

*(Dette brevet til obligasjonseierne er kun utarbeidet på engelsk. For ytterligere informasjon vennligst ta kontakt med Nordic Trustee ASA på telefon +47 22 87 94 00.)*

To the bondholders in:

**ISIN NO 001 070337.4      Metro Exploration Holding Corp. Senior Secured Callable Bond Issue  
2014/2016**

Oslo, 23 May 2016

## **Summons to Bondholders' Meeting**

Nordic Trustee ASA (the "**Bond Trustee**") is appointed as bond trustee for the bond issue with ISIN NO 001 070337.4 (the "**Bonds**") issued by Metro Exploration Holding Corp. (the "**Issuer**" or "**Metro Ex**") pursuant to the terms of the bond agreement (the "**Bond Agreement**") dated 13 February 2014 between the Issuer and the Bond Trustee.

All capitalised terms used but not defined in this summons have the meanings given to them in the Bond Agreement, the summons to the Bondholders' Meetings dated 13 May 2015 (the "**May 2015 Summons**"), 20 August 2015 (the "**August 2015 Summons**"), 11 September 2015 (the "**September 2015 Summons**") and 11 March 2016 (the "**March 2016 Summons**") and Information to the Bondholders related to the Payments to Bondholders dated 29 March 2016 ("**Payments to Bondholders Letter**") unless otherwise stated.

The purpose of this summons is to present to the Bondholders a proposal to (as further described in section 1 below): (i) transfer the shares in Metro Drilling Holding Corp. from NT Refectio XIII AS to The Towerview Purpose Trust) (the "**Share Transfer**"); (ii) limit the recourse on the remaining Outstanding Bonds and Coupon Claims following a final payment to Bondholders; (iii) deregister the Outstanding Bonds and authorise a discharge thereof; and (iv) approve payment of a Restructuring Fee to the financial advisor AMA.

The Bondholders' Meeting is requested by the Issuer and Bondholders representing more than 1/10 of the Voting Bonds in accordance with clause 16 of the Bond Agreement. Bondholders are encouraged to read this summons carefully and in its entirety.

### **1. Background**

As described in the May 2015 Summons, the shares in Metro Drilling Holding Corp. (the "**MDHC Shares**"), being the sole shareholder of Metro Ex, have been transferred to NT Refectio XIII AS ("**NT Refectio**"), a Norwegian special purpose vehicle under the control of the Bond Trustee (acting for and on behalf of the Bondholders as a whole).

Metro Ex is a holding company, with no business activity or assets other than a 60% ownership interest in Deep Sea Metro Ltd. ("**Deep Sea Metro**"). Deep Sea Metro has two wholly-owned subsidiaries: (i) Chloe Marine Corporation Ltd. ("**Chloe Marine**"), being the owner of the drillship "Deepsea Metro II"; and (ii) Golden Close Maritime Corp. Ltd. ("**Golden Close**"), being the owner of the drillship "Deepsea Metro I".

The oil and oil services industry in general, and the drilling segment in particular, have faced challenges due to the fall in oil prices with resulting reduction in business activity and rates. This has also negatively affected the asset values. The sales price achieved in the enforcement sale of "Deepsea Metro II" as

announced in March 2016 and in other similar transactions imply that it is unlikely that there will be any proceeds from the ownership interest in Golden Close unless the market recovers significantly. In addition to the option value of the ownership interest in Golden Close, the main asset of the Issuer is currently therefore considered to be the current cash position as described in the March 2016 Summons.

### *1.1 Share transfer*

As further described in the March 2016 Summons and detailed in the Payments to Bondholders Letter, the Bondholders and holders of the Coupon Claims received a payment of a total of USD 14.5 million on 31 March 2016. Following this payment to Bondholders, the Issuer retained an amount for certain purposes, including estimated expenses in connection with an eventual wind-down of the Metro Ex Entities. As part of the process to wind-down the Metro Ex Entities and prepare for a final payment to the Bondholders it is proposed to transfer the MDHC Shares from NT Refectio to a trust domiciled in Bermuda with the name *The Towerview Purpose Trust* (“**Towerview**”).

Towerview is a purpose trust established under Bermuda law on 2 May 2016. Its sole purpose is to hold the MDHC Shares. The trust has no beneficiaries and has no capacity to make dividend like distributions. It is not expected that Towerview will receive any distributions or other payments from MDHC and the Metro-Ex Entities. The trust will control MDHC and the Metro-Ex Companies during the wind-down process. The trust will hold the MDHC Shares through the period of wind-down of the Metro-Ex entities and will then terminate.

As a consequence, following a transfer of the MDHC Shares to Towerview, the Bondholders will not be entitled to any of the equity value in the Metro Ex Entities and the Bond Trustee and the Bondholders will not retain any control or beneficial ownership of the Metro Ex Entities.

### *1.2 Limit recourse of remaining Bonds*

As described above, it is considered unlikely under the current market conditions that the Issuer will get additional distributions from Deep Sea Metro. However in order to ensure that Bondholders would be able to participate in any values potentially received by the Issuer as a result of its indirect ownership of Golden Close the Bonds shall not be discharged at this stage. It is, instead, proposed that the Issuer distributes the cash balance available from time to time pro rata to the Bondholders and holders of Coupon Claims (“**Interim Payment**”) after retaining an amount sufficient for the purposes of satisfying (a) the general corporate expenses of the Metro Ex Entities and Towerview, (b) the fees and expenses of the Bond Trustee and its advisers (including the Restructuring Fee) and (c) expenses that will be incurred in connection with the eventual wind-down of the Metro Ex Entities (the amounts described in (a) through (c) together the “**Retained Amount**”).

