

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

To the Bondholders in:

ISIN: NO 001 069795.6 – FRN Atlantic Offshore AS Senior Unsecured Bond Issue 2013/2018

Oslo, 19 February 2016

Summons to Bondholders' Meeting

Nordic Trustee ASA acts as trustee (the "**Bond Trustee**") for the holders of the bonds (the "**Bondholders**") in the above mentioned bond issue ISIN NO 001 069795.6 with total outstanding amount of NOK 500 million (the "**Bond Issue**" or the "**Bonds**") issued by Atlantic Offshore AS (the "**Issuer**" or the "**Company**").

All capitalized terms used herein shall have the meaning assigned to them in the bond agreement dated 11 December 2013 as amended and restated on 15 October 2015 (including for the avoidance of doubt the amendment and restatement agreement dated 11 October 2015) and made between the Bond Trustee and the Issuer (the "**Bond Agreement**"), unless otherwise stated herein. References to Clauses and paragraphs are references to Clauses and paragraphs in the Bond Agreement.

1. BACKGROUND

1.1 Introduction

The Company issued the Bonds in December 2013, which was the third bond issue by the Company. In connection with the Bond Issue, the Company summoned to a bondholders' meeting with the purpose of aligning the financial covenants with the nature of the Company's and its direct and indirect subsidiaries' (jointly the "**Group**") business.

Since the Bond Issue, the Group has taken delivery of five newbuilds, all being on long-term contracts to oil majors (Shell, Total and Statoil), with the last vessel delivered in May 2015.

The Group currently has a contractual coverage of approximately 70% for the 12 months beginning in the first quarter 2016 and throughout the year of 2016, excluding options. The value of the Group's firm contracts is approximately NOK 2.3 billion plus options of approximately NOK 1.6 billion. Contractual coverage is 62% for 2017. The Group is actively pursuing contract extensions and new contracts for MRV's coming off contracts. The Group secured contracts for six vessels during 2015 at competitive and satisfactory rates.

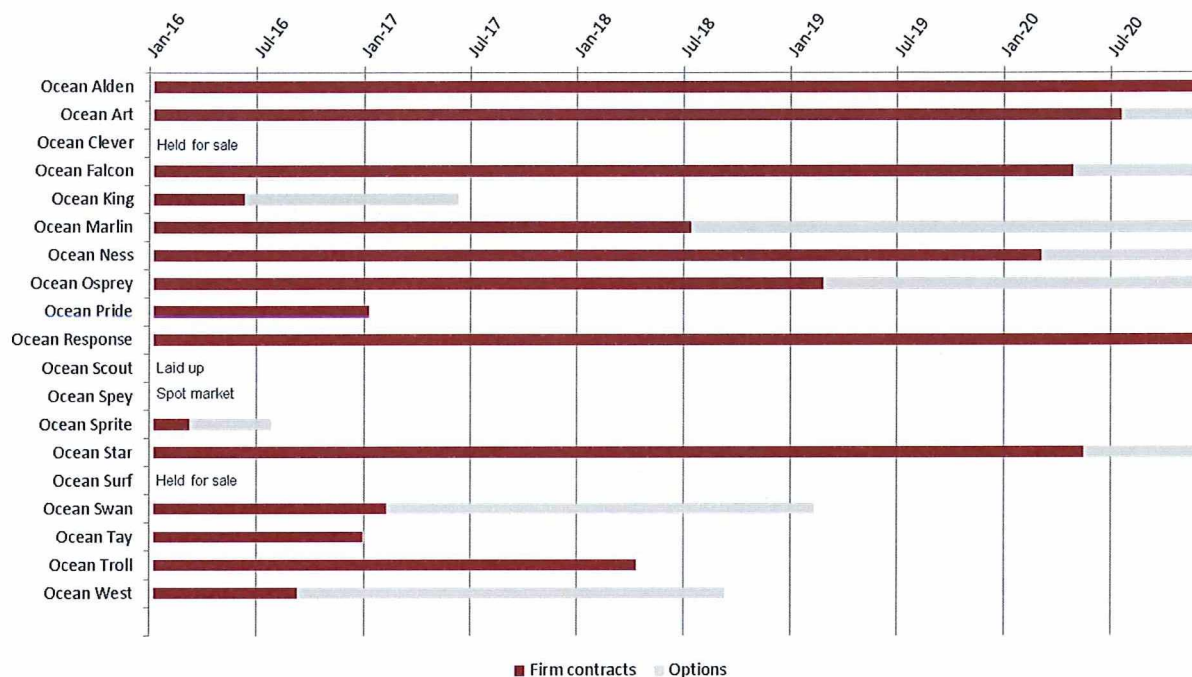
The Group is still in progress of selling out vessels which are currently laid up (including Ocean Clever and Ocean Surf).

In 2015, the Group sold three older vessels and the bond loans ATOFF01 and ATOFF02 (with an aggregated original amount of NOK 350 million) were repaid in March and June 2015 respectively.

The revenues from firm contracts for 2016 cover estimated full opex, interest cost and a portion of the currently agreed amortisation plan for the secured debt. The current liquidity situation, however, does not permit the Company to service the Bonds and other commitments (e.g. bareboat payments) without injection of new capital and upstreaming of cash from companies within the Group ("**Group Companies**"). Such upstreaming is not permitted under current bank debt terms and thus the Company would be facing imminent and severe liquidity issues without a restructuring of the Group.

