aggregate nominal amount of the Bonds and (iii) the account number in VPS on which the Bonds are registered).

The individual Bondholder may authorise the Bond Trustee to vote on its behalf, in which case the Bondholder's Form also serves as a proxy. A duly signed Bondholder's Form, authorising the Bond Trustee to vote, must then be returned to the Bond Trustee in due time before the meeting is scheduled (by scanned e-mail, telefax or post – please see the first page of this letter for further details).

In the event that Bonds have been transferred to a new owner after the Bondholder's Form was made, the new Bondholder must bring to the Bondholders' Meeting or enclose with the proxy, as the case may be, evidence which the Bond Trustee accepts as sufficient proof of the ownership of the Bonds.

For practical purposes, we request those who intend to attend the Bondholders' Meeting, either in person or by proxy other than to the Bond Trustee, to notify the Bond Trustee by telephone or by e-mail (mail@nordictrustee.com) within 16:00 hours (4 pm) (Oslo time) the Business Day before the meeting takes place. **Please see again the important notice at the beginning of this summons.**

Yours sincerely

**Nordic Trustee AS**



Lars Erik Lærum

Enclosed:

Schedule 1: Bondholder's Form