

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

**To the bondholders in:**

- **ISIN NO 001 063596.4 FRN Farstad Shipping ASA Senior Unsecured Bond Issue 2012/2017 ("FAR03")**
- **ISIN NO 001 067987.1 FRN Farstad Shipping ASA Senior Unsecured Bond Issue 2013/2018 ("FAR04")**

Oslo, 16 February 2017

### **Summons to Bondholders' Meeting**

Nordic Trustee ASA (the "**Bond Trustee**") acts as trustee for the bondholders (the "**Bondholders**") in the above mentioned senior unsecured bond issues (the "**Bonds**" or the "**Bond Issues**") issued by Farstad Shipping ASA as issuer (the "**Issuer**").

Capitalised terms used herein shall have the meaning assigned to them in the respective bond agreements dated 10 February 2012 with respect to FAR03 and 24 May 2013 with respect to FAR04, (the "**Bond Agreements**" and each a "**Bond Agreement**"), unless otherwise stated.

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

## **1 BACKGROUND**

Reference is made to the Issuer's press release of 6 February 2017, which is attached hereto as Schedule B together with the company presentation of 7 February 2017, which is available at Newsweb ([www.newsweb.no](http://www.newsweb.no)) and the Issuer's homepage ([www.farstad.com](http://www.farstad.com)). The press release and the company presentation are referenced herein for information purposes only. Furthermore, please note that there has been minor updates to the restructuring term sheet published 6 February 2017 and the Restructuring Term Sheet (as defined below).

## **2 THE PROPOSAL**

Based on the above, the Issuer has approached the Bond Trustee in accordance with the terms of each of the Bond Agreements, and requested that Bondholders' Meetings be held to consider the amendments to the terms and conditions for the Bond Issues as contemplated by the Restructuring, as defined and further described in Part I of the Restructuring Term Sheet attached hereto as Schedule C (the "**Restructuring Term Sheet**").

Based on the above, the Issuer proposes that the Bondholders of each of the Bond Issues resolve the following (the "**Proposal**"):

- (i) Approve the Restructuring on the terms described in Part I of the Restructuring Term Sheet, authorise and instruct the Bond Trustee to take such steps on behalf of the

Bondholders as may be necessary or desirable in connection with the implementation of the Restructuring, including without limitation to (a) prepare, finalise and enter into the necessary amendment agreements and other documentation deemed appropriate in connection with documenting the decisions made by the Bondholders' Meeting according to this summons, including the documentation and agreements relating to the equitisation of any Bonds and any interest accrued thereon (pursuant to the Restructuring Term Sheet) to new shares in the Issuer (including subscribing for such shares following completion of the conditions for conversion being fulfilled), (b) authorise that new shares in the Issuer are distributed to persons or entities who are Bondholders on the date that the distribution is made without giving consideration to who were holders of Bonds at past record dates or interest payment dates, and (c) for and on behalf of the Bondholders, take such further actions and negotiate, agree, enter into, sign and execute such agreements and documents that are required to complete and give effect to the Proposal, including the granting of waivers, giving of instructions, consents, approvals and directions (including to the securities depository (VPS) and account operators).

- (ii) Agree that the Bond Trustee may consent and agree to further amendments of the Restructuring and the terms in Part I of the Restructuring Term Sheet where such amendments (a) are of minor or technical nature, (b) are otherwise consistent with the principles of the Restructuring, and (c) in the opinion of the Bond Trustee do not have a Material Adverse Effect on the rights and interests of the Bondholders.
- (iii) Agree that the Bond Trustee may exercise (or refuse to exercise) any discretion, consent or approval required or contemplated in the exercise (or non-exercise) of any such discretion which is connected with the matters referred to in this summons (including without limitation waive any time periods or deadlines).
- (iv) Agree that the Bond Trustee may authorise and instruct a split of the Bonds to facilitate the Restructuring and completion of the relevant actions as part thereof.
- (v) Until the earlier of (i) the date occurring 4 weeks after the Long Stop Date (as defined in the Restructuring Term Sheet) and (ii) the date on which the Bond Trustee (acting reasonably) determines that the Restructuring will not be completed, waive and agree not to take action against the Issuer as a result of any payment default relating to FAR03 and FAR04.
- (vi) Authorise the Bond Trustee to waive any other breaches of clauses in the Bond Agreements that are reasonably necessary in order to implement and/or complete the Restructuring.

Implementation of the Proposal in each of the Bond Issues shall be subject to approval of the Proposal by the required majorities of Bondholders in both Bond Issues as well as the other conditions set out in Part I to the Restructuring Term Sheet (together the "**Conditions**").

### 3 FURTHER INFORMATION

The Issuer has engaged ABG Sundal Collier ASA ("**ABG**") as its financial advisor in the Restructuring and Pareto Securities AS ("**Pareto**") has been engaged as financial advisor to the Bond Trustee (acting as trustee for all Bondholders) (ABG and Pareto together the "**Advisors**"). Accordingly, Bondholders may contact the Advisors for further information:

ABG Sundal Collier ASA

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ABG has acted solely for the Issuer and no-one else in connection with the Restructuring and the Proposal. No due diligence investigations have been carried out by the Advisors with respect to the Issuer, and the Advisors expressly disclaim any and all liability whatsoever in connection with the Proposal (including but not limited to in respect of the information herein).

For further questions to the Issuer, please contact:

Karl Johan Bakken, CEO  
Olav Haugland, CFO

For further questions to the Bond Trustee, please contact Morten Sannes Bredesen at [mail@nordictrustee.com](mailto:mail@nordictrustee.com) or + 47 22 87 94 00.

## 4 EVALUATION OF THE PROPOSAL AND SUPPORT

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 by any of the Bond Trustee or the Issuer or any of their respective advisors. The Bondholders must independently evaluate whether the Proposal is acceptable and vote accordingly.

The Bond Trustee has been informed that the Issuer has been in discussion with an ad-hoc committee of Bondholders concerning the Proposal, and that Bondholders representing approximately 57% of the Voting Bonds in FAR03 and approximately 55% of the Voting Bonds in FAR04, have irrevocably undertaken to vote in favour of the Proposal.