In line with deteriorating market conditions, the liquidity situation has become increasingly severe during the last months. The two PSVs Ocean Surf and Ocean Scout remain in layup. The MRV Ocean Spey ended its contract with Shell in November 2015, and efforts to secure new employment have been unsuccessful to date. The MRV Ocean Clever has been laid up since September 2015. The vessel is actively being marketed for sale, with no conclusion reached so far. Three MRVs were classed in Q4 2015, which also has put a severe burden on the Group's cash position.

The contract situation for the Group's fleet is depicted below:



1.2 Currency volatility and energy market downturn

With the Company's reporting currency being NOK, and several vessels having revenues and financing in USD and GBP, the Group is exposed to the volatility of NOK/USD and NOK/GBP. As the revenue and the financing are in the same currency, the Group benefits from a natural hedge. However, volatility in the exchange rates may have an impact on the Company's balance sheet as the value of foreign currency debt is adjusted quarterly with movements in foreign exchange rates. The Company's strategy has been to use foreign currency debt only for vessels with charter contracts payable in the same currency, as a means to hedge against changes in currency exchange rates. However, the changes to the value of the charter contracts are not reflected in the balance sheet and will rather be reflected in the Company's earnings over the term of the contracts.

Unrealised currency loss since the Bond Issue totals approximately NOK 136 million. This reflects the increased NOK amount payable over the course of the GBP and USD debt facilities relating to vessels operating on GBP and USD charter contracts, and the Company expects that the use of GBP and USD debt leaves the Group relatively neutral to changes in currency exchange rates over the life span of the vessels.

Furthermore, the global downturn in the energy market combined with the weak outlook of the oil services industry have led to market values for the Group's assets being impaired.

1.3 Operational Update

Operationally, the Company is performing according to expectations. The Q3 report announced on 30 November 2015 included a quarterly consolidated EBITDA of NOK 69.1 million based on revenue of NOK 177 million, giving a year-to-date EBITDA per the end of Q3 2015 of NOK 205.3 million based on revenue of NOK 537 million. All operational figures represent improvements compared to 2014. Significant cost reductions have been implemented. Including financials, the Group, however, experienced a quarterly loss after tax of NOK 21.2 million, accumulating to NOK 91.1 in aggregate losses per the end of Q3 2015, this negative effect caused to a large extent (approximately NOK 30 million in the third quarter and NOK 105 million during first nine months) by extraordinary non-cash write downs on loans and impairment of assets, all due to negative development in exchange rates. The Q4 2015 figures are not yet completed as final conclusion of write-downs remains. Preliminary full year figures for 2015 show revenues of NOK 701 million and EBITDA of NOK 221 million on a consolidated basis after write downs on the Ocean Scout bareboat charter party of 45 million in Q4 2015. The Company further expects to write down ship values with approximately NOK 165 million in Q4 2015, in total NOK 195 million for the 2015 accounts. The Q4 report for the Group is scheduled to be published on 26 February 2016.

1.4 Market Update

The offshore market is weak. The ERRV (Emergency Rescue and Response Vessel) business of the Group comprised approximately 80% of the Group's revenues in 2015. As ERRVs are mandatory by law in offshore operations and the majority of the vessels are on long-term contracts, this segment is less sensitive to market changes in the current downturn. This is emphasised by the active tender activity, with several processes ongoing in Norway, Denmark and UK. However, there is a certain impact from the general decline in offshore activity, and the Group has responded to this by selling off three of its oldest vessels earlier than previously anticipated, in order to optimise its fleet. As mentioned, certain additional vessels are currently marketed for sale.

The Group's PSV segment comprised approximately 20% of the Group's revenues in 2015. The PSV market segment has weakened significantly and is expected to remain weak for some time. The Group currently operates five PSVs. However three of the five PSVs are on multi-year contracts with Statoil and Wintershall, and the impact on earnings is thus limited to the two other PSVs. These two laid up vessels had negative contribution the last year. The market value assessments of all vessels are on "a charter-free basis" and therefore assessed irrespective of contract status.

1.5 Liquidity

The Group has a challenging liquidity situation due to both current market conditions and the restriction in upstreaming of cash from subsidiaries. Free cash flow from operations will be insufficient to meet both interest, amortisation payments to all debt holders and contractual bareboat obligations.

The Company has prepared detailed cash flow projections. These projections show imminent and severe liquidity issues arising in the next few weeks without implementation of a revised capital structure for the Group.

1.6 Strategic review process

The Board of Directors of the Company continues the work on its previously announced strategic review process, marketing the Company as a whole or in parts for sale, as well as exploring the possibility of a private placement. At the time of this summons letter there are continued ongoing discussions with multiple parties.

However, it has during the last few weeks become clear to the Company that the resulting outcome of the potential transaction scenarios will not provide a sustainable long-term solution for the Group. It is also clear that a completion of any transaction would not occur prior to the expiry of the waivers received from the Secured Lenders (as defined below) and the Bondholders' meeting on 15 October 2015, such waivers expiring on 28 February 2016. The Company continues to work on all possibilities for recapitalisation and will update the market in due course.

1.7 Creditor discussions

The Company has throughout the last few quarters been in close communication with its main secured lenders (the "**Secured Lenders**"). In conjunction with the Market Adjusted Equity Ratio covenant waiver obtained from the Bondholders on 15 October 2015, the Company obtained similar waivers from the Secured Lenders with respect to market adjusted equity ratio clauses in the other financing agreements that contain similar covenant. Said waivers also expire at the end of February 2016.

In recent weeks the Company has also intensified its communication with the Bond Trustee and certain significant Bondholders (the "**Ad Hoc Bondholders**"), as well as certain other main unsecured creditors.

