

## NORDIC TRUSTEE

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### To the bondholders in:

ISIN NO 001 0638075	NOK 500,000,000 FRN BW Offshore Limited Senior Unsecured Callable Bond Issue 2012/2017 (" <b>BWO01</b> "),
ISIN NO 001 0673841	NOK 500,000,000 FRN BW Offshore Limited Senior Unsecured Callable Bond Issue 2013/2018 (" <b>BWO02</b> "),
ISIN NO 001 0705361	NOK 750,000,000 FRN BW Offshore Limited Senior Unsecured Bond Issue 2014/2019 (" <b>BWO03</b> "), and
ISIN NO 001 0740111	NOK 900,000,000 FRN BW Offshore Limited Senior Unsecured Bond Issue 2015/2020 (" <b>BWO04</b> ").

Together BWO01, BWO02, BWO03 and BWO04 constitute the "**Bond Issues**".

Oslo, 26 May 2016

### Summons to Bondholders' Meetings

Nordic Trustee ASA ("**Bond Trustee**") acts as trustee for the holders of bonds (the "**Bondholders**") in the above mentioned Bond Issues issued by BW Offshore Limited as issuer (the "**Issuer**" or the "**Company**").

A separate Bondholders' Meeting will be held for each Bond Issue, but for practical purposes these will be held simultaneously.

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

### 1. BACKGROUND

Following the significant drop in oil price since the second half of 2014, the oil & offshore market is in general facing severe challenges. The majority of the Company's fleet remains on long-term contracts with national and independent oil companies, and the fleet should continue to generate a significant cash flow during the time ahead. The Company has also taken measures to adapt to the prevailing market conditions. However, due to risk of customers defaulting on payment obligations, down-payments of debt, challenging capital markets, certain unforeseen events, capital commitments on Catcher and life extension programs, the Company may be close to or below the minimum liquidity covenant of USD 75 million in the first quarter of 2017.

As announced in relation to the fourth quarter 2015 reporting, the Company has been evaluating necessary actions to address the challenges and to secure a credible long term financial platform. Over the last months' discussions with its bank facility providers, selected Bondholders in the Bond Issues

and largest shareholders have been ongoing. The key outcome of the discussion is listed in section 2 below (the "Financing Plan") and includes amongst others amortization relieves and extensions of the balloon repayment under the Corporate Facility (as referred to in section 2.1 below), reduced financial covenants, extension of the Maturity Dates for the Bond Issues and a rights issue in the total amount of USD 100 million (the "Equity Issue"). In total, the Financing Plan will contribute in excess of USD 0.5 billion in improved liquidity in the period throughout 2020, and thereby give the Company a significant runway until the markets are expected to recover.

The Financing Plan has received indicative support from a representative group of Bondholders and support from key bank lenders. The Company's main shareholder, BW Group Limited, and the CEO of the Company, Carl Krogh Arnet, have pre-committed to subscribe for their pro rata share of the Equity Issue and the remaining shares to be issued in the Equity Issue are underwritten by a syndicate of banks, as set out in the Company's press release of 23 May 2016.

In addition to this summons letter, reference is made to the BW Offshore Q1 2016 report (the "Q1 Report") and the BW Offshore Q1 2016 presentation (the "Q1 Presentation") both released on 23 May 2016 and which are intended to give background information and an update on the Company's financial and operating status. The Q1 Presentation is available on the Issuer's web page [www.bwoffshore.com](http://www.bwoffshore.com), [www.newsweb.no](http://www.newsweb.no) and [www.stamdata.no](http://www.stamdata.no). The Company will also host a conference call for the Bondholders as further described in section 4 below.

## 2. KEY ELEMENTS OF THE FINANCING PLAN

The key elements of the Financing Plan are set out below. In addition to the Bond Issues, the Financing Plan involves the bank facilities listed and defined in Appendix 1 hereto and the Equity Issue.

The below key elements to the Financing Plan are conditional on each other and subject to no material changes being made to any of the key elements listed in this section 2.

Further to the Q1 Presentation and the suggested timeline, commitments from Bondholders and banks to the Financing Plan are intended to be obtained by early June 2016 with closing of the new financing platform in July 2016.

### 2.1 The Corporate Facility

The following are the suggested changes to the Corporate Facility:

- (a) *Extension of Maturity, reduction of instalments and increase of margin*
- Maturity extended by two years to March 2020.
  - 50% reduction of five (5) semi-annual instalments starting September 2016 (total reduction of USD 278 million) (Q3 2016 to Q3 2018). Normal amortization from March 2019 and a balloon at the new maturity in March 2020 of USD 474 million, reduced from the initial balloon of USD 641 million in March 2018.
  - Margin increase by 25 bps to 225 bps with additional step up by 50 bps if the Leverage Ratio exceeds 5.50:1.

*(b) Changes to certain covenants*

- Leverage ratio (IBD/EBITDA) increased from 5.50:1 to 6.00:1 until maturity in March 2020.
- Book equity ratio reduced from 25% to 20% until maturity in March 2020.
- No dividend and bond buy back until maturity in March 2020 (save from buy back of bonds in connection with extensions and/or renewal of bond issues (including, for the avoidance of doubt, the partial redemption of BWO01 on 15 March 2017), such buy back to be limited to an amount of USD 25,000,000, unless the shareholder contributions exceed USD 100,000,000 of cash, following which the said threshold amount shall be increased by any excess amount).

A customary amendment fee of 40 bps calculated on the total committed amount on the effective date will be payable.

**2.2 Other Bank Facilities**

The following are the suggested changes to the other Bank Facilities:

*(a) Changes to certain covenants*

- Leverage ratio (IBD/EBITDA) increased from 5.50:1 to 6.00:1 until maturity of the respective facility.
- Book equity ratio reduced from 25% to 20% until maturity of the respective facility.

A customary amendment fee of 10 bps calculated on the total committed amount on the effective date will be payable.

**2.3 Equity Issue**

The Company intends to raise USD 100 million in new equity capital and the Company contemplates to raise this amount via a fully underwritten rights issue, which is subject to customary conditions.

**2.4 Suggested changes to each of the Bond Issues**

The following are the suggested changes to the Bond Issues:

*(a) Extended Maturity Dates:*

- BWO01 to be extended from 15 March 2017 to 15 March 2020 (3 years).
- BWO02 to be extended from 21 March 2018 to 21 September 2020 (2.5 years).
- BWO03 to be extended from 11 March 2019 to 11 March 2021 (2 years).
- BWO04 to be extended from 16 June 2020 to 16 March 2022 (1.75 years).

(each the "**New Maturity Date**").

*(b) Partial Redemptions:*

- BWO01 to be partially repaid at par value by NOK 140m (28%) on 15 March 2017 (the original maturity date).
- BWO02 to be partially repaid at par value by NOK 100m (20%) on 21 March 2020.
- BWO03 to be partially repaid at par value by NOK 150m (20%) on 11 September 2020.
- BWO04 to be partially repaid at par value by NOK 90m and NOK 180m (30% in total) on 16 March 2021 and on 16 December 2021 respectively,
- any remaining amount under each Bond Issue to be paid at par value on the relevant New Maturity Date.

*(c) Other changes:*

- Inclusion of restrictions on dividends.
- Inclusion of American call at par value until the respective New Maturity Date (callable in chronology).
- The Margin to be increased to 450 bps in the period from the respective original Maturity Date until the respective New Maturity Date.
- The Equity Ratio covenants to be reduced from 25% to 20%.

**2.5 Swaps related to the Bond Issues**

- Swaps related to each of the Bond Issues to be extended to match new bond amortization profile described in section 2.4 with no improvement in security position.