## 5 SUMMONS FOR BONDHOLDERS' MEETING

The Bondholders are hereby summoned to a Bondholders' Meetings in the Bond Issues:

**Time:** 2 March 2017 at 13:00 hours (Oslo time)

**Place:** The premises of Nordic Trustee ASA,  
Haakon VII's gt 1, 0161 Oslo - 6<sup>th</sup> floor

### 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' Meetings for the FAR03 bond issue, and the FAR04 bond issue, respectively, resolve the following:**

*"The Bondholders' Meeting approves the Proposal as described in section 2 of the summons for the Bondholders' Meeting."*

\* \* \* \* \*

To approve the Proposal, Bondholders representing at least two-thirds of the Voting Bonds for each of the Bond Issues represented (in person or by proxy) at the Bondholders' Meeting must vote in favour of the Proposal. In order to have a quorum at least half of the Voting Bonds for each of the Bond Issues must be represented at the Bondholders' Meeting.

Please find attached a Bondholder's Form from the Securities Depository (VPS) as Schedule A hereto, 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 Nordic Trustee ASA to vote on its behalf, in which case the Bondholder's Form also serves as a proxy. A duly signed Bondholder's Form, authorising Nordic Trustee ASA to vote, must then be returned to Nordic Trustee in due time before the meeting is scheduled (by scanned e-mail, telefax or post to [mail@nordictrustee.com](mailto:mail@nordictrustee.com), +47 22 87 94 10, or Nordic Trustee ASA, PO Box 1470 Vika, 0116 Oslo, Norway).

In the event that Bonds have been transferred to a new owner after the Bondholder's Form was submitted, 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 Nordic Trustee ASA, to notify Nordic Trustee ASA by telephone or by e-mail by 16:00 hours (4 pm) (Oslo time) the Business Day before the meeting takes place.

Yours sincerely

**Nordic Trustee ASA**



Morten S. Bredesen

Enclosed:

- (A) Bondholder's Form
- (B) Press release
- (C) Restructuring Term Sheet

## **Schedule B – Press release of 6 February 2017**



Fully funded restructuring plan for Farstad Shipping agreed. Key stakeholders to seek combination of Solstad Offshore, Farstad Shipping and Deep Sea Supply, creating a world leading OSV company.

Ålesund, Skudeneshavn and Grimstad, 6 February 2017

Farstad Shipping ASA ("Farstad Shipping"), Aker Capital AS ("Aker"), a wholly owned subsidiary of Aker ASA, Hemen Holding Limited ("Hemen") (a company indirectly controlled by trusts established by Mr. John Fredriksen for the benefit of his immediate family), as well as Farstad Shipping's senior lenders, substantial parts of its bondholders, and F-Shiplease AS (a subsidiary of Ocean Yield ASA), have entered into an agreement (the "Restructuring Agreement") for a fully-funded financial restructuring of Farstad Shipping (the "Farstad Restructuring"). Furthermore, the parties to the Restructuring Agreement, together with Soff Invest AS and Ivan II AS (jointly the "Solstad Family Companies") and Tyrholm & Farstad AS, have agreed to work for a combination of Solstad Offshore ASA ("Solstad Offshore"), Farstad Shipping and Deep Sea Supply Plc ("Deep Sea Supply") following completion of the Farstad Restructuring, creating a world class OSV company (the "Combination").

As repeatedly expressed by a range of industry experts, the fragmented Norwegian OSV industry requires consolidation. By agreeing to complete the Farstad Restructuring and to work for the proposed Combination, senior lenders, bondholders and long-standing family owners supported by industrial investors are making a collective effort to secure a successful refinancing of Farstad Shipping and to create a new and robust OSV company operating out of Norway in the high-end segments of the global OSV industry.

"With this solution, we provide Farstad, Solstad and Deep Sea Supply with an industrial platform to sustain the current downturn in the OSV market and be well positioned to exploit a market recovery. We are pleased to have reached an agreement with our banks, bondholders and other stakeholders", says CEO Karl Johan Bakken of Farstad Shipping.

A successful completion of the Combination will create the largest company in the high-end[1] ([http://connect.ne.cision.com#\\_ftnl](http://connect.ne.cision.com#_ftnl)) global offshore supply vessel industry with a fleet of 154 vessels. When including all vessel classes and lower spec vessels, the company ranks fourth globally. The company will operate a fleet of 33 CSV, 66 PSV and 55 AHTS vessels deployed globally in all deep water hubs.

"For over a year we have advocated strongly for consolidation in the OSV industry. One step was taken through the merger of REM Offshore ASA into Solstad Offshore in 2016. With a successful completion of the Combination we would take further steps to build the world's leading OSV company", Lars Peder Solstad, CEO of Solstad Offshore comments.

Following a successful completion of the proposed Combination, it is proposed that Solstad Offshore will be the parent company in the consolidated group, and will have support of two of the strongest participants in the shipping and offshore sector through Hemen and Aker.

"The proposed Combination is a necessary structural measure in today's OSV market, which will enable the combined company to achieve significant synergies through more efficient operations and a lower cost base", Jon Are Gummedal, CEO of Deep Sea Supply comments.

"We are excited by this opportunity to work closely with the Fredriksen group and other stakeholders to realize our ambition to establish an efficient global leader in the OSV segment. The proposed combination of Solstad's, Farstad's and Deep Sea Supply's operational experience, high quality fleet and global network together with the Fredriksen group's and Aker's industrial expertise, M&A capabilities and financial strength will provide a powerful platform through Solstad Offshore", says Øyvind Eriksen, President and CEO of Aker.

The new consolidated group, "Solstad Farstad", will build on the complementary strengths of the three companies, combining the existing Solstad Offshore's CSV capabilities with Farstad Shipping's AHTS experience, international presence and good, long-standing position in Brazil and Australia, together with Deep Sea



Supply's cost efficient PSV operating model. The Combination will enable realization of substantial cost and revenue synergies in the range of NOK 400 -650 mln annually that will further contribute to strengthen the combined company.