While continuing to pursue opportunities to best preserve values for all stakeholders, the Company found it necessary to accelerate work on an overall financial restructuring, and presented early in February 2016 a potential restructuring solution for the involved stakeholders.

Since then, the Company has continued to be in dialogue with the Secured Lenders, the Ad Hoc Bondholders as well as main equity holders and other stakeholders, with the purpose of arriving at an agreed solution for a financial restructuring and a way forward for the Group. The Restructuring (as defined below) presented in this summons letter is the result of these discussions, and represent in the Company's view a solution that has the highest possibility of achieving support from all stakeholders, including the Bondholders. The Company acknowledges that there are many different considerations to be made by the various stakeholders and that acceptances of the terms of the Restructuring have not at the time of this summons letter been obtained from the Ad Hoc Bondholders.

Notwithstanding, the Company's main objective for all negotiations has been to create a sustainable solution whereby the Group's operations, back-log and asset values could be preserved to the benefit of all stakeholders.

1.8 Proposed Restructuring

The discussions with the various stakeholders have resulted in a restructuring proposal ("**Restructuring**") that in summary includes the following main elements:

(i) Secured Debt

The terms of all debt held by Group Companies to the Secured Lenders are amended ("**Secured Debt Amendments**"), main components of which are currently anticipated as follows:

- All amortisations are reduced by 50% from 1 February 2016 to 31 December 2017 and by 25% from 1 January 2018 to 31 December 2018 (reduction in 2018 will not be implemented if the development in the Group results in more than NOK 100 million of available cash being held in the Company at the end of 2017);
- All maturities are changed to 1 May 2020;
- Free flow of cash between Group Companies permitted (subject to compliance with minimum cash covenants in each loan agreement and pledge of receivables/accounts in favour of the Secured Lender(s) if required) in 2016 to 2018 limited to the amounts of the amortisation reductions, and thereafter subject to consent from relevant Secured Lender(s);
- Changes to financial covenants adapting to the situation of the Group going forward, as follows:
 - 15% value adjusted equity ratio covenant (calculated on Group level);
 - 2.0x debt service coverage ratio covenant (EBITDA/Interest) (calculated on Group level);
 - NOK 15m free cash covenant (for the Company);
- Conversion of all long term intercompany debt to equity in the relevant Group Companies;
- Unpledged shares in vessel owning Group Companies to be pledged in favour of relevant Secured Lenders;

- The Company to issue parent company guarantees for secured debt of vessel owning Group Companies which is not already guaranteed by the Company; and
- Certain negative covenants restricting the Company and the Group, e.g. in its ability to pay dividend to shareholders of the Company, entry into contracts for newbuildings, acquisition of new vessels and chartering of new vessels, exercising rights under call options applicable as part of the new Bond terms, and obtaining of additional financial indebtedness.

Prior to launch of this summons letter, the Company has obtained positive feedback from all Secured Lenders with respect to the Secured Debt Amendments listed above, however definitive credit committee approvals have not been obtained. Meetings for such credit committee approvals are expected to be held during the week commencing on 22 February 2016.

The Company has in its creditor discussions also been in close dialogue with Bank of Ireland ("**BoI**"), a secured lender (in this summons letter not included among the Secured Lenders) to the Group Company Atlantic Offshore Rescue Ltd, and owner of the laid up vessels Ocean Clever and Ocean Spey. The aggregate principal debt owed to BoI is in the range GBP 5 million maturing in January 2017, constituting less than 4% of the total secured debt for the Group. At the time of this summons letter it has not been achievable to obtain concessions from BoI on similar or other terms than the Secured Lenders. The Company will continue to pursue constructive solutions also with BoI.

(ii) Bonds

The current outstanding Bonds will be converted into two separate bond loans: (a) amended and restated senior unsecured Bonds reduced to NOK 250 million, with a cash coupon of 2% p.a., 3% PIK interest and a call option for the Issuer at par and (b) a new NOK 150 million subordinated callable convertible zero-coupon bond, both of which will mature on 31 December 2020 and are described in detail in the Proposal (as defined below), including as set out in the bond restructuring term sheet in Schedule B hereto (the "**Term Sheet**"). The aggregate principal amount of the two bond loans will result in a reduction in the principal amount of the Bond Issue equal to NOK 100 million.

(iii) Other unsecured debt

With respect to the Company's unsecured debt to SpareBank1 SR-Bank in a principal amount of NOK 25 million (guaranteed by the Øgreid family through Knut Øgreid AS), the maturity will be extended from March 2016 until 31 December 2020. Further, the Øgreid family will provide additional liquidity (subordinated shareholder loan or equity) to the Company equivalent to any amount representing interest payments due on the unsecured loan above a level equal to the applicable cash interest of the Restated Bond (as defined below).

It is anticipated that SpareBank1 SR-Bank will approve these amendments at the same time as the Secured Debt Amendments applicable to it.

(iv) Equity Issue

As part of securing support to the Restructuring from all creditors and subject to consummation thereof, the Company's main shareholder, the Øgreid family, has committed to inject NOK 50.1 million in new cash equity (the "**Equity Issue**") resulting in a maintained control and approximately 99% ownership of the Company through shareholdings in various controlled legal entities (conditioned upon no other existing shareholders in the Company participating in the Equity Issue).

Completion of the Equity Issue is subject to inter alia the due approval by the extraordinary general meeting of the Company (the "**EGM**") and consummation of the Restructuring, including the required resolution made by the Bondholders' Meeting in favour of the Proposal (as defined below). The EGM is anticipated to be held on or around 4 March 2016 and the Øgreid family holds a qualified majority in the EGM.