**3. THE PROPOSAL**

Based on the above, the Issuer hereby proposes that the Bondholders for each Bond Issue adopt the following proposal (as relevant to each Bond Issue) (the "**Proposal**"):

**3.1 Proposal for amendments in BWO01***(a) Extension of Maturity Date*

Pursuant to the Bond Agreement, the Maturity Date is currently 15 March 2017. It is proposed that the Maturity Date definition is amended to read as follows:

*"Maturity Date means 15 March 2020. Any further adjustment may be made according to the Business Day Convention."*

(b) *Amendment of Repayment Schedule / Partial Redemption*

Pursuant to the Bond Agreement clause 10.1 (Maturity), the Bonds shall mature in full on the Maturity Date. It is proposed to amend the amortisation profile by including one instalment as a partial redemption and that clause 10.1 is amended to read as follows:

*"10.1 The Bonds shall be repaid by the Issuer by one instalment in the amount of NOK 140,000,000 on 15 March 2017 at par value and the remaining amount, NOK 360,000,000 at par value on the Maturity Date.*

*Payment of instalments must be carried out pro rata (in accordance with the procedures of the Securities Depository)."*

(c) *Amendment of Call Option*

Pursuant to the Bond Agreement, clause 10.3, the Issuer has the option to redeem the Bond Issue on certain terms (Call Option). It is proposed that the Call Option shall be amended to be called at par value until the new Maturity Date, by 60 days' notice, and that clause 10.3.1 and 10.3.2 are amended to read as follows:

*"10.3.1 The Issuer may redeem the Bond Issue in whole or in part (Call Option) at any time to, but not including, the Maturity Date at par value plus accrued interest on redeemed amount.*

*The Call Option may only be exercised prior to the exercise of the Call Options in the BWO02, BWO03 and BWO04 Bond Issues.*

*10.3.2 Exercise of the Call Option shall be notified by the Issuer in writing to the Bond Trustee and the Bondholders at least 60 days prior to the settlement date of the Call Option."*

(d) *Amendment of Margin*

Pursuant to the Bond Agreement, the Margin is currently 4.25 per cent per annum. It is proposed that the Margin is increased from the time of the original maturity date (15 March 2017) and that the Margin definition is amended to read as follows:

*"Margin means (i) until 15 March 2017, 4.25 per cent per annum and (ii) from and including 15 March 2017 until the Maturity Date, 4.50 per cent per annum."*

(e) *Amendment of Equity Ratio*

Pursuant to the Bond Agreement Clause 13.5.1 (Equity Ratio), the Issuer shall ensure that the Equity Ratio of the Group shall not fall below 25%. It is proposed that Clause 13.5.1 (Equity Ratio) is amended to read as follows:

*"13.5.1 The Issuer shall ensure that the Equity Ratio of the Group, on each Compliance Certificate Date, shall not fall below 20%.*

*After 9 March 2020 the Issuer shall ensure that the Equity Ratio of the Group, on each Compliance Certificate Date, shall not fall below the higher of (i) 20% and (ii) any equity*

*ratio covenant on consolidated basis for the Group in any bank facilities applicable to the Issuer."*

*(f) New Dividend Covenant*

It is proposed to add a new covenant restricting certain dividend payments and distributions from the Issuer. The following new clause 13.4 (g) (Dividends) is proposed:

*"(g) Dividends*

*The Issuer shall not (i) pay any dividend, (ii) buy-back its own common stock and/or (iii) make similar distributions to its shareholders."*

Implementation of the amendments will be subject to customary conditions precedent, such as, without limitation, (i) entry into an amendment and restatement agreement to the Bond Agreement, corporate resolutions from the Issuer and legal opinion, as well as (ii) confirmation, in a form reasonably acceptable to the Bond Trustee, that the amendments to the other Bank Facilities and the other Bond Issues as set out herein are implemented no later than on the same date as the amendments proposed herein and (iii) payment of the Equity Issue.

### **3.2 Proposal for amendments in BWO02**

*(a) Extension of Maturity Date*

Pursuant to the Bond Agreement, the Maturity Date is currently 21 March 2018. It is proposed that the Maturity Date definition is amended to read as follows:

*"Maturity Date means 21 September 2020. Any further adjustment may be made according to the Business Day Convention."*

*(b) Amendment of Repayment Schedule / Partial Redemption*

Pursuant to the Bond Agreement clause 10.1 (Maturity), the Bonds shall mature in full on the Maturity Date. It is proposed to amend the amortisation profile by including one instalment as a partial redemption and that clause 10.1 is amended to read as follows:

*"10.1 The Bonds shall be repaid by the Issuer by one instalment in the amount of NOK 100,000,000 on 21 March 2020 at par value and the remaining amount, NOK 400,000,000 at par value on the Maturity Date.*

*Payment of instalments must be carried out pro rata (in accordance with the procedures of the Securities Depository)."*

*(c) Amendment of Call Option*

Pursuant to the Bond Agreement, clause 10.3, the Issuer has the option to redeem the Bond Issue on certain terms (Call Option). It is proposed that the Call Option shall be amended to be called at par value until the new Maturity Date, by 60 days' notice, and that clause 10.3.1 and 10.3.2 are amended to read as follows:

*"10.3.1 The Issuer may redeem the Bond Issue in whole or in part (Call Option) at any time to, but not including, the Maturity Date at par value plus accrued interest on redeemed amount.*

*The Call Option may only be exercised at the same time or after the BWO01 Bond Issue has been redeemed in full.*

10.3.2 *Exercise of the Call Option shall be notified by the Issuer in writing to the Bond Trustee and the Bondholders at least 60 days prior to the settlement date of the Call Option."*

*(d) Amendment of Margin*

Pursuant to the Bond Agreement, the Margin is currently 4.15 per cent per annum. It is proposed that the Margin is increased from the time of the original maturity date (21 March 2018) and that the Margin definition is amended to read as follows:

*"Margin means (i) until 21 March 2018, 4.15 per cent per annum and (ii) from and including 21 March 2018 until the Maturity Date, 4.50 per cent per annum."*

*(e) Amendment of Equity Ratio*

Pursuant to the Bond Agreement clause 13.5.1 (Equity Ratio), the Issuer shall ensure that the Equity Ratio of the Group shall not fall below 25%. It is proposed that clause 13.5.1 (Equity Ratio) is amended to read as follows:

*"13.5.1 The Issuer shall ensure that the Equity Ratio of the Group, on each Compliance Certificate Date, shall not fall below 20%.*

*After 9 March 2020 the Issuer shall ensure that the Equity Ratio of the Group, on each Compliance Certificate Date, shall not fall below the higher of (i) 20% and (ii) any equity ratio covenant on a consolidated basis for the Group in any bank facilities applicable to the Issuer."*

*(f) New Dividend Covenant*

It is proposed to add a new covenant restricting certain dividend payments and distributions from the Issuer. The following new clause 13.4 (g) (Dividends) is proposed:

*"(g) Dividends*

*The Issuer shall not (i) pay any dividend, (ii) buy-back its own common stock and/or (iii) make similar distributions to its shareholders."*

Implementation of the amendments will be subject to customary conditions precedent, such as, without limitation, (i) entry into an amendment and restatement agreement to the Bond Agreement, corporate resolutions from the Issuer and legal opinion, as well as (ii) confirmation, in a form reasonably acceptable to the Bond Trustee, that the amendments to the other Bank Facilities and the other Bond Issues as set out herein are implemented no later than on the same date as the amendments proposed herein and (iii) payment of the Equity Issue.

### 3.3 Proposal for amendments in BWO03

#### (a) Extension of Maturity Date

Pursuant to the Bond Agreement, the Maturity Date is currently 11 March 2019. It is proposed that the Maturity Date definition is amended to read as follows:

*"Maturity Date means 11 March 2021. Any further adjustment may be made according to the Business Day Convention."*

#### (b) Amendment of Repayment Schedule / Partial Redemption

Pursuant to the Bond Agreement clause 10.1 (Maturity), the Bonds shall mature in full on the Maturity Date. It is proposed to amend the amortisation profile by including one instalment as a partial redemption and that clause 10.1 is amended to read as follows:

*"10.1 The Bonds shall be repaid by the Issuer by one instalment in the amount of NOK 150,000,000 on 11 September 2020 at par value and the remaining amount, NOK 600,000,000 at par value on the Maturity Date.*

*Payment of instalments must be carried out pro rata (in accordance with the procedures of the Securities Depository)."*

#### (c) New Call Option

It is proposed to include a Call Option at par value until the new Maturity Date, by 60 days' notice by including the following new clause:

#### *"10.3 Call Option*

*10.3.1 The Issuer may redeem the Bond Issue in whole or in part (Call Option) at any time to, but not including, the Maturity Date at par value plus accrued interest on redeemed amount.*

*The Call Option may only be exercised at the same time or after the BWO01 and the BWO02 Bond Issues have been redeemed in full.*

*10.3.2 Exercise of the Call Option shall be notified by the Issuer in writing to the Bond Trustee and the Bondholders at least 60 days prior to the settlement date of the Call Option.*

*10.3.3 Partial redemption must be carried out pro rata between the Bonds (according to the procedures of the Securities Registry).*

*10.3.4 On the settlement date of the Call Option, the Issuer shall pay to each of the Bondholders holding Bonds to be redeemed, in respect of each such Bond, the principal amount of such Bond and any unpaid interest accrued up to the settlement date*