Lars Peder Solstad will be proposed as the Chief Executive Officer of the combined company, which will be headquartered out of Skudeneshavn, Norway. The focus of the initial discussions between the parties has been to create a company with a strong industrial position. The process to define the operating model and organizational structure of the combined company will be based on the competitive strengths of Farstad Shipping, Deep Sea Supply and Solstad Offshore. The companies will until further continue to operate as-is in their current organizational structure.

#### The Farstad Restructuring

The Farstad Restructuring will be undertaken as follows:

(i) Farstad Shipping's creditors will convert existing and future debt claims to equity (the "Debt Conversion")

Under the Debt Conversion, Farstad Shipping's senior lenders, bondholders and F-Shiplease AS (a subsidiary of Ocean Yield ASA) will complete a debt to equity conversion as follows:

a) Farstad Shipping will assume debt owing by its subsidiaries to certain senior lenders in the amount of NOK 940,000,000 and the senior lenders will then convert those NOK 940,000,000 into 752,000,000 new shares of Farstad Shipping at a price of NOK 1.25 per share.

b) The senior lenders will release Farstad Shipping's subsidiaries of their obligation to pay NOK 332,000,000 in future interest in exchange for a NOK 271,000,000 claim against Farstad Shipping (equaling the net present value of such future interest payments), and the NOK 271,000,000 claim will be converted into 774,285,714 new shares of Farstad at a share price of NOK 0.35.

c) The outstanding bond debt in FAR03 and FAR04 with a total outstanding amount of NOK 1,406,895,444.44, representing a principal of NOK 1,400,000,000 plus interest in the amount of NOK 6,895,444.44, shall be converted into 1,125,516,355 new shares of Farstad at share price NOK 1.25.

d) F-Shiplease AS (a wholly owned subsidiary of Ocean Yield ASA) will release Farstad Supply AS of its obligation to pay NOK 70,000,000 of the "amortization" element and NOK 109,036,299 of the "interest" element of its two bare-boat leasing agreements with F-Shiplease, in exchange for a NOK 160,858,516 claim against Farstad Shipping (equaling the sum of the NOK 70,000,000 "amortization" element and the net present value of the "interest" element being NOK 90,858,516). The NOK 70,000,000 "amortization" element of the claim will be converted into 56,000,000 new shares of Farstad at a price of NOK 1.25 per share, whereas the NOK 90,858,516 "interest" element of the claim will be converted into 259,595,760 new shares of Farstad Shipping at a share price of NOK 0.35.

(ii) The existing financing agreements of Farstad Shipping will be amended (the "Farstad Amended Financing Terms")

The terms and conditions of the existing financing agreements for Farstad Shipping (except for financing agreements with Westpac and BNDES) will be amended and harmonized, including by adding the following features:

a) The amortization profile of the loans (after adjustment for the amounts converted to equity) shall be reduced to 10% of the original profile from Q1 until 31 December 2021. Commencing in Q1 2022 the balance of amortizing senior debt will become amortizing in linear instalments of 20% per year, whereas senior loans with a bullet repayment profile will receive an extraordinary repayment of 4% in Q2 2019. The final maturity date for all loans (with maturity date prior to the new maturity date) will be extended to Q4 2023;

b) A cash sweep mechanism will be introduced;

c) In addition to certain financial covenants, restrictions will be introduced with respect to Farstad's ability to pay dividends, incur new debt, carry out equity issues and make capital expenditures;

d) Minimum value clause at 100% across the group's fleet (but suspended



throughout 2019);

e) Removal of current ownership covenants;

f) Pre-approval of sale of older vessels at prices below secure debt using agreed mechanisms.

For the F-Shiplease lease agreements, a part of the lease payments will be deferred from Q1 2017 and until Q4 2021. Commencing in Q1 2022, the lease payments will revert to the original levels and in addition all deferred payments will become repayable in linear instalments of 20% per year, with a bullet repayment of deferred payments in Q4 2023. The maturity dates of the leases remain unchanged, being March and June 2025, and a new cash sweep mechanism will be introduced in the leases.

(iii) Farstad Shipping will issue NOK 650 mln of new equity fully underwritten by Aker and Hemen (the "Equity Issue")

The Equity Issue, which is fully underwritten by Aker and Hemen on a 50:50 basis, will consist of a NOK 450 mln share issue to Hemen and Aker ("Private Placement 1"), a NOK 150 mln share/convertible bond issue to Farstad Shipping's bondholders and Tyrholm & Farstad Invest AS (an affiliate of Farstad Shipping's main shareholder) ("Private Placement 2") and a NOK 50 mln repair issue to existing Farstad Shipping shareholders who are not allocated shares in Private Placement 2 (the "Repair Issue"). The subscription price in the Equity Issue will be NOK 0.35 per share. Aker and Hemen will each subscribe for shares for NOK 225 mln in Private Placement 1, and will subscribe for and be allocated any remaining part of the Equity Issue that is offered to but not subscribed by bondholders or Farstad Shipping's shareholders. As of today's date, Farstad's bondholders have in aggregate undertaken to subscribe for NOK 50 mln in Private Placement 2, and Tyrholm & Farstad Invest AS has undertaken to subscribe for shares for a total amount of NOK 50 mln in the Equity Issue. In case Tyrholm & Farstad Invest AS' subscription cannot be fully covered under Private Placement 2 due to additional bondholder subscriptions, Aker and Hemen's allocations in Private Placement 1 will be reduced correspondingly on a 50:50 basis as needed to ensure that Tyrholm & Farstad Invest AS is allocated shares for a total amount of NOK 50 mln.

(iv) Aker and Hemen have agreed to participate in the take-out financing of the newbuild "FAR Superior"

As part of the Farstad Restructuring, Aker and Hemen have agreed with Farstad Shipping's senior lenders that each of Aker and Hemen will, subject to certain conditions, participate with up to NOK 50 mln (in total 100 mln) in a NOK 300 mln take-out facility for the financing of the final instalment payable by Farstad Shipping to Vard Singapore upon delivery of the newbuild "FAR Superior" expected be delivered from Vard Singapore's Vietnamese shipyard in February 2017. Any such participation by Aker and Hemen shall be considered an advance on their subscription obligations in Private Placement 1 and reduce their remaining subscription obligations NOK for NOK.