For the avoidance of doubt, the Equity Issue set out herein shall replace the current obligation inter alia in Clause 3 of the amendment and restatement agreement dated 11 October 2015 for the Øgreid family to contribute new equity to the Company (of which all obligations are fulfilled per the date hereof except from the obligation to provide NOK 10 million in equity no later than 31 March 2016).

(v) **Limited partnerships**

Ocean Scout Bareboat Charter

The vessel Ocean Scout is contracted on a bareboat charter from an external limited partnership (with Ocean Scout AS as general partner) at a current fixed rate of NOK 75,000 per day to the Group Company Atlantic Offshore Delta AS. Said Group Company is supported by a parent company guarantee from the Company. The vessel is currently laid up without contract, thus burdening Atlantic Offshore AS with negative cash flow.

The Board of Directors of the limited partnership have, subject to approval by the partnership meeting and Ocean Scout continuing to be laid up, accepted a reduction in the fixed bareboat charter rate to NOK 25,000 per day for the period 1 February 2016 until 31 December 2018, and NOK 30,000 per day in the period 1 January 2019 to 31 December 2020, as part of the revised capital structure. This equals an annual cash cost for the Company of between NOK 9.125 million (2016 – 2018) and NOK 10.95 million (2019 and 2020), compared with the original annual cost of NOK 27.375 million. The contract is sufficient to cover the limited partnership's debt service with reduced amortisations following same principles as the Secured Debt Amendments.

Ocean Lanhoy KS

Ocean Lanhoy KS is owned i.a. by the Group Companies Team Atlantic AS (40.5%) and Ocean Lanhoy AS (10%). Ocean Lanhoy KS is the owner of the vessels Ocean King, Ocean Troll and Ocean Surf, all mortgaged to its secured lender, SpareBank1 SR-Bank.

As part of the overall solution, it is agreed that the debt owed by Ocean Lanhoy KS to SpareBank1 SR-Bank currently due in March 2016 will be extended to April 2018, coinciding with the expiry of Atlantic Offshore Rescue Ltd's bareboat charter for Ocean Troll.

In addition restrictions on additional capital injections to Ocean Lanhoy KS may be included as part of the solution and/or a transfer of the ownership of Ocean Lanhoy AS and Ocean Lanhoy KS from Team Atlantic AS to an entity which is financed by SpareBank 1 SR-Bank.

Ocean Troll Bareboat Charter

The vessel Ocean Troll is chartered from Ocean Lanhoy KS to Group Company Atlantic Offshore Rescue Ltd, and is an integral component in the Group's UK standby business. The continued use of Ocean Troll is critical to these operations as she is used as relief vessel (affecting also vessels Ocean Tay, Ocean Ness, Ocean Spey, Ocean Osprey, Ocean Swan, Ocean Sprite, Ocean West and Ocean Falcon).

The expense related to the charter rate from Ocean Lanhoy KS to Atlantic Offshore Rescue Ltd is a part of the operational expenses for the vessels which Ocean Troll serves as relief vessel for and is invoiced as such. As part of the Restructuring, the bareboat charter rate will be reduced to NOK 29,000 per day from NOK 34,000 per day, until expiry of the contract 1 May 2018.

1.9 Further information

For further information on the Restructuring, the above mentioned issues and other updates, please refer to the company presentation made available on www.newsweb.no, as well as the Company's financial reports, latest the interim report for Q3 2015. The Company anticipates filing its Q4 interim report on or around 26 February 2016.

For more details about the proposal please contact:

- Atlantic Offshore AS, CEO Roy Wareberg at +47 91895626

Please also be informed that the Company has engaged Alpha Corporate Finance AS and Vest Corporate Advisors AS as the Company's financial advisers (the "**Advisers**") with respect to the Restructuring. Bondholders may contact the Advisers as follows for further information:

- Alpha Corporate Finance AS, Erik Villum at + 47 92686660 or Lars Langsrud at +47 99536363

The Advisers are acting solely for the Company and no other party in connection with the Restructuring. Only very limited and no formal due diligence investigations (including no third party verifications) of the Group have been conducted by or on behalf of the Advisers and the Advisers expressly disclaim any and all liability whatsoever in connection with the Restructuring (including but not limited to the information contained herein).

For further information about the Group, please visit the Company's website www.atlantic-offshore.no.

2. THE PROPOSAL

The Company has approached the Bond Trustee to convene a Bondholders' Meeting for the Bonds in order to consider the Company's request for approval from the Bondholders for the Bond Trustee, for and on behalf of the Bondholders, to enter into necessary agreements to implement the amendments and transactions described below and further presented in the Term Sheet (together the "**Proposal**"), and to authorise and agree to certain other matters and actions that are appropriate and necessary for the effectiveness of the Proposal and the consummation thereof.

Pursuant to the information provided herein, the Proposal consists of the following elements:

2.1 General

- (i) The Bond Agreement will be made void and unenforceable from the date on which the Bonds are amended and restated to the Restated Bonds (as defined below) and the Subordinated Bonds (as defined below) are duly issued (the "**Settlement Date**");
- (ii) On this basis a new bond structure will be established as follows:
 - (a) Amended and restated NOK 250 million Senior Unsecured Callable Bond Issue due on 31 December 2020 continuing with the same ISIN NO 001 069795.6 as the Bonds (the "**Restated Bond**"); and
 - (b) NOK 150 million Subordinated Callable and Convertible Bond Issue 2016/2020 (the "**Subordinated Bond**");together referred to as the "**New Bonds**" and the "**New Bond Issues**".
- (iii) The principal amount of the Bonds will be reduced with NOK 100 million.
- (iv) The New Bond Issues and the reduction of the principal amount of the Bonds with NOK 100 million are made by the Issuer through entry into of (a) for the Restated Bond an amended and restated version of the current Bond Agreement (the "**Amended and Restated Bond Agreement**") and (b) for the Subordinated Bond a new bond agreement (the "**Subordinated Bond Agreement**") and together with the Amended and Restated Bond Agreement the "**New Bond Agreements**").
- (v) The participation interest in each of the New Bonds shall be equal to the participation in the current Bond, i.e. each of the New Bonds shall be allocated on a pro rata basis on the Settlement Date based on the ownership in the current Bond on the relevant record date.
- (vi) Interest on the Bonds shall accrue on existing terms under the Bond Agreement (Bond Reference Rate plus the Margin) until and including 31 January 2016, payable in cash on the Settlement Date. From 1 February 2016 the interest rate shall be amended to accrue at a rate of 2% p.a. in the period to (but excluding) the Settlement Date, and be paid in cash by the Issuer on the Settlement Date.

- (vii) All the New Bonds shall be subject to the same covenants as set out in the Bond Agreement, save for minor technical changes that may be necessary, as well as amendments to the Financial Covenants as set out in the following:
 - (a) the Market Adjusted Equity Ratio of the Group shall be no less than 15% (and for the purpose of calculating such ratio the Subordinated Bonds shall be regarded as equity and not debt);
 - (b) the Interest Coverage Ratio for the Group shall be no less than 2.0x; and
 - (c) the Company shall maintain a Liquidity of minimum NOK 15 million.
- (viii) To the extent requested by the Issuer in order to provide necessary short-term liquidity in a temporary period to bridge the liquidity need until completion of the Restructuring, the Issuer shall be permitted to obtain a temporary liquidity loan from its main shareholder group, the Øgreid family, up to the amount of NOK 15 million. Such temporary liquidity loan shall be granted on market terms for such debt and only be drawn to the extent required by the Company to ensure appropriate going concern of the Group until completion of the Restructuring. It may if issued rank super senior in all respects, in priority over all Bonds (and to the extent relevant the Restated Bonds and Subordinated Bonds) and (to the extent approved by the Secured Lenders) secured debt held by the Group Companies. Upon completion of the New Bond Issues, the Secured Debt Amendments and the other elements of the Restructuring, the temporary liquidity loan shall be converted in full to equity as part of the Equity Issue.

2.2 Main terms of the Restated Bonds

- (i) The principal loan amount of the Restated Bonds will be NOK 250,000,000.
- (ii) The Restated Bonds will be subject to no amortisation and mature on 31 December 2020.
- (iii) From and including the Settlement Date interest shall accrue on the Restated Bonds at a rate of 2% p.a., payable semi-annually every six months after the Settlement Date.
- (iv) From and including the Settlement Date PIK interest shall accrue on the Restated Bonds at a rate of 3% p.a., such PIK interest to be settled by the issuance of new Restated Bonds semi-annually on every interest payment dates.
- (v) The Restated Bonds are unsecured.
- (vi) The Restated Bonds will be subject to a call-option at 100% of par value (including for the avoidance of doubt the par value amount of any Restated Bonds issued based on accrued PIK interest).

2.3 Main terms of the Subordinated Bonds

- (i) The principal loan amount of the Subordinated Bonds will be NOK 150,000,000.
- (ii) The Subordinated Bonds shall rank as subordinated debt of the Issuer, below the Restated Bond and other unsubordinated debt obligations of the Issuer. The subordination shall include no right to receive any repayment until settlement in full of the Restated Bonds and such other unsubordinated claims and no right to accelerate the Subordinated Bonds upon an event of default unless there is also an acceleration of the Restated Bonds.
- (iii) The Subordinated Bonds will be subject to no amortisation and mature 100% on 31 December 2020.
- (iv) The Subordinated Bonds shall accrue no (zero) interest.
- (v) The Subordinated Bonds are unsecured.

- (vi) The Subordinated Bonds (all and not some) may be converted into new shares in the Issuer at any time during the term of the Subordinated Bonds, subject to the Issuer's call option as per (vii) below. The number of shares to be issued for all Subordinated Bonds shall equal 44.9% of all shares in the Company, subject to dilution following additional capital increase(s) up to NOK 50 million at a weighted average pre money valuation of at least NOK 100 million, as further detailed in the Term Sheet.
- (vii) The Subordinated Bonds will be subject to a call-option for the Issuer at (a) 33.33% of par value from the Settlement Date to and including 30 June 2018, subject to a right for the holders of the Subordinated Bonds (all and not some) to exercise their conversion rights in (vi) above (subject to any permitted dilution) and/or (b) 100% of par value from the Settlement Date to and including the maturity date, in which event the conversion rights in (vi) above will automatically become null and void.
- (viii) The Issuer shall have the option to repay the Subordinated Bond in full on maturity with settlement in kind by issuance of new shares in the Issuer, such shares to represent 44.9% of the total share capital of the Company at the time of such share issue, subject to same dilution principles as described for the bondholders' conversion right above and in further detail in the Term Sheet.