*10.3.5 Bonds redeemed by the Issuer in accordance with this clause shall be discharged against the Outstanding Bonds."*

*(d) Amendment of Margin*

Pursuant to the Bond Agreement, the Margin is currently 3.50 per cent per annum. It is proposed that the Margin is increased from the time of the original maturity date (11 March 2019) and that the Margin definition is amended to read as follows:

*"Margin means (i) until 11 March 2019, 3.50 per cent per annum and (ii) from and including 11 March 2019 until the Maturity Date, 4.50 per cent per annum."*

*(e) Amendment of Equity Ratio*

Pursuant to the Bond Agreement clause 13.5 (a) (Equity Ratio), the Issuer shall ensure that the Equity Ratio of the Group shall not fall below 25%. It is proposed that clause 13.5 (a) (Equity Ratio) is amended to read as follows:

*"(a) Equity Ratio*

*The Issuer shall ensure that the Equity Ratio of the Group, on each Compliance Certificate Date, shall not fall below 20%.*

*After 9 March 2020 the Issuer shall ensure that the Equity Ratio of the Group, on each Compliance Certificate Date, shall not fall below the higher of (i) 20% and (ii) any equity ratio covenant on a consolidated basis for the Group in any bank facilities applicable to the Issuer."*

*(f) New Dividend Covenant*

It is proposed to add a new covenant restricting certain dividend payments and distributions from the Issuer. The following new clause 13.4 (c) (Dividends) is proposed:

*"(c) Dividends*

*The Issuer shall not (i) pay any dividend, (ii) buy-back its own common stock and/or (iii) make similar distributions to its shareholders."*

Implementation of the amendments will be subject to customary conditions precedent, such as, without limitation, (i) entry into an amendment and restatement agreement to the Bond Agreement, corporate resolutions from the Issuer and legal opinion, as well as (ii) confirmation, in a form reasonably acceptable to the Bond Trustee, that the amendments to the other Bank Facilities and the other Bond Issues as set out herein are implemented no later than on the same date as the amendments proposed herein and (iii) payment of the Equity Issue.

**3.4 Proposal for amendments in BWO04***(a) Extension of Maturity Date*

Pursuant to the Bond Agreement, the Maturity Date is currently 16 June 2020. It is proposed that the Maturity Date definition is amended to read as follows:

*"Maturity Date means 16 March 2022. Any further adjustment may be made according to the Business Day Convention."*

(b) *Amendment of Repayment Schedule / Partial Redemption*

Pursuant to the Bond Agreement clause 10.1 (Maturity), the Bonds shall mature in full on the Maturity Date. It is proposed to amend the amortisation profile by including two instalments as a partial redemption and that clause 10.1 is amended to read as follows:

*"10.1 The Bonds shall be repaid by the Issuer by one instalment in the amount of NOK 90,000,000 on 16 March 2021 and one additional instalment of NOK 180,000,000 on 16 December 2021 both at par value and the remaining amount, NOK 630,000,000 at par value on the Maturity Date.*

*Payment of instalments must be carried out pro rata (in accordance with the procedures of the Securities Depository)."*

(c) *New Call Option*

It is proposed to include a Call Option at par value until the new Maturity Date, by 60 days' notice by including the following new clause as follows:

*"10.3 Call Option*

*10.3.1 The Issuer may redeem the Bond Issue in whole or in part (Call Option) at any time to, but not including, the Maturity Date at par value plus accrued interest on redeemed amount.*

*The Call Option may only be exercised at the same time or after the BWO01, BWO02 and BWO03 Bond Issues have been redeemed in full.*

*10.3.2 Exercise of the Call Option shall be notified by the Issuer in writing to the Bond Trustee and the Bondholders at least 60 days prior to the settlement date of the Call Option.*

*10.3.3 Partial redemption must be carried out pro rata between the Bonds (according to the procedures of the Securities Registry).*

*10.3.4 On the settlement date of the Call Option, the Issuer shall pay to each of the Bondholders holding Bonds to be redeemed, in respect of each such Bond, the principal amount of such Bond and any unpaid interest accrued up to the settlement date*

*10.3.5 Bonds redeemed by the Issuer in accordance with this clause shall be discharged against the Outstanding Bonds."*

(d) *Amendment of Margin*

Pursuant to the Bond Agreement, the Margin is currently 4.25 per cent per annum. It is proposed that the Margin is increased from the time of the original maturity date (16 June 2020) and that the Margin definition is amended to read as follows:

*"Margin means (i) until 16 June 2020, 4.25 per cent per annum and (ii) from and including 16 June 2020 until the Maturity Date, 4.50 per cent per annum."*

*(e) Amendment of Equity Ratio*

Pursuant to the Bond Agreement clause 13.5 (a) (Equity Ratio), the Issuer shall ensure that the Equity Ratio of the Group shall not fall below 25%. It is proposed that clause 13.5 (a) (Equity Ratio) is amended to read as follows:

*"(a) Equity Ratio*

*The Issuer shall ensure that the Equity Ratio of the Group, on each Compliance Certificate Date, shall not fall below 20%.*

*After 9 March 2020 the Issuer shall ensure that the Equity Ratio of the Group, on each Compliance Certificate Date, shall not fall below the higher of (i) 20% and (ii) any equity ratio covenant on a consolidated basis for the Group in any bank facilities applicable to the Issuer."*

*(f) New Dividend Covenant*

It is proposed to add a new covenant restricting certain dividend payments and distributions from the Issuer. The following new clause 13.4 (c) (Dividends) is proposed:

*"(c) Dividends*

*The Issuer shall not (i) pay any dividend, (ii) buy-back its own common stock and/or (iii) make similar distributions to its shareholders."*

Implementation of the amendments will be subject to customary conditions precedents, such as, without limitation, (i) entry into an amendment and restatement agreement to the Bond Agreement, corporate resolutions from the Issuer and legal opinion, as well as (ii) confirmation, in a form reasonably acceptable to the Bond Trustee, that the amendments to the other Bank Facilities and the other Bond Issues as set out herein are implemented no later than on the same date as the amendments proposed herein and (iii) payment of the Equity Issue.

#### **4. FURTHER INFORMATION**

For more detailed information about the Issuer or the Proposal, please contact:

Knut Sæthre  
CFO  
+47 911 17 876  
[knut.saethre@bwoffshore.com](mailto:knut.saethre@bwoffshore.com)

The Issuer has appointed DNB Markets and Pareto Securities as its financial advisers (the "**Advisers**"). For more detailed information about the Issuer or the Proposal, the Advisers can also be contacted:

DNB Markets: Bondholders may contact DNB fixed income sales +47 24 16 90 30

Pareto Securities: Bondholders may contact Pareto Securities AS Fixed Income Sales at +47 22 87 87 70.

The Advisers act solely for the Issuer and no-one else in connection with the Bond Issues and the Proposal. No due diligence investigations have been carried out by the Advisers with respect to the Issuer, and the Advisers expressly disclaims any and all liability whatsoever in connection with the Proposal (including but not limited to the information contained herein).

The Company will arrange for an information call on Friday 27 May 2016, 11:00 hours (Oslo time).

## **5. EVALUATION OF THE PROPOSAL**

### **5.1 The Issuer's evaluation**

In the opinion of the Issuer, the Proposal constitutes a preferred alternative for the Bondholders given the current circumstances and alternatives. The Proposal should create a credible long term financial platform beneficially to all key stakeholders. It also gives a strong signal that the largest shareholder is supporting the Company.

### **5.2 Non-reliance**

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.

## **6. BONDHOLDERS' MEETINGS**

Bondholders are hereby summoned to a Bondholders' Meeting for the Bond Issues. Voting will be carried out separately for each Bond Issue.

**Time:** 9 June 2016 at 13:00 hours (Oslo time),  
**Place:** The premises of Nordic Trustee ASA,  
Haakon VII's gt 1, 0161 Oslo - 6th 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 Proposal:

### **It is proposed that each Bondholders' meeting resolve the following:**

1. *The Bondholders' Meeting hereby adopts the relevant resolution set out in the Proposal as described in section 3 of the summons to this Bondholders' Meeting.*
2. *The Bond Trustee is authorised and instructed to do all such steps necessary on behalf of Bondholders as may be necessary in connection with implementation of the Proposal, including but not limited to complete, negotiate, finalise and enter*

*into necessary agreements in connection with documenting the decisions made by the Bondholders' Meeting as well as to carry out any other action in order to effect such decisions.*

To approve the above resolution, Bondholders representing at least 2/3 of the Bonds represented in person or by proxy at the relevant 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 Nordic 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 to vote, must then be returned to Nordic 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).