Upon completion of the Farstad Restructuring, assuming that Hemen and Aker combined subscribe for NOK 550 mln being the entire remaining part of the Equity Issue which is not already allocated to Tyrholm & Farstad Invest AS (NOK 50 mln) and subscribing bondholders (NOK 50 mln), Aker will hold 785,714,285 shares representing approximately 16.2% of the shares and votes in Farstad Shipping, F-Shiplease AS, a wholly owned subsidiary of Ocean Yield ASA, a subsidiary of Aker ASA, will hold 315,595,760 shares representing approximately 6.5% of the shares and votes in Farstad Shipping, and Aker and F-Shiplease AS will in the aggregate hold 1,101,310,045 shares representing approximately 22.6% of the shares and votes in Farstad Shipping. Hemen will hold 785,714,285 shares representing approximately 16.2% of the shares and votes in Farstad Shipping.

If however Aker and Hemen combined subscribe for only NOK 400 mln as a result of not being allocated any shares issued in Private Placement 2 or Repair Issue and Tyrholm & Farstad Invest AS being allocated its full subscription of 142,857,142 shares under Private Placement 1, Aker will hold 571,428,571 shares representing approximately 11.7% of the shares and votes in Farstad Shipping and F-Shiplease AS will hold 315,595,760 shares representing approximately 6.5% of the shares and votes in Farstad Shipping, and Aker and F-Shiplease AS will in the aggregate hold 887,024,331 shares representing approximately 18.2% of the shares and votes in Farstad Shipping. Hemen will hold 571,428,571 shares representing approximately 11.7% of the shares and votes in Farstad Shipping.

Assuming a subscription of NOK 50 mln (142,857,142 shares) by Tyrholm & Farstad



Invest AS, Sverre A. Farstad and his affiliated companies Tyrholm & Farstad AS and Tyrholm & Farstad Invest AS will hold in aggregate 159,653,342 shares representing approximately 2.9% of the shares and votes in Farstad Shipping after the Farstad Restructuring.

The Farstad Restructuring is expected to be completed during first half of 2017. Closing is dependent on, among other things, final loan documentation, approval by the bondholders in Farstad Shipping's two outstanding bond loans FAR03 and FAR04, and the approval of the credit committees of the senior lenders. Completion of the Farstad Restructuring is not dependent on the Combination being completed.

Large Bondholders in FAR03 and FAR04 have undertaken to vote in favor of the Farstad Restructuring. Further, Tyrholm & Farstad AS, Farstad Shipping's largest shareholder holding 15,796,199 shares representing 40.5% of the shares and votes in the company, has undertaken to vote in favor of the Farstad Restructuring. The same applies to Sverre A. Farstad (1,000,000 shares, or 2.56%) and Jan H. Farstad (1,050,000 shares, or 2.69%).

A prospectus will be published in connection with the new shares issued in Farstad Shipping pursuant to the Farstad Restructuring in accordance with applicable regulations.

For more information please find attached the restructuring term sheet in appendix 1, setting out the key terms for the restructuring.

The Combination of Solstad Offshore, Farstad Shipping and Deep Sea Supply

The Combination is proposed to be structured as follows:

(i) Deep Sea Supply and Farstad Shipping will merge into and be established as individual subsidiaries under Solstad Offshore, with shareholders of Deep Sea Supply and Farstad Shipping receiving shares in Solstad Offshore as consideration (the "Mergers").

Under the Mergers, Farstad will merge with a newly incorporated subsidiary of Solstad Offshore and Farstad's former shareholders will receive shares in Solstad Offshore as merger consideration. The exchange ratio in the Solstad Offshore / Farstad merger will be 0.35:12.50 Farstad shares per Solstad Offshore share.

Contemporaneously with the Solstad Offshore / Farstad merger, Deep Sea Supply will combine with Solstad Offshore in a merger or merger-like transaction whereby all of Deep Sea Supply's assets, rights and obligations will ultimately be transferred to a subsidiary of Solstad Offshore against consideration in the form of Solstad Offshore shares. The amount of Solstad Offshore consideration shares issued will be based on an agreed exchange ratio of 1.32:12.50 Deep Sea Supply shares per Solstad Offshore share.

(ii) The existing financing agreements of Solstad Offshore and Deep Sea Supply will be sought amended and harmonized with the Farstad Amended Financing Terms.

(iii) In connection with the Combination, Solstad Offshore will complete a NOK 200 mln private placement directed towards Hemen at a subscription price of NOK 12.50 per share. The proceeds from the private placement will be passed on by Solstad Offshore to the part of the new group comprising the former Deep Sea Supply operations.

(iv) Aker will convert its NOK 250 mln convertible loan to Solstad Offshore in exchange for shares, such convertible loan having originally been granted to Solstad Offshore in 2016 together with a NOK 250mln equity investment by Aker in Solstad Offshore.

(v) Solstad Offshore's dual share class structure will be collapsed, and all Class A and Class B shares will be converted to common shares on a 1:1 basis.

(vi) Solstad Offshore will assume Farstad Shipping's obligations under any convertible bond issued as part of the Equity Issue (with logical amendments to the convertible bond issue).

The transaction elements listed above are interdependent and will become effective simultaneously upon completion of the Combination. The Combination has not been considered or approved by the respective boards of directors of Solstad



Offshore and Deep Sea Supply, and remains subject to, among other things, their review and approval. Further, the Combination is subject to, among other things, agreement on final transaction documentation, competition authority approvals and relevant corporate resolutions.

The senior lenders in Farstad Shipping have undertaken to vote in favour of and otherwise support the Combination, including by voting in favour of any changes to the board of directors of Farstad Shipping as Aker and Hemen may jointly propose. Further, the senior lenders have undertaken a lockup obligation preventing them from selling their shares in Farstad Shipping until such time as the Combination is finally approved or until 30 September 2017, unless otherwise agreed with Aker and Hemen.