2.4 Process and documentation

Acknowledging that the Group by the end of February 2016 may require to have available parts of the anticipated liquidity injection resulting from the committed Equity Issue, it is necessary for the Company to obtain written and binding pre-approvals to the Proposal from Bondholders representing a qualified (2/3) majority ("**Qualified Pre-Approval**") no later than 26 February 2016. Bondholders who desire to give their pre-approval are requested to contact Alpha Corporate Finance AS:

- Erik Villum at + 47 92686660 or Lars Langsrud at +47 99536363

Upon the Bondholders' Meeting approving the Proposal, the Bond Trustee shall be authorised to prepare and finalise the Amended and Restated Bond Agreement, the Subordinated Bond Agreement, the Subordination Agreement and any related finance documents, including at its discretion, to consent to amendments and/or supplements to the terms and conditions of the Proposal on behalf of the Bondholders where such amendments (i) are of a minor or technical nature, (ii) are otherwise consistent with the Proposal and are required in order to implement the Proposal, or (iii) would not adversely affect the position of the Bondholders.

3. ANTICIPATED TIMELINE

The Restructuring is anticipated to follow a timeline as broadly described below:

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|-------------|--|
| 19 February | Announcement of (i) Proposal with summons to Bondholders' Meetings and (ii) Equity Issue; |
| 25 February | Credit committee approvals by Secured Lenders and unsecured lenders expected to be concluded, and entry into of a master agreement between the Company, its main subsidiaries, the main shareholder and the Secured Lenders with respect to the Secured Debt Amendments; |
| 26 February | Deadline for required Bondholder pre-approval; |
| 4 March | Bondholder Meeting approving the Proposal and the Waiver (as defined below); |
| 4 March | EGM resolving the Equity Issue; |
| 15 March | Settlement Date and payment date for the Equity Issue. |

4. CONDITIONS

Implementation of the Proposal shall be subject to, and will only be effective upon the following having taken place:

- (i) the Qualified Pre-Approval being obtained by 26 February 2016, provided however, that the Issuer may unilaterally decide to waive such condition;
- (ii) the Proposal and Waiver having been duly approved by the necessary 2/3 majority of Voting Bonds present at the Bondholders' Meeting, as per Clause 16.3.5 of the Bondholder Agreement.
- (iii) the EGM having approved with sufficient majority the Equity Issue and the conversion right for the Subordinated Bond, on the terms set out herein;
- (iv) payment of the shares to be issued in the Equity Issue in accordance with the resolution by the EGM;
- (v) the Amended and Restated Bond Agreement and the Subordinated Bond Agreement having been duly executed by the parties thereto;
- (vi) the other elements of the Restructuring (as described above) are definitively agreed with the relevant stakeholders, including but not limited to the Secured Debt Amendments with all Secured Lenders, on terms satisfactory to the Company; and
- (vii) all necessary corporate resolutions of the Issuer and the other Group Companies having been duly made.

5. WAIVER

In order to implement the Proposal, the Company proposes the following waiver (the "**Waiver** "):

For the period until the earlier of (i) the date on which the Proposal is duly implemented and (ii) 31 March 2016, the Bondholders hereby waive any right to declare the Bonds to be in default and due for payment as a consequence of any breach of the terms in the Bond Agreement (including the amendment and restatement agreement dated 11 October 2015).

The Waiver shall take effect immediately upon a qualified confirmatory vote in the Bondholders' Meeting.

6. EVALUATION OF THE PROPOSAL

6.1. The Issuer's evaluation

In the Issuer's opinion, the Proposal represents a fair solution for the Bondholders given the current circumstances. The Proposal will together with the Equity Issue and the Secured Debt Amendments and other contributions by stakeholders significantly improve the Group's financial condition, and allow the Company and the rest of the Group to continue operations as a going concern and focus on a long term strategy to create value for its stakeholders.

6.2. The Bond Trustee's disclaimer/non-reliance

The Proposal is put forward to the Bondholders without further evaluation or recommendations from the Bond Trustee, and the Bond Trustee emphasises that each Bondholder should cast its vote in the Bondholders' Meeting based on its own evaluation of the Proposal. Nothing herein shall constitute a recommendation to the Bondholders by the Bond Trustee. The Bondholders must independently evaluate whether the Proposal is acceptable and vote accordingly. The Bond Trustee urges each Bondholder to seek advice in its evaluations.

The information in this summons regarding the legal, operational and financial status of the Issuer and the Group is provided by the Issuer. The Bond Trustee expressly disclaims any and all liability whatsoever related to such information given from the Issuer.

7. BONDHOLDERS' MEETING:

Bondholders are hereby summoned to a Bondholders' Meeting:

Time: 4 March 2016 at 13:00 hours (Oslo time)

Place: The premises of Nordic Trustee ASA, Haakon VII's gate 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 the proposal:

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

"The Bondholder's Meeting approves the Proposal and Waiver as described in section 2 and 5 of the summons to this Bondholders' Meeting.

The Bond Trustee is hereby authorised to complete the negotiation of form, terms, conditions and timing in relation to the Proposal, without any obligation to notify the Bondholders as provided for in Clause 16.2 of the Bond Agreement. Further, the Bond Trustee is given power of attorney to prepare, finalise and enter into the necessary agreements in connection with documenting the decisions made by the Bondholders' Meeting as well as to carry out the necessary completion work, including but not limited to entering into the Amended and Restated Bond Agreement, the Subordinated Bond Agreement and any ancillary documents in relation thereto."

* * *

To approve the above resolution, Bondholders representing at least 2/3 of the Bonds represented in person or by proxy at the meeting must vote in favour of the resolution. In order to have a quorum, at least 1/2 of the voting Bonds must be represented in person or by proxy at the meeting. If the proposal is not adopted, the Bond Agreement will remain unchanged.

Please find attached a Bondholder's Form from the Security 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).