At the Bondholders' Meeting votes may be cast based on bonds held at close of business on the day prior to the date of the Bondholders' Meeting. 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 relevant Bondholders' Meeting, either in person or by proxy other than to Nordic Trustee, to notify Nordic Trustee by telephone or by e-mail ([www.mail@trustee.no](mailto:www.mail@trustee.no)) within 16:00 hours (4 pm) (Oslo time) the Banking Day before the meeting takes place.

Yours sincerely  
**Nordic Trustee ASA**



Morten Bredesen

Appendix 1: List of Bank Facilities

Enclosed: Bondholder's Form

## Appendix 1

## List of Bank Facilities

- a. \$ 2,400,000,000 Senior Secured Syndicated Credit Facilities Agreement dated 9 March 2011 (as later amended) with, inter alios, BW Offshore Shipholding Limited and BW Offshore Singapore Pte. Ltd. as Borrowers and Nordea Bank Norge ASA as Agent (the "Corporate Facility").
- b. \$ 800,000,000 Senior Secured Pre- and Post-Delivery Term Loan Facility Agreement dated 15 July 2014 (as later amended) with, inter alios, BW Catcher Limited as Borrower and Nordea Bank Norge ASA as Agent (the "Catcher Facility").
- c. \$ 80,000,000 Senior Secured Term Loan Facility Agreement dated 25 March 2015 (as amended) with, inter alios, BW Offshore Nautipa AS as Borrower and ABN Amro Bank N.V. as Agent (the "Nautipa Facility").
- d. \$ 130,000,000 Senior Secured Reducing Credit Facility Agreement originally dated 30 October 2009 (as later amended and restated) with, inter alios, BW Offshore Singapore Pte. Ltd. New Zealand branch, as Borrower and DNB Asia Ltd. as Agent (the "Umuroa Facility").
- e. \$ 250,000,000 Term Loan Facility and USD 34,569,150 Guarantee Facility Agreement dated 31 May 2013 with, inter alios, PT BW Offshore TSB Invest as Borrower and ING Bank N.V., Singapore Branch as Facility Agent (the "Joko Tole Facility").



BW Offshore



# **BW OFFSHORE**

## **Q1 2016 presentation**

23 May 2016

CEO Carl K. Arnet

CFO Knut R. Sæthre



BW Offshore

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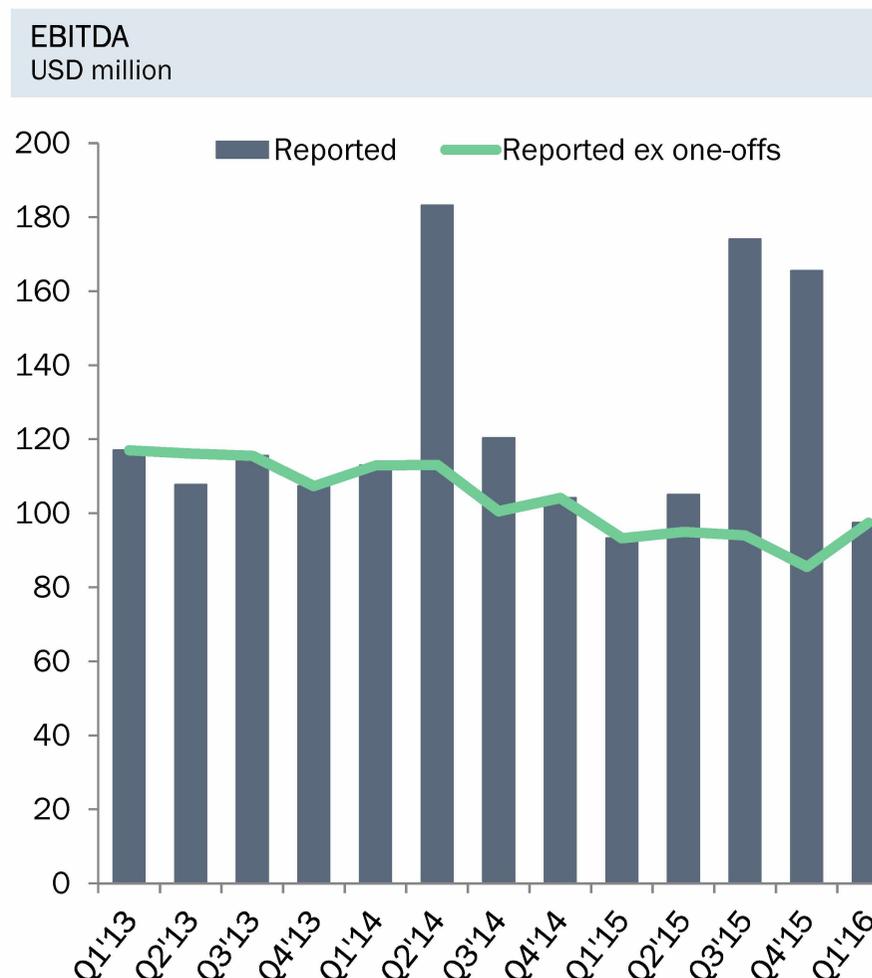
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# Key events year to date

- EBITDA of USD 97.4 million
- Contract extension for BW Pioneer until Q1 2020
- BW Athena demobilised in February
- Catcher project on track for first oil in second half of 2017
- Cidade de São Mateus arrived at yard in Singapore
- Reorganisation and downsizing of onshore staff by 35% commenced in Q1
- Launch of plan to secure long-term financial platform





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**OPERATIONS**

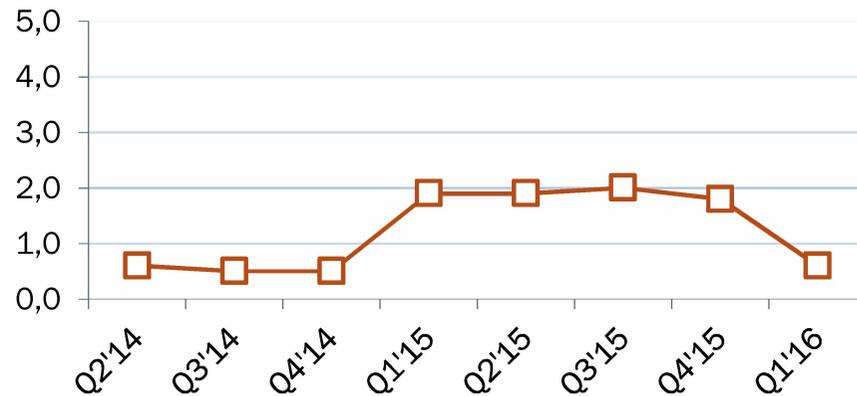




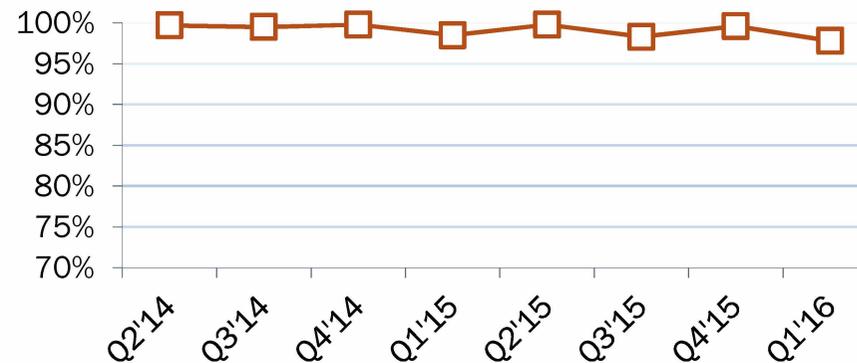
# Operational status

- HSSEQ performance
  - Lost time injuries (LTI<sup>(1)</sup>) frequency of 0.6
- Operating fleet uptime 97.8%
- BW Pioneer firm contract extension
  - Q1 2017 to Q1 2020
  - Two months disconnection in Q2 2016 for repair of mooring wires
  - Repair cost partially covered by insurance
- Increased overdues
  - Only partial rate payments received for Sendje Berge
- BW Athena demobilised in February and is currently in layup in Scotland
- Cidade de São Mateus arrived at Keppel yard in Singapore
  - Cleaning of vessel for hydrocarbons carried out at Karimun
  - Vessel currently undergoing inspection in collaboration with insurance loss adjusters
  - Targeted return to field Q4 2017