The total issued number of shares and votes of Solstad Offshore upon completion of the Combination is expected to be 292,524,298.

If Hemen and Aker combined has subscribed for NOK 550 mln in the Farstad Restructuring Equity Issue, Aker will hold 63,668,050 shares representing approximately 21.8% of the shares and votes in Solstad Offshore, F-Shiplease AS, a wholly owned subsidiary of Ocean Yield ASA, a subsidiary of Aker ASA, will hold 8,836,681 shares representing approximately 3.0% of the shares and votes in Solstad Offshore, and Aker and F-Shiplease combined will hold 72,504,731 shares representing approximately 24.9% of the shares and votes in Solstad Offshore. Following the conversion of the NOK 250 mln convertible loan, Aker will no longer hold any rights to shares in Solstad Offshore. Under the same assumptions, Hemen will hold 52,133,037 shares, representing approximately 17.9% of the shares and votes in Solstad Offshore.

If Hemen and Aker combined has subscribed for only NOK 400 mln in the Farstad Restructuring Equity Issue, Aker will hold 57,668,050 shares representing approximately 19.8 % of the shares and votes in Solstad Offshore, F-Shiplease AS, a wholly owned subsidiary of Ocean Yield ASA, a subsidiary of Aker ASA, will hold 8,836,681 shares representing approximately 3.0% of the shares and votes in Solstad Offshore, and Aker and F-Shiplease combined will hold 66,504,731 shares representing approximately 22.8% of the shares and votes in Solstad Offshore. Following the conversion of the NOK 250 mln convertible loan, Aker will no longer hold any rights to shares in Solstad Offshore. Under the same assumptions, Hemen will hold 46,133,037 shares, representing approximately 15.8% of the shares and votes in Solstad Offshore.

Aker and Hemen have agreed to adjust their shareholdings following completion of the Combination so that they end up as approximately equal shareholders in the combined company.

The Solstad Family Companies will following the Combination hold 21,066,965 shares representing approximately 7.2% of the shares and votes in Solstad Offshore.

Sverre A. Farstad and his affiliated companies Tyrholm & Farstad AS and Tyrholm & Farstad Invest AS will following the Combination hold in aggregate 4,470,294 shares representing approximately 1.5% of the shares and votes in Solstad Offshore.

The final shareholdings will depend on the take-up of the Farstad Shipping Equity Issue and any amendments that may be made to the proposed terms of the Combination.

Further details of the proposed Combination will be presented in due course and in accordance with applicable regulations. Subject to agreement on final transaction documentation and the other conditions mentioned above, the Combination is expected to be completed during 2017.

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Aker ASA's Chief Financial Officer Frank Reite is a member of the board of directors of Solstad Offshore.

Ellen Solstad and Lars Peder Solstad of the Solstad family, who through their related companies Soff Invest AS and Ivan II AS hold shares in Solstad Offshore are a member of the board of directors and the chief executive officer, respectively, of Solstad Offshore.

Sverre A. Farstad is the chairman of the board of Farstad Shipping.

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A joint press briefing will be hosted at Aker's offices at Fornebu today at 14:00 CET.

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Anders Hall Jomaas, Chief Financial Officer of Deep Sea Supply Plc at +47 400 42 918

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[1] ([http://connect.ne.cision.com#\\_ftnref1](http://connect.ne.cision.com#_ftnref1)) PSVs over 3,200 dwt , AHTS with more than 15,000 bhp, all CSVs

Farstad Shipping's fleet currently consists of 56 vessels (27 AHTS, 22 PSV and 7 SUBSEA). The company's operations are managed from Aalesund, Melbourne, Perth, Singapore, Macaé and Rio de Janeiro with a total of 1,500 employees engaged onshore and offshore. The company's strategy is to be a leading quality provider of large, modern offshore service vessels to the oil industry.

[www.farstad.com](http://www.farstad.com)



## **Schedule C – Restructuring Term Sheet of 16 February**

**Restructuring Term Sheet**  
**- Farstad Shipping ASA -**

<b>Introduction:</b>	<p>This restructuring term sheet (the "<b>Restructuring Term Sheet</b>") (part I) sets out the key terms for the proposed restructuring of Farstad Shipping ASA (the "<b>Issuer</b>" or "<b>Farstad</b>") and certain of its subsidiaries (the "<b>Subsidiaries</b>"), including proposed amendments to certain of the Group's senior bank facilities and two senior unsecured bond issues issued by the Issuer, FAR03 and FAR04 (the bonds issued thereunder are referred to herein as the "<b>Bonds</b>" and the bond agreements setting out the terms and conditions of the Bonds are referred to herein as the "<b>Bond Agreements</b>") and certain other agreements and arrangements (the "<b>Restructuring</b>").</p> <p>Part 2 of this Restructuring Term Sheet sets out the key terms of the proposed mergers/business combinations between the Issuer, Solstad Offshore ASA and Deep Sea Supply Plc, whereby the Issuer will be merged into a subsidiary of Solstad Offshore ASA and Deep Sea Supply Plc's assets and obligations will be transferred to another subsidiary of Solstad Offshore ASA in a merger-like transaction.</p>
<b>PART I – RESTRUCTURING</b>	
<b>Restructuring-transaction steps:</b>	<p>The Restructuring consists of the following key transactions:</p> <p><b>Step 1: Equitisation of debt</b>  On or before Completion, the Issuer shall assume:</p> <ul style="list-style-type: none"> <li>(a) NOK 940 million of the principal amount of secured debt owed to certain financial institutions and export agencies by the Subsidiaries; and</li> <li>(b) NOK 70 million of payment obligations owed (or to become owed) by Farstad Supply AS to F-Shiplease AS under certain bare boat charters.</li> </ul> <p>As a result of the assumption of debt, the Issuer will have corresponding recourse claims towards the relevant Subsidiaries. Those recourse claims shall be converted into share capital/premium in the relevant Subsidiary upon or as soon as practicable following Completion.</p> <p>As a result of the transactions described above and the amendments to the Bond Agreements (as described below), the Issuer will have the following obligations:</p> <p><b>Bondholders:</b> NOK 1,406,895,444.44  <b>F-Shiplease:</b> NOK 70 million  <b>Senior Lenders:</b> NOK 940 million</p> <p>The Issuer will then resolve to issue, and each of the creditors listed above will subscribe for and be allocated, shares for an amount equal to the debt owing to it listed above (subject to adjustments required in accordance with the below). The subscription price in the private placement(s) shall be Share Price 1. Each creditor's payment obligation in connection with the aforementioned private placement(s) shall be settled in full by way of set-off of their claims for its respective debt.</p> <p>No fractional shares will be issued as part of the private placement(s) and each creditor accepts and agrees that the debt owing to it will automatically be reduced (without compensation) so as to be divisible by Share Price 1.</p>