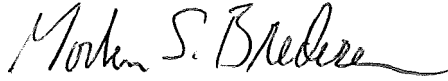
The individual Bondholder may authorize the Bond Trustee to vote on its behalf, in which case the Bondholder's Form also serves as a proxy. A duly signed Bondholder's Form, authorising the Bond Trustee to vote, must then be returned to the Bond Trustee in due time before the meeting is scheduled (by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

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

For practical purposes, we request those who intend to attend the Bondholders' Meeting, either in person or by proxy other than to the Bond Trustee, to notify the Bond Trustee by telephone or by e-mail (mail@nordictrustee.no) within 16:00 hours (4pm) (Oslo time) the Banking Day before the meeting takes place.

Yours Sincerely

Nordic Trustee ASA

A handwritten signature in black ink, appearing to read 'Morten S. Brede', with a stylized, flowing script.

Morten Brede

Enclosed:

Schedule A: Bondholder's Form

Schedule B: Bond Restructuring Term Sheet

Bond Restructuring Term Sheet



Atlantic Offshore AS

This bond restructuring term sheet (the “Term Sheet”) sets out the main terms for the proposed restructuring of the Existing Bonds (as defined below). The terms set out below are part of an arrangement under which e.g. new equity in the amount of at least NOK 50 million will also be provided simultaneously and subject to the proposed restructuring of the Existing Bonds (as defined below).

Expected Settlement Date on or about 15 March 2016

Issuer:	Atlantic Offshore AS (org. no. 992 684 941).
Group:	Means the Issuer and all its (directly or indirectly owned) subsidiaries from time to time, and a “ Group Company ” means a company within the Group.
Existing Bonds:	Means the bonds currently outstanding under the FRN Atlantic Offshore AS Senior Unsecured Bond Issue 2013/2018 with ISIN: NO 001 069795.6.
Bond Overview:	The principal outstanding amount under the Existing Bonds will be reduced by NOK 100 million in principal amount and split into two separate bond loans as follows: a) an amended and restated senior unsecured callable bond in the amount of NOK 250 million based on a reduced amount of the Existing Bonds continuing with ISIN NO 001 069795.6 (the “Restated Bond”); and b) a new subordinated unsecured callable bond in the amount of NOK 150 million (the “Subordinated Bond”). The Restated Bond and the Subordinated Bond are together referred to as the “Bonds” or the “Bond Issues”. Each of the Existing Bonds shall be allocated a pro rata participation interest in each of the new Bonds (the “Participation Interest”).
Equity Issue:	Means the new equity issue to be made by the Issuer in the amount of at least NOK 50.1 million to be raised by way of a private placement of new shares to the existing shareholders (and external investors to the extent applicable), anticipated to be subscribed by the Issuer's main shareholder group, the Øgreid family.
Settlement Date:	Expected to be on or about 15 March 2016, on which date the amendments to the Existing Bonds described in this Term Sheet becomes effective and the Existing Bonds are (i) amended and restated with respect to the Restated Bond and (ii) otherwise terminated and replaced with the new Subordinated Bonds.
Interest:	Interest on the Existing Bonds from the last interest payment date on the Existing Bonds (16 December 2015) up to and including 31 January 2016 shall accrue on existing

	terms under the bond agreement for the Existing Bond (Bond Reference Rate plus the Margin) and be paid in cash to the bondholders on the Settlement Date. Interest on the Existing Bonds from 1 February 2016 to but not including the Settlement Date shall accrue at a rate of 2%, and be paid in cash to the bondholders on the Settlement Date.
Definitions:	Capitalised terms and expressions used in this Term Sheet shall unless defined herein have the meaning attributed to it in the Bond Agreement.
Purpose of the Bond Issues:	Restructuring of the Existing Bonds in accordance with the Participation Interest.
Temporary Liquidity Loan:	To the extent requested by the Issuer in order to provide necessary short term liquidity in a temporary phase until completion of the restructuring, the Issuer shall be permitted to obtain a temporary liquidity loan from its main shareholder group, the Øgreid family, up to the amount of NOK 15 million ("Temporary Liquidity Loan"), subject to the following main terms: (i) the Temporary Liquidity Loan shall rank super senior in priority over all Existing Bonds (and to the extent relevant the Restated Bonds and Subordinated Bonds) and to such extent as agreed with the Group's secured lenders, all secured debt held by the Group Companies; and (ii) subject to completion of the Bond Issues and the Secured Debt Amendments (as defined below), the lender in the Temporary Liquidity Loan shall be converted in full to equity as part of the Equity Issue.

Main Terms of Restated Bond

ISIN 001 069795.6

Issuer:	Atlantic Offshore AS (org. no. 992 684 941).
Issue Amount:	NOK 250 million
Nominal Value:	The Restated Bonds will have a nominal value of NOK 1 each.
Coupon:	Fixed interest of 2.00% p.a., payable in cash ("Cash Interest"). Additional 3.00% p.a. to be paid in kind ("PIK"). Interest on the Restated Bonds will start to accrue from and including the Settlement Date and shall be payable semi-annually (the PIK through issuance of new Restated Bonds with the same rights as the original Restated Bonds.), with the first interest payment day six months after the Settlement Date (each an "Interest Payment Day"). Day-count fraction for coupon is "30/360", business day convention is "unadjusted" and business day is "Oslo".
Maturity Date:	31 December 2020.
First Interest Payment Day:	6 months after Settlement Date.
Last Interest Payment Day:	The Maturity Date.
Status of the Restated Bonds:	The Restated Bonds shall constitute senior unsecured debt of the Issuer, and otherwise rank at least pari passu with all claims on the Issuer except for obligations which are mandatorily preferred by law. The Restated Bonds shall rank ahead of any subordinated capital, including the Subordinated Bond, as further described in the terms of the Subordinated Bond below.
Amortisation:	The Restated Bond shall be repaid in full (including any accrued but unpaid Cash Interest and PIK interest) on the Maturity Date at 100% of par value.
Call Options:	The Issuer may redeem the Restated Bonds (in full, but not in part) at any time at a price equal to 100.00% of par value (plus accrued but unpaid Cash Interest and PIK interest on the redeemed Restated Bonds).
Change of Control Event:	Means if and when any person, or group of persons acting in concert, other than the Øgreid family, through Øgreid Eiendom AS or otherwise, obtains Decisive Influence over the Issuer.
Change of Control Clause:	Upon a Change of Control Event occurring, each holder of Restated Bonds shall have a right of pre-payment of the Restated Bonds at a price of 100.00% of par value (plus accrued but unpaid Cash Interest and PIK interest) during a period of 60 calendar days following the notice of a Change of Control Event.