HSE record (LTI)  
Lost time injuries per million man-hours



Uptime





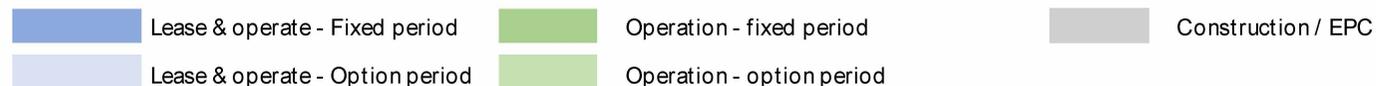
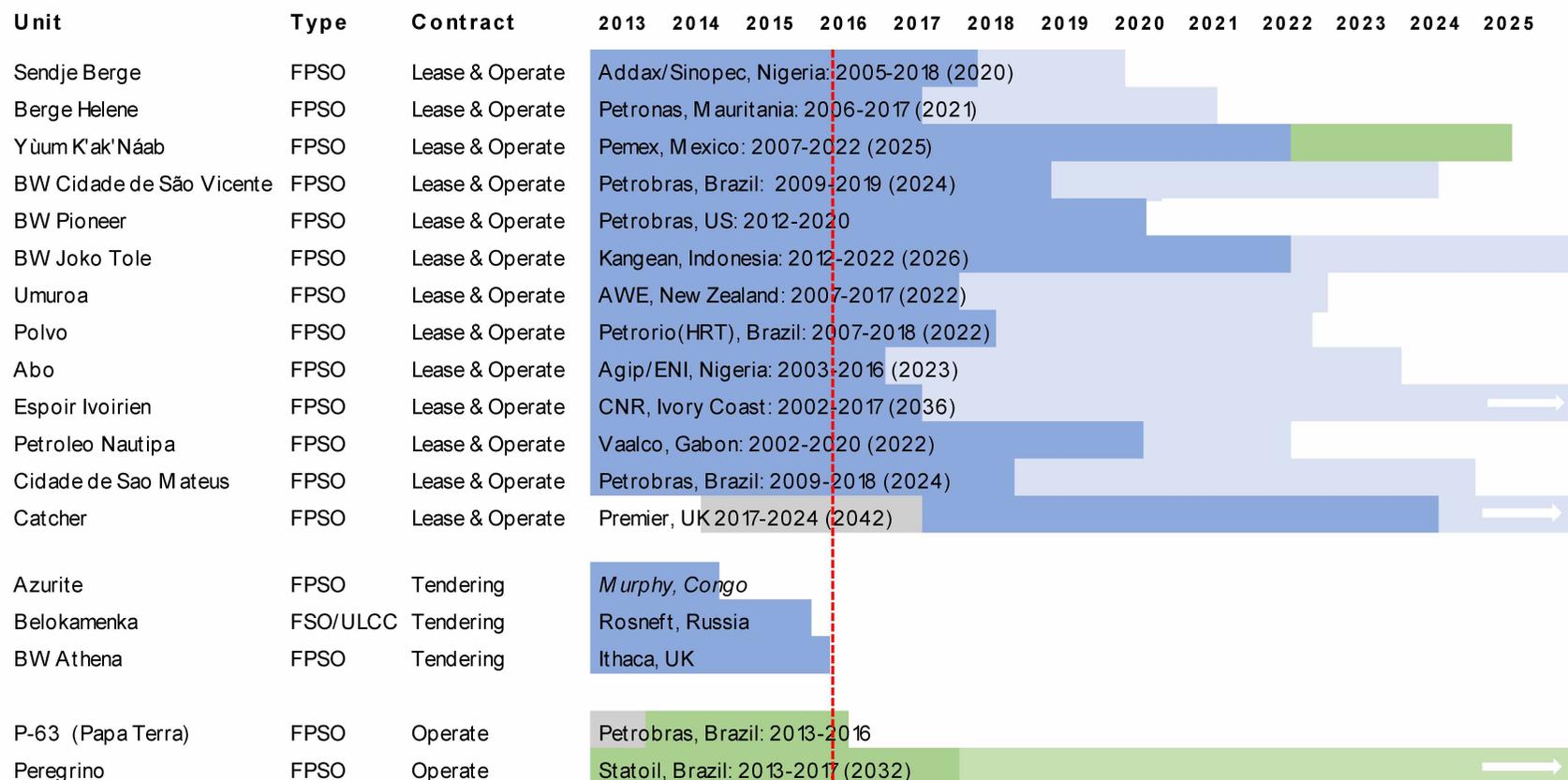
# Catcher project

- First oil in second half of 2017
- Hull from IHI-yard in Japan delayed
  - Front of the hull manufactured at SKMT Korea
- Turret and mooring system completed on schedule
  - Installation has commenced
- Topside fabrication in Singapore near completion
- Topside integration to be done at Keppel Shipyard in Singapore
  - Final completion of hull to be done simultaneously in the integration yard
- The project is on budget of USD 1.2bn
  - 90% of the costs have been committed
  - USD 0.6bn incurred by Q1 2016
  - USD 0.4bn has been drawn on the USD 0.8bn Catcher facility



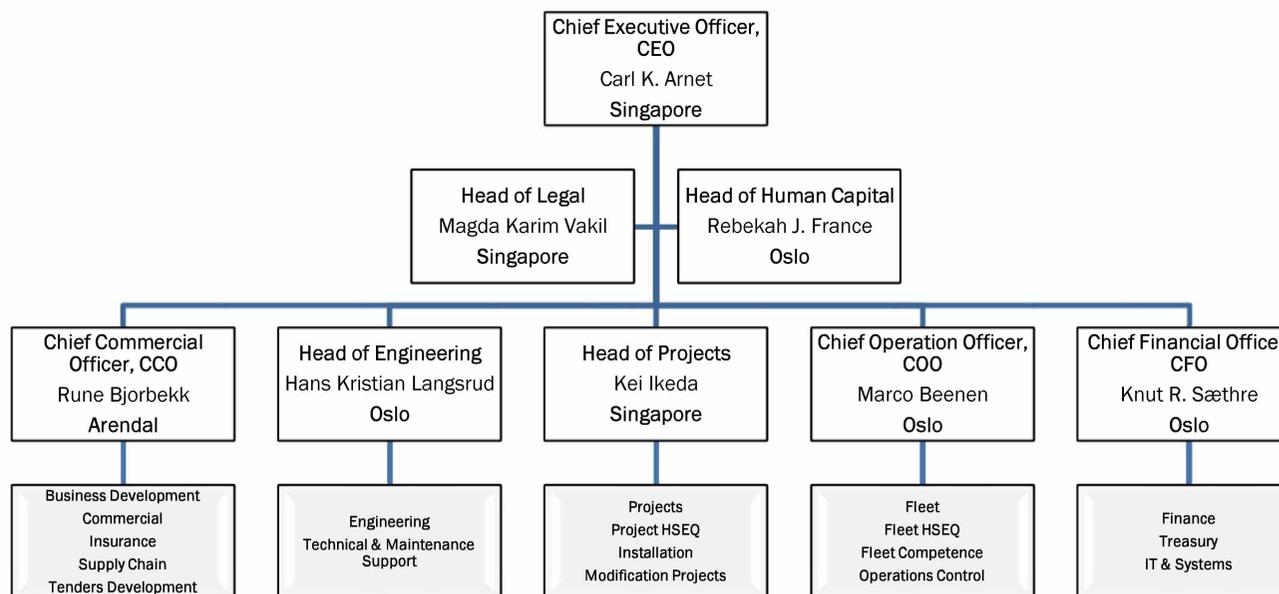


# Fleet overview





# Focus on capturing value



- Onshore efficiency program and reorganisation commenced in Q1
  - Target 35% reduction of onshore staff
  - Expected annualised cost savings of USD 30m from 2017
- Offshore program for best practice and right-sizing
  - Benchmarking fleet to reduce offshore personnel cost by 10-15%
  - Target reduction of R&M and other offshore related costs by 10% through better activity planning and supply chain improvements
  - Program to continue throughout 2016 and cost savings to take full effect from 2017