**Step 2: Equitisation of interest and other amounts on senior secured debt**

On or before Completion:

- (a) the Senior Lenders shall release (by adjusting the margin under the relevant loan agreements) certain Subsidiaries of those Subsidiaries' obligation to pay an aggregate amount of NOK 332 million of future interest on senior debt; and
- (b) F-Shiplease AS shall release (by adjusting the hire under the bare boat charters) Farstad Supply AS of Farstad Supply AS' obligation to pay an aggregate amount of NOK 109,036,299 under the bare boat charters.

In consideration for the aforementioned amendments, the Issuer shall undertake a payment obligation towards:

- (a) the relevant Senior Lenders in the amount of NOK 271 million (being the equivalent of the net present value of the amount released by the Senior Lenders); and
- (b) F-Shiplease AS in the amount of NOK 90,858,516 (being the equivalent of the net present value of the amount released by F-Shiplease AS under the bare boat charters).

As a result of the Issuer undertaking the above mentioned payment obligations, the Issuer will have corresponding recourse claims towards the relevant Subsidiaries. Those recourse claims shall be converted into share capital/premium in the relevant Subsidiary upon or as soon as practicable following Completion.

As a result of the transactions described above the Issuer will have the following obligations:

**Senior Lenders:** NOK 271 million

**F-Shiplease:** NOK 90,858,516

The Issuer will then resolve to issue, and each of the creditors listed above will subscribe for and be allocated, shares for an amount equal to the debt owing to it listed above (subject to adjustments required in accordance with the below). The subscription price in the private placement(s) shall be Share Price 2. Each creditor's payment obligation in connection with the aforementioned private placement(s) shall be settled in full by way of set-off of their claims for its respective debt.

No fractional shares will be issued as part of the private placement(s) and each creditor accepts and agrees that the debt owing to it will automatically be reduced (without compensation) so as to be divisible by Share Price 2.

**Step 3: Equity Issues***a. Private placement 1*

The Issuer shall offer to issue shares to Aker Capital AS ("**Aker**") and Hemen Holding Limited ("**Hemen**") in a private placement ("**Private Placement 1**") with a total cash subscription amount of NOK 450 million. The share price in the private placement will be fixed at Share Price 2.

Aker and Hemen will each subscribe for, and be allocated, Shares for an amount of NOK 225 million (less any amount (pro rata) allocated to Tyrholm & Farstad Invest AS ("**Tyrholm**"). However, as Tyrholm will be allocated less than NOK



	<p>50 million in Private Placement 2 (as defined below), Tyrholm shall have the right to subscribe for and be allocated shares in Private Placement 1 for the difference.</p> <p><i>b. Private Placement 2</i></p> <p>The Issuer have offered to issue shares in a private placement ("<b>Private Placement 2</b>") with a total subscription amount of NOK 150 million. The share price in the private placement have been fixed at Share Price 2.</p> <p>The Bondholders was preferred in the allocation of shares and all the shares have been subscribed for by Bondholders.</p> <p>The minimum allocation in the shares offered in Private Placement 2 was NOK 1,000,000 or the amount in NOK equal to EUR 100,000 (if higher).</p> <p><b>Step 4: Repair Issue</b></p> <p>The Issuer shall resolve to carry out a private placement in which the existing shareholders in the Issuer and certain Bondholders (as per such date as determined by the board of directors in the Issuer) that are not allocated shares in Private Placement 2 shall be offered to subscribe for shares for a total subscription of up to NOK 50 million. The share price in the private placement will be fixed at Share Price 2.</p> <p>Each such shareholder will have a preferential, non-transferrable, right to subscribe for and be allocated shares for its <i>pro rata</i> part of such shares. Certain Bondholders who have not been allocated shares as part of Private Placement 2 will have a preferential allocation of NOK 5 million of the repair issue</p> <p><b>Underwriting:</b></p> <p>Any amount that remain unsubscribed for in Private Placement 2 and the repair issue described in Step 4 (<i>Repair Issue</i>) have been fully guaranteed by Aker and Hemen (on a several and pro rata basis).</p> <p><b>Timing and conditions:</b></p> <p>Transaction step 1 through 3 shall be carried out on or before the Completion. The repair issue described in Step 4 shall be carried out following Completion. The Bondholders shall only be required to participate in the above mentioned transaction steps relevant to them, provided that the conditions precedent to conversion have been fulfilled (see below).</p>
<p><b>Amendments to Bond Agreements:</b></p>	<p><b>Interest:</b></p> <p>The Bonds will become non-interest bearing from and including 1 January 2017 with the effect that interest accrued in respect of the Bonds from and including 1 January 2017 and until Completion will be cancelled and discharged (without any compensation) in full.</p> <p><b>Equitisation of Bonds:</b></p> <p>Bonds and interest for an aggregate amount of NOK 1,406,895,444.44 (which amount includes all interest accrued, but unpaid, as per 31 December 2016) shall be converted into shares in the Issuer (pro rata between the two Bond series, and pro rata between Bondholders in each bond series) at a conversion price equal to Share Price 1.</p> <p><b>Right to participate in Equity Issue and Repair Issue:</b></p> <p>The Bondholders have been given the opportunity to participate in Private Placement 2.</p>