Main Terms of Subordinated Bonds

Issuer:	Atlantic Offshore AS.
Issue Amount:	NOK 150 million.
Nominal Value:	The Bonds will have a nominal value of NOK 1 each.
Coupon:	No (zero) coupon shall accrue or be payable on the Subordinated Bonds for the full term of the Subordinated Bonds.
Maturity Date:	31 December 2020.
Status of the Subordinated Bonds:	The Subordinated Bonds shall constitute fully subordinated unsecured debt of the Issuer, ranking below the Restated Bonds and all other unsubordinated claims on the Issuer, with no right to receive any repayment until settlement in full of the Restated Bonds and such other unsubordinated claims. Acceleration of the Subordinated Bonds upon an event of default shall not be permitted unless there is also an acceleration of the Restated Bonds.
Amortisation:	The Subordinated Bond shall be repaid in full on the Maturity Date at 100.00% of par value.
Call Options:	The Issuer may redeem the Subordinated Bonds in full (and not partly) at any time: (i) from and including the Settlement Date to and including 30 June 2018 at a price equal to 33.33% of par value (the "33% Call Option"); and/or (ii) from and including the Settlement Date to and including the Maturity Date at a price equal to 100.00% of par value (the "100% Call Option" and together with the 33% Call Option the "Issuer Call Options"). Any exercise of any of the Issuer Call Options shall be made in writing by the Issuer to the Bond Trustee, upon which (i) in the event of exercise of the 33% Call Option, the Conversion Right (as defined below) shall apply for a period of 20 business days after the date of the 33% Call Option exercise and (ii) in the event of exercise of the 100% Call Option, the Conversion Right (as defined below) shall immediately cease to apply.
Bondholder's Conversion Rights:	The Subordinated Bonds will, subject to the Issuer Call Options as applicable, be convertible at any time from the Settlement Date until five business days prior to the Maturity Date (the "Conversion Period"). Bondholders shall, to the extent permitted under applicable law and subject to the limitations in section "Call Options" above, be entitled to convert Subordinated Bonds into common shares of the Issuer (the "Conversion Shares") at the Conversion Price (as defined below) at any time during the Conversion Period, but if so converted and giving rise to fractional Conversion Shares, rounded down to the nearest whole common share (the "Conversion Right"). For the avoidance of doubt, as there shall not accrue any interest on the Subordinated Bonds, only the nominal Issue Amount shall be subject to conversion. The Conversion Right cannot be separated from the Subordinated Bonds. The Conversion Right may only be exercised in full (and not partly) by the bondholders, i.e. for all Subordinated Bonds, following a resolution by a bondholders'

	meeting with qualified (2/3) majority (the "Bondholder Conversion Exercise"). Upon a Bondholder Conversion Exercise, the Conversion Shares shall be issued to the relevant bondholders within 10 business days. For the avoidance of doubt, the Issuer may exercise any of the Issuer Call Options (as applicable) at any time until the time of the Bondholder Conversion Exercise.
Number of Conversion Shares and Adjustment to Conversion Right:	Any conversion of the Subordinated Bonds through Bondholder Conversion Exercise shall at the outset be performed at a price resulting in the Conversion Shares representing 44.9% of the total share capital of the Issuer post conversion. To the extent the Issuer has prior to the Bondholder Conversion Exercise performed one or more share capital increases (not including the Equity Issue) ("Additional Equity Issues") the Conversion Right shall be adjusted as follows: (i) upon Additional Equity Issue(s) completed in an aggregate amount of maximum NOK 50 million and at a minimum (weighted average) fully diluted pre-money valuation of the Issuer of at least NOK 100 million, the Conversion Right shall be adjusted (from 44.9% ownership) to reflect the relative dilution of the Conversion Shares as a result of the Additional Equity Issue(s); and (ii) upon Additional Equity Issue(s) completed in an aggregate amount of more than NOK 50 million and/or at a minimum (weighted average) fully diluted pre-money valuation of the Issuer of less than NOK 100 million, the Conversion Right shall only be adjusted (from 44.9% ownership) to reflect the relative dilution of the Conversion Shares as a result of Additional Equity Issue(s) on terms as set out in (i) above (i.e. up to NOK 50 million in aggregate issue amount and/or with an assumption of (weighted average) pre-money valuation of at least NOK 100 million). <i>To illustrate the above under (i):</i> In the event of Additional Equity Issue(s) of in aggregate NOK 50 million at a weighted average pre-money valuation of NOK 100 million, the adjustment would be as follows: Initial Conversion Right: $(44.9\% * \text{NOK } 100\text{m pre money value}) = \text{NOK } 44.9 \text{ m}$ Value existing shareholder equity: $(55.1\% * \text{