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**FINANCE**

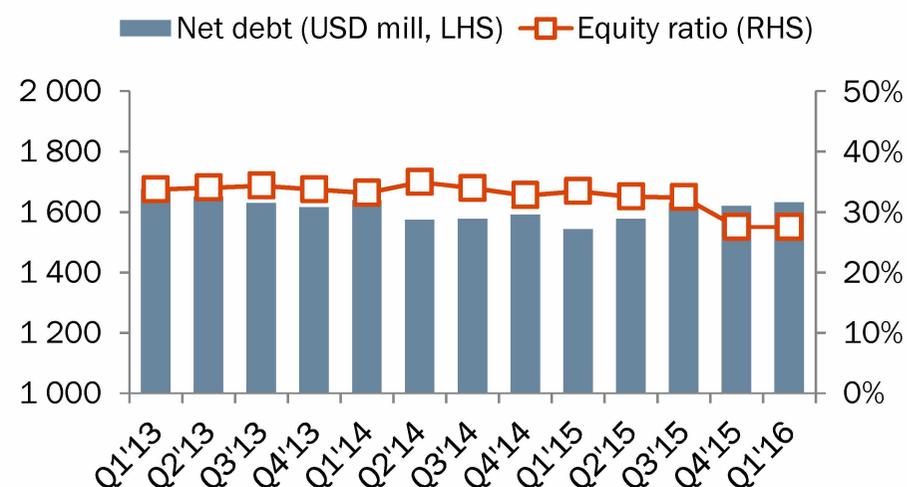




# Financials

- EBITDA of USD 97.4 million
- Provision for downsizing process
- Released provision for Variable Compensation Scheme
- Provisions for doubtful debt
- High net financial costs mainly associated with losses on hedging contracts

Net debt and equity ratio  
USD million and percentage





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# Income statement

USD million	Q1 2016	Q4 2015
Operating revenues	214.4	318.8
Operating expenses	-117.1	-153.1
Share of profit from associates and joint ventures	0.1	-0.2
<b>EBITDA</b>	<b>97.4</b>	<b>165.5</b>
Depreciation	-59.7	-66.4
Amortisations	-0.7	-0.7
Impairment	-0.8	-321.4
<b>EBIT</b>	<b>36.2</b>	<b>-223.0</b>
Net interest expense	-11.1	-11.3
FX, financial instruments and other financial items	-18.3	9.0
<b>Profit (loss) before tax</b>	<b>6.8</b>	<b>-225.3</b>
Income tax expense	-9.7	-9.2
<b>Net profit (loss)</b>	<b>-2.9</b>	<b>-234.5</b>





# Statement of financial position

USD million	Q1 2016		Q4 2015	
Total non-current assets	2,863.9	84.5%	2,839.8	82.6%
Total current assets	523.8	15.5%	599.9	17.4%
<b>Total assets</b>	<b>3,387.7</b>	<b>100.0%</b>	<b>3,439.7</b>	<b>100.0%</b>
<hr/>				
Total equity	948.7	28.0%	944.4	27.5%
<i>Total non-current liabilities</i>	1,790.9		1,886.9	
<i>Total current liabilities</i>	648.1		608.4	
Total liabilities	2,439.0	72.0%	2,495.3	72.5%
<b>Total equity and liabilities</b>	<b>3,387.7</b>	<b>100.0%</b>	<b>3,439.7</b>	<b>100.0%</b>

USD million	Q1 2016
Reported interest bearing debt	1,741.2
Cash and deposits	-109.9
<b>Net interest bearing debt</b>	<b>1,631.3</b>



# Cash flow statement

USD million	Q1 2016	Q4 2015
Net cash flow from operating activities	122.5	127.3
Net cash flow from investing activities	-89.2	-106.6
Net cash flow from financing activities	-45.1	11.9
Net change in cash and cash equivalents	-11.9	32.7
Cash and cash equivalent at start of period	121.8	89.1
Cash and cash equivalent at end of period	109.9	121.8

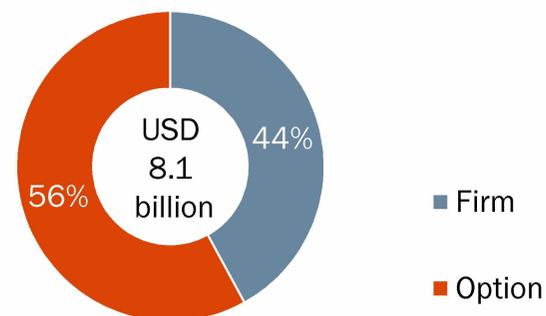




# High revenue visibility

- Orderbook of USD 8.1 billion as of 31 March 2016
  - Whereof USD 3.6 billion are firm contracts

Backlog: Firm and option

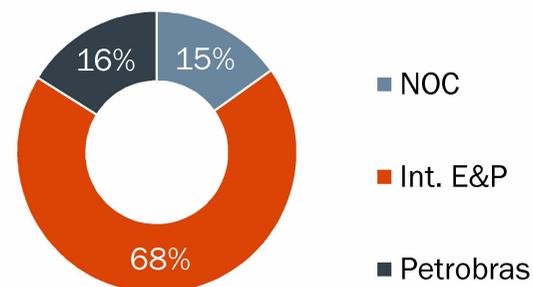


## Client overview:



Logos from web

Backlog: Counterparties



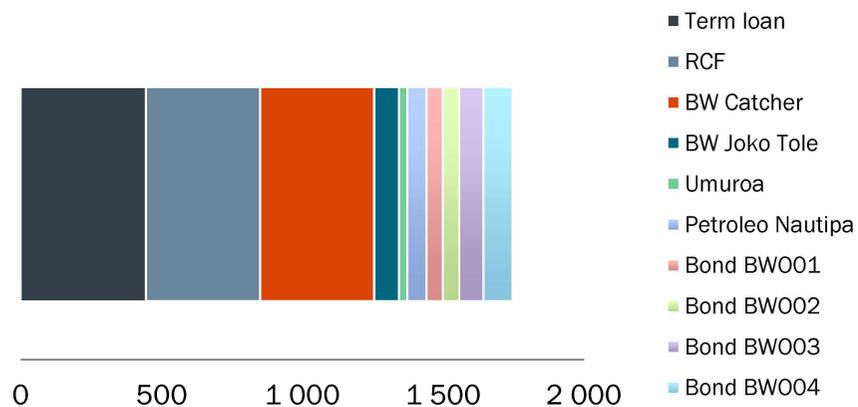


# Financing

- Available liquidity including corporate facilities USD 286 million
- Utilised USD 404 million of USD 800 million bank financing for the Catcher project
- Launch of plan to secure long-term financial platform

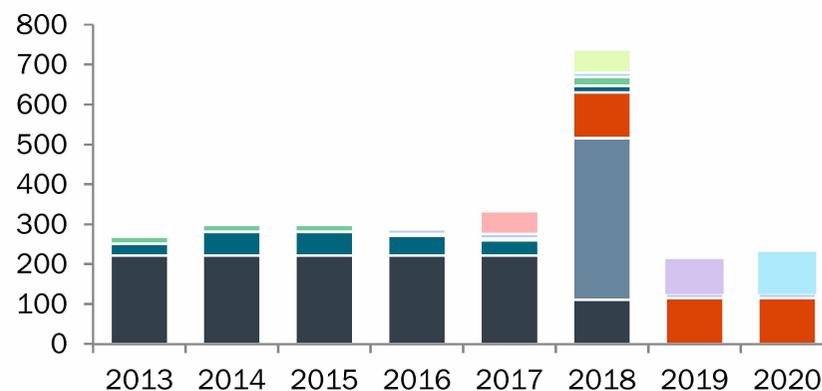
Gross debt  
USD million

Per 31.03.2016



Instalments  
USD million

Per 31.03.2016





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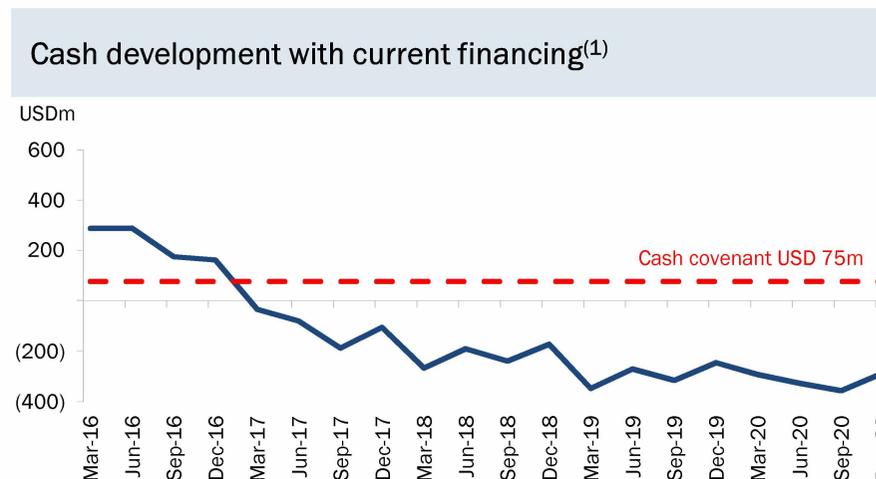


# FINANCIAL PLATFORM



# Addressing the liquidity situation

- The significant drop in oil price has led to severe challenges both for the oil & offshore industry as well as the capital markets
- Key circumstances particularly affecting BWO
  - Challenging capital markets with limited availability to refinance existing bond debt
  - Cidade de São Mateus extended offshore
  - Contract for BW Athena terminated
  - Increased overdues
- The company has evaluated actions to secure the financial platform until March 2020:
  - Equity injection
  - Amortization reliefs
  - Maturity extensions for both bank facilities and bonds
- Overriding principle of equal treatment of creditors within same group and contribution from all stakeholders





# Summary of stakeholder contribution

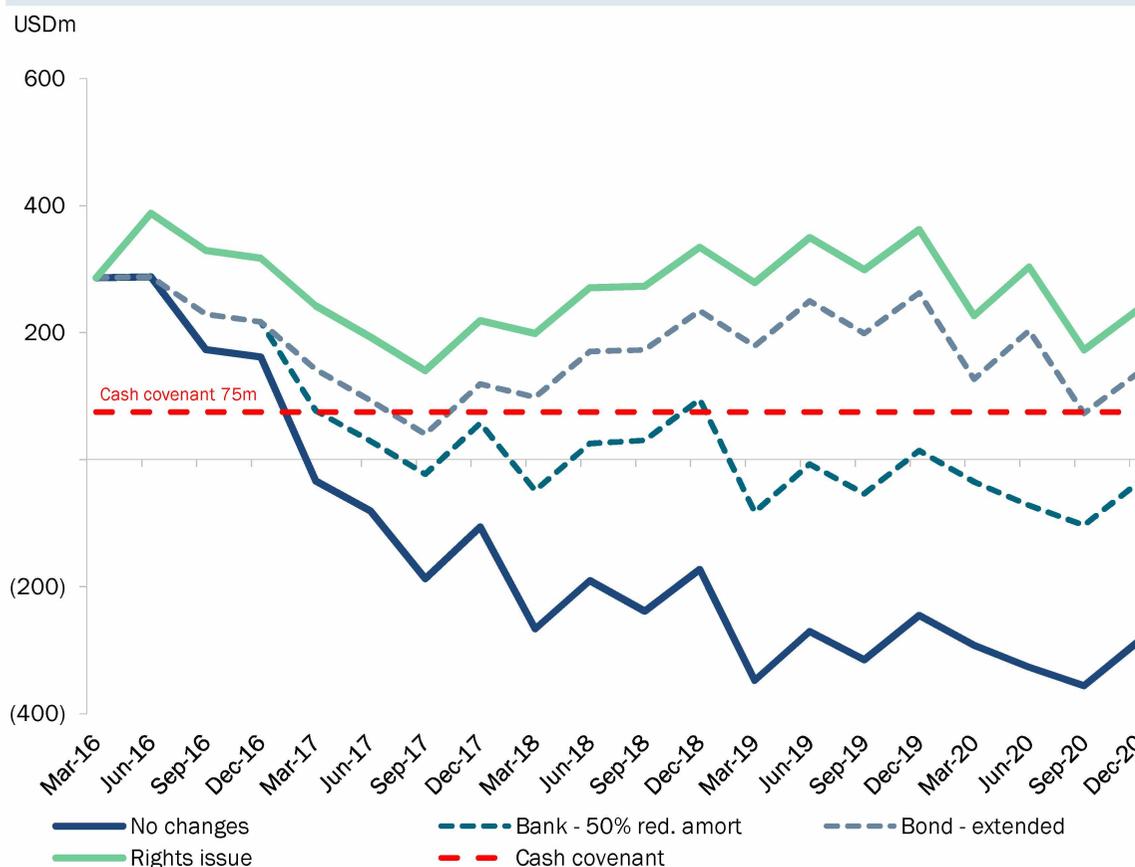
Will provide more than USD500m in increased liquidity until end 2020

	Contribution	Comments	Key effects
<p><b>Unsecured bonds</b> (BW001, BW002, BW003, BW004)</p>	<ul style="list-style-type: none"> <li>Extend maturity of all outstanding bonds with an average of 2.3 years</li> <li>Equity Ratio covenants from 25% to 20%</li> <li>“No dividends” clause</li> <li>American call at par until extended maturity date</li> <li>Alignment of interest rate of N+450 bps each in extended period</li> </ul>	<ul style="list-style-type: none"> <li>BW001: March 20 with NOK 140m partial redemption in March 17</li> <li>BW002: Sep 20 with NOK 100m partial redemption in March 20</li> <li>BW003: March 21 with NOK 150m partial redemption in Sep 20</li> <li>BW004: March 22 with NOK 90m in March 21 and NOK 180m in Dec 21</li> <li>The bond proposal is supported by a representative group of bondholders</li> </ul>	<p>Change in bond maturity profile</p>
<p><b>Banks</b> (USD 2.4bn debt facility)</p>	<ul style="list-style-type: none"> <li>Reduce amortization by 50% the next five semi-annual instalments</li> <li>Extended tenor with two years with new maturity in 2020</li> <li>Equity Ratio covenants from 25% to 20%</li> <li>Leverage ratio (IBD/EBITDA) from 5.5x to 6.0x until maturity</li> <li>Margin increase by 25bps</li> </ul>	<ul style="list-style-type: none"> <li>USD 641m balloon extended with two years and reduced to USD 474m</li> <li>Alignment with covenants on other bank facilities</li> <li>Soft acceptance from key banks in place</li> </ul>	<p>Change in USD2.4bn fleet maturity profile</p>
<p><b>Shareholder contribution</b></p>	<ul style="list-style-type: none"> <li>Target a rights issue of USD 100m</li> <li>Main shareholder supportive of a pro rata capital contribution given a balanced solution with other stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>Sufficient runway required to ensure shareholder support</li> <li>Ranked behind other stakeholders</li> <li>The rights issue is fully underwritten by the main shareholder (pro rate to current holding) and a group of key banks</li> </ul>	<p>BWO market cap</p>



# Liquidity development post amendments

Estimated liquidity development 2016 – 2020<sup>(1)</sup>



## Shareholder contribution

- Shareholder contribution of USD 100m

## Extended maturities bonds

- Extension of all bonds

## Reduced amortization 2.4bn facility

- Next five 2.4bn facility semi-annual instalments reduced by 50%
- 2.4bn facility balloon of USD 641m extended by two years and reduced to USD 474m

## No changes

- No changes to the capital structure



# BW Offshore 2020 financing case

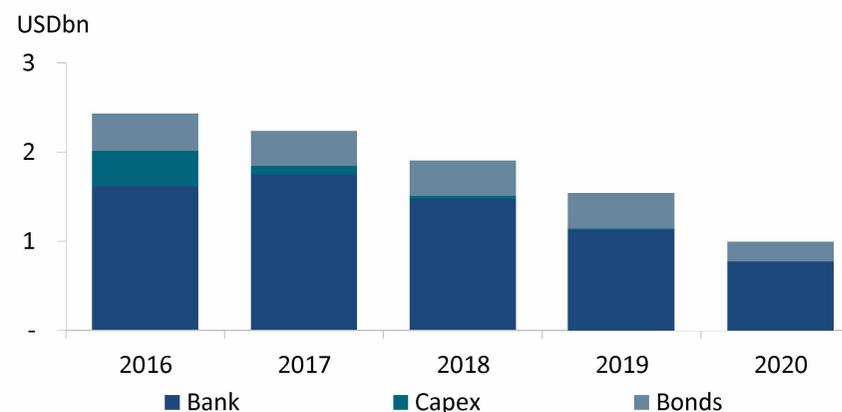
## Comments

- Current 2020 remaining revenue backlog of USD 5.1bn
  - Fixed USD 1.5bn
  - Option USD 3.6bn
- Total debt and capex commitments are reduced by approximately USD 1.3bn from 2016 to 2020
- By year-end 2020 total debt is reduced to approximately USD 1bn
- The company is of the opinion that it will be in a position to refinance the USD 2.4bn facility prior to 2020

## New debt amortization profile<sup>(1)</sup>

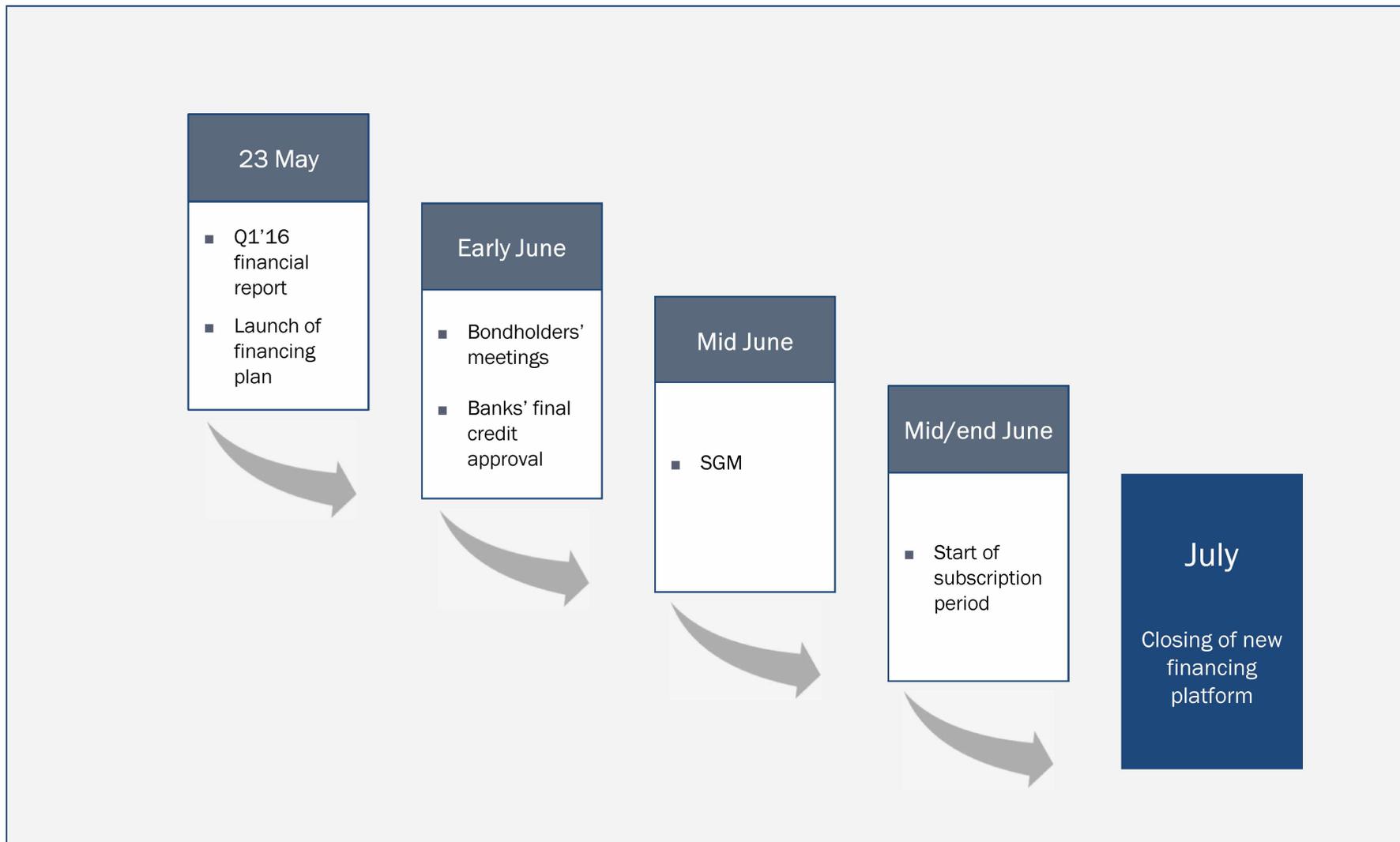


## Capital commitments<sup>(2)</sup>



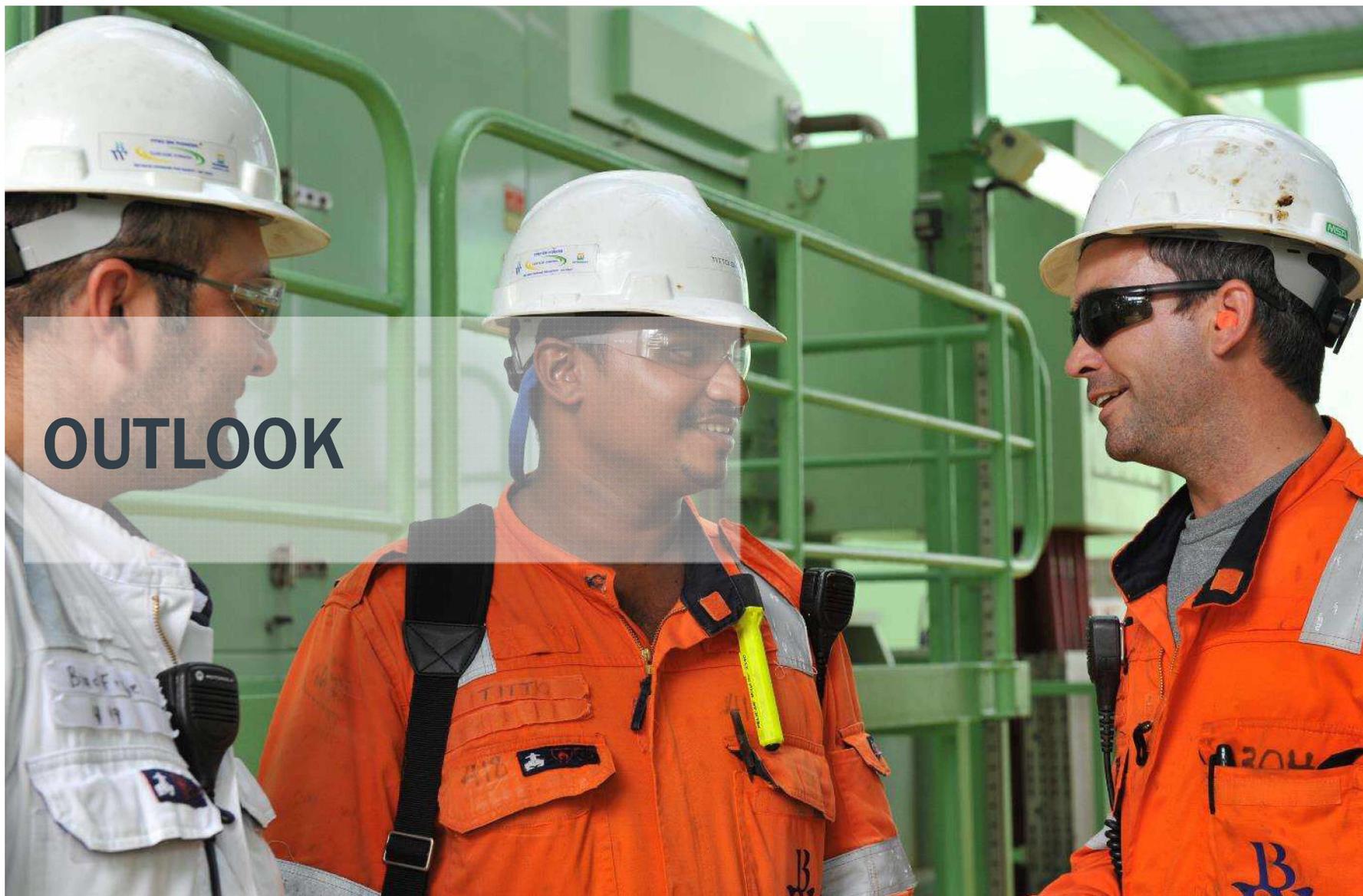


# Timeline





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**OUTLOOK**



# Our landscape

## ■ Positive

- Cost efficient production
- Extensions despite low oil price
- Good quality fleet
- Competitiveness of conversions

## ■ Actions

- Drive to cut cost – stay relevant
- Ensure clear path on liquidity to 2020
- Target early mover oil co's for redeployments
- Exploring partnerships and alternative commercial models

## ■ Uncertainties

- Oil price
- New developments/redeployments
- Counterparty risk
- Asset values





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# Current priorities

- New financial platform
- Catcher project
- Cidade de São Mateus recovery project
- Fleet performance
- Life extension programs
- Redeployment prospects





# BW Offshore

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