<b>Amendments to bare boat charters with F-Shiplease AS</b>	As part of the Restructuring, the hire under the bare boat charters for FAR Senator and FAR Statesman will be reduced, inter alia, as a result of the transactions described in Step 1 ( <i>Equitisation of debt</i> ) and Step 2 ( <i>Equitisation of interest and other amounts on senior secured debt</i> ) above. Furthermore, part of the charter hire (90% of the amortisation element under the bare boat charters until 2022) will be deferred until December 2023. A cash sweep mechanism will be introduced. The payments under the bare boat charters will be guaranteed by the Issuer.	
<b>Amendments to bank facilities<sup>1</sup></b>	As part of the Restructuring, several of the senior bank facilities to which the members of the Group are party will be amended (or amended and restated). The key terms of the proposed restructuring consist of the following:	
	<b>Extension of maturity:</b>	Loans with maturity prior to 29 December 2023 will be extended so that the maturity date in respect thereof fall on 29 December 2023
	<b>Repayment profiles:</b>	<p>Instalments which have been deferred in the period commencing 1 July 2016 and ending 1 January 2017, will be repaid as follows (a) 10% of the total amount deferred will be repaid on 31 December 2021 and (b) the remaining 90% will be repaid in linear instalments of 20% per year commencing on 1 January 2022.</p> <p>Instalments falling due in the period commencing on 1 January 2017 and ending on 31 December 2021 will, after taking into account the conversion of senior secured debt set out in Step 1 (<i>Equitisation of debt</i>), be reduced by 90%.</p> <p>Commencing on 1 January 2022, the balance of senior secured debt then outstanding, will become amortising in linear instalments of 20% per year.</p> <p>Senior secured debt with bullet repayment profiles will receive a one-off repayment of 4% of the total outstanding principal amount on 30 June 2019. The remaining balance will become amortising from 1 January 2022 (linear instalments of 20% per year).</p>
	<b>Interest:</b>	Payable in accordance with the existing loan agreements, but reduced by the conversion described in Step 2 ( <i>Equitisation of interest and other amounts on senior secured debt</i> ) until 31 December 2021.
	<b>Cash sweep:</b>	Cash sweep to be implemented from and including Completion until 1 January 2022.
	<b>Covenants:</b>	<p>Inter alia:</p> <ul style="list-style-type: none"> <li>Financial covenants which will, during the Restructuring Period, inter alia, consist of requirement to debt service cover ratio (EBITDA+ Free cash above NOK 200 million to interest expenses and scheduled amortisations must exceed 1:1), minimum value clause (100% after 31</li> </ul>

<sup>1</sup> Loan facilities with BNDES and Westpac will be unaffected by the Restructuring

		<p>December 2019) and minimum liquidity covenant (at least NOK 250 million). After the Restructuring Period other and more onerous financial covenants may apply.</p> <ul style="list-style-type: none"> <li>• Restrictions on the incurrence of new debt</li> <li>• Restrictions on dividends and other distributions</li> <li>• Restrictions on capital increases and equity issues</li> <li>• Restrictions on capital expenditures</li> </ul>
	<b>Guarantee and security:</b>	As per the existing loan agreements, but so that all senior bank debt will be guaranteed by the Issuer and the senior bank debt will get security over the shares in Farstad Offshore AS. Additional security and guarantees may be granted in favour of the member of the Group's creditors.
	<b>Sale of vessels:</b>	Pre-approval of sale of older vessels at prices below secured debt using agreed mechanisms.
	<b>Change of control:</b>	If any person or group of persons gains negative control over the Issuer (other than Aker and its affiliates, Hemen and its affiliates or Aker and Hemen and their respective affiliates collectively (and following the completion of the Proposed Merger, Solstad Offshore ASA and its affiliates)).
<b>Newbuild:</b>	<p>The newbuild "FAR Superior" (Vard Vung Tau with hull no. 838) will be owned and financed in a single purpose company to be established as a subsidiary of the Issuer. Subject to certain conditions Aker and Hemen will participate in the financing of the vessel with up to NOK 50 million each (total NOK 100 million) in a NOK 300 million take-out financing. If Aker and Hemen participates in the take-out financing, any such advance shall be considered an advance on their subscription obligation in Private Placement 1 and reduce their remaining subscription NOK for NOK.</p>	
<b>Conditions precedent to conversion:</b>	<p>The Bondholders agreement to the terms and transactions contemplated in this Restructuring Term Sheet will be subject to the following conditions precedent being fulfilled on or prior to 30 June 2017 (the "<b>Long Stop Date</b>"): </p> <ul style="list-style-type: none"> <li>(i) Confirmation from the Issuer that it has received binding subscriptions for shares in Private Placement 1 and Private Placement 2 for an amount of no less than NOK 600 million.</li> <li>(ii) Approval of the Restructuring at a meeting of the Bondholders in each Bond Issue by Bondholders representing at least 2/3 of the principal amount outstanding in the respective Bond Issue present and voting.</li> <li>(iii) A confirmation from the Issuer that the term sheet(s) for the financing of the Newbuild has been entered into by the parties thereto.</li> <li>(iv) A confirmation from the Issuer that the Restructuring has been approved by (a) the respective credit committees of each Senior Lender, (b) the board of directors of F-Shiplease AS and (c) the board of directors of the Issuer and its Subsidiaries.</li> </ul>	