Notwithstanding anything to the contrary in the Bond Agreement, the Bond Agreement shall be amended so that the Issuer will only be obliged to make payments on the remaining Outstanding Bonds and Coupon Claims in an amount corresponding to any amounts actually received by it and only to the extent exceeding the Retained Amounts (the “**Limited Recourse**”).

### *1.3 Deregistration and authorization to Discharge*

Due to poor coverage prospects following the Interim Payment the Bonds will be removed from the VPS-records and the ISINs will be deleted to avoid future costs to the paying agent (the “**Deregistration**”). A list of Bondholders and holders of Coupon Claims will be extracted, and in case of any future payments, all registered holders of any outstanding claims will (subject to the Limited Recourse) receive dividends pro rata.

A consequence of deregistration of the Bonds, is that it will not be possible to summon future Bondholders’ Meetings. As the Outstanding Bonds and Coupon Claims are not expected to be repaid in full, a model to facilitate a subsequent discharge of the remaining Outstanding Bonds and Coupon Claims, including any accrued interest (the “**Discharge**”) has to be put in place. It is therefore proposed that the Bond Trustee will be given the discretion and authorisation to execute a Discharge following the

earlier of (i) instruction from more than 50% of the Bondholders, (ii) a final payment to the bondholders of Golden Close not resulting in a payment in full of the Outstanding Bonds and Coupon Claims, or (iii) in the reasonably opinion of the Bond Trustee there is not sufficient cash left (including the Retained Amount) to maintain the Bonds.

#### **1.4 Restructuring Fee**

According to the proposal as described in the August 2015 Summons, AMA Capital Partners LLP ("AMA") was engaged as the Bondholders' financial adviser to provide advice in relation to the preservation and enforcement of the rights and interests of the Bondholders. According to the terms approved in the Bondholders' Meeting on 3 September 2015, AMA is entitled to a Restructuring Fee of USD 1,000,000 (less any paid Retainer Fees, of which USD 450,000 has been already paid): "*if the Issuer recapitalizes or restructures as a going concern in such a manner that the Metro Ex Bonds are altered, amended, restructured or redeemed (in whole or in part) pursuant to the resolutions of a Bondholders' Meeting, or are otherwise left unchanged on the basis that repayment of the Metro Ex Bonds in full is expected*". Based on the previous resolutions and the amounts received by the Bondholders, the Bondholders are requested to approve payment of the Restructuring Fee of USD 550,000 to AMA (the "**Fee Payment**").

## **2. The Proposal**

Based on the above, it is proposed that the Bondholders resolve the following:

- (a) acknowledge and approve the Share Transfer, the Limited Recourse, the Deregistration, the Discharge and the Fee Payment, as described in sections 1.1 through 1.4 above; and
- (b) instruct the Bond Trustee (in consultation with its advisers) to do all things and take such steps on behalf of the Bondholders as may be necessary or expedient in connection with, and for the purpose of implementing and effectuating, the Proposal, including, without limitation, negotiating and approving the final terms of, and entering into, any and all documentation and agreements deemed necessary or desirable by the Bond Trustee and determining any final payments and settling of any other fees, expenses and liabilities,

((a) and (b) together the "**Proposal**").

## **3. Non-reliance and further information**

The Proposal is put forward to the Bondholders without further evaluation or recommendations from the Bond Trustee and nothing herein shall constitute a recommendation to the Bondholders by the Bond Trustee. The Bondholders must independently evaluate the Proposal and vote accordingly. It is recommended that the Bondholders seek counsel from their legal, financial and tax advisers regarding the effect of the Proposal.

Bondholders representing more than 50% of the Voting Bonds have confirmed that they will vote in favour of the Proposal.

Questions to the summons and the Proposal can be directed to Bond Trustee or to the Bond Trustee's advisors as follows:

- Bond Trustee: Lars Erik Lærum (+ 47 22 87 94 00, mail@nordictrustee.com)
- AMA: Ken Becker (+1 212 682 7549, kbecker@amausa.com) or Sunil Kurien (+1 212 682 6707, skurien@amausa.com)
- Akin Gump: James Terry (+44 20 7012 9600, james.terry@akingump.com)
- Schjødt: Viggo Bang-Hansen, (+ 47 22 01 88 00, vbh@schjodt.no)

#### 4. Bondholders' Meeting:

Bondholders are hereby summoned to a Bondholders' Meeting:

**Time:** 7 June 2016 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. Approval of the Proposal.

#### It is proposed that the Bondholders' Meeting resolves the following:

The Bondholders' Meeting approves the Proposal as described in section 2 in the summons to this Bondholders' Meeting.

To approve the Proposal, Bondholders representing more than two-thirds of the Voting Bonds 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 ½ of the Voting Bonds must be represented at the Bondholders' Meeting.

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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 Nordic Trustee ASA 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).

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 that 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 by 16:00 hours (4 pm) (Oslo time) the Business Day before the meeting takes place.

Kind regards

**Nordic Trustee ASA**

  
Lars Erik Lærum

Enclosed: Bondholder's Form