	<p>(v) A confirmation from the Issuer that the general meeting of the Issuer has resolved, with the requisite majority, to carry out the transactions described in Step 1 through Step 4 above.</p> <p>(vi) Neither the Issuer nor any Subsidiary having entered into any bankruptcy, liquidation, administration, receivership or any other insolvency procedure (or any analogous proceeding in any other jurisdiction), whether voluntary or involuntary.</p> <p>(vii) No enforcement or acceleration or debt recovery action having been taken by or on behalf of any of the other creditors of the Issuer or any member of the Group under or in connection with any financial indebtedness subject to the Restructuring.</p> <p>(viii) A confirmation from the Issuer that, to the best of its knowledge, all the Completion Conditions have or will be satisfied immediately following the conversion by the Bondholders.</p>
<b>Conditions for Completion of the Restructuring:</b>	<p>The relevant parties' obligation to complete the Restructuring is conditional on the following conditions having been fulfilled:</p> <p>(a) the Restructuring shall have been approved (in so far as relevant to each of them) by:</p> <p>(i) a duly convened bondholders' meeting in each of the Bond Issues in accordance with the terms of the relevant bond agreements; and</p> <p>(ii) the respective credit committees of each of the Senior Lenders;</p> <p>(b) the general meeting of the Issuer shall have resolved to carry out the transactions described in Step 1 through Step 4 above;</p> <p>(c) Farstad shall have received binding subscriptions for Shares in the private placement described in Step 3 for an amount of no less than NOK 600 million;</p> <p>(d) the term sheets for the NewBuild financing shall have been entered into by the parties thereto;</p> <p>(e) (save for servicing of senior loans owing to ECA lenders) no service of any senior loans, by payment of instalments or interest, shall have taken place in the period between the 31 December 2016 and Completion;</p> <p>(f) no payment in respect of the Bonds, by payment of instalments, interests, buy-back of bonds or exercise of any call or put options shall have taken place in the period between 31 December 2016 and Completion;</p> <p>(g) no lease payments under the agreements with F-Shiplease for "Far Senator" and "Far Statesman" shall have taken place in the period between 31 December 2016 and Completion;</p> <p>(h) there shall not be any order issued by a governmental body which suspends or ceases trading in the shares in the Issuer or operates to prevent or restrict the lawful distribution of the shares in the Issuer (which suspension, cessation, prevention or restriction, as the case may</p>

	<p>be, is continuing);</p> <p>(i) neither the Issuer nor any subsidiary shall have entered into any bankruptcy, liquidation, administration, receivership or any other insolvency procedure (or any analogous proceeding in any other jurisdiction), whether voluntary or involuntary;</p> <p>(j) no enforcement or acceleration or debt recovery action shall have been taken by or on behalf of any of the creditors and/or suppliers of the Issuer or any subsidiary under or in connection with any indebtedness or due amounts of the Issuer or any subsidiary;</p> <p>(k) all reasonable fees and out-of-pocket expenses of:</p> <p>(i) the Senior Lenders and all reasonable fees and disbursements of the professional advisers to the Senior Lenders;</p> <p>(ii) the Bond trustee related to financial adviser and legal counsel in accordance with the terms and conditions of the agreements for the Bond Issues;</p> <p>(iii) F-Shiplease AS related to legal costs in connection with the Restructuring;</p> <p>(l) shall have been paid by the Issuer; and</p> <p>(m) none of the other parties to the restructuring agreement (entered into on or about the date of the Summons) shall be in material breach of any of their respective obligations under that agreement.</p>
<b>Cost and expenses:</b>	The Issuer shall pay all reasonable and out-of-pocket expenses of the Bond Trustee related to financial advisers and legal counsel in accordance with the terms and conditions of the Bond Agreements.

## PART II – PROPOSED MERGERS

<b>Mergers – transaction steps</b>	<p><b>Step 1: Merger between Farstad and Solstad</b> Farstad will merge with a newly incorporated subsidiary of Solstad Offshore ("SubCo 1"), with SubCo 1 being the surviving entity and Farstad's former shareholders receiving shares in Solstad Offshore as merger consideration (the "Triangular Merger"). The exchange ratio in the Triangular Merger will be 0.35:12.50 Farstad shares per Solstad Offshore share.</p> <p><b>Step 2: Merger between Deep Sea Supply and Solstad</b> Contemporaneously with the Triangular Merger, Deep Sea Supply Plc ("DESSC") will combine with Solstad Offshore in a merger or merger-like transaction whereby all of DESSC's assets, rights and obligations will ultimately be transferred to a subsidiary of Solstad Offshore ("SubCo 2") against consideration in the form of Solstad Offshore shares (such transaction together with the Triangular Merger, the "Combination"). The amount of Solstad Offshore consideration shares issued will be based on an agreed exchange ratio of 1.32:12.50 DESSC shares per Solstad Offshore share.</p> <p><b>Step 3: Removal of share classes in Solstad</b> Solstad Offshore's existing Class B share class will be collapsed upon</p>
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	<p>completion of the Combination, and current Class A and Class B shareholders will receive 1 ordinary share in Solstad Offshore in exchange for each Class A or Class B held.</p> <p><b>Step 4: Status post mergers</b> Following completion of the Combination, SubCo 1 will hold all of Farstad's assets, rights and obligations, whereas SubCo 2 will hold all of DESSC's former assets, rights and obligations.</p> <p><b>Step 5: Private placement in Solstad</b> In connection with the Combination, Solstad Offshore will complete a NOK 200 million private placement directed towards Hemen at a subscription price of NOK 12.50 per share. The proceeds from the private placement will be passed on by Solstad Offshore to SubCo 2 and its subsidiaries (i.e. the former DESSC structure).</p>
<b>PART III – DEFINITIONS</b>	
<b>Definitions</b>	<p><b>"Completion"</b> means the date when (i) all the Completion Conditions are satisfied (or waived as the case may be) and (ii) the equity issues described in Step 1 through Step 3 above have been duly registered in the Norwegian Registry of Business Enterprises (<i>Norw. Foretaksregisteret</i>).</p> <p><b>"Completion Conditions"</b> means the conditions precedent to the completion of the Restructuring set out in the section "Conditions for Completion of the Restructuring" above.</p> <p><b>"Restructuring Period"</b> means the period from and including 1 January 2017 to and including 31 December 2021.</p> <p><b>"Senior Lenders"</b> means certain senior lenders party to the restructuring agreement dated on or about the date of the Summons.</p> <p><b>"Share Price 1"</b> means NOK 1.25 (<i>one point twentyfive Norwegian kroner</i>).</p> <p><b>"Share Price 2"</b> means NOK 0.35 (<i>zero point thirtyfive kroner</i>).</p> <p><b>"Summons"</b> means the summons to the bondholders' meetings in FAR03 and FAR04 dated 16 February 2017.</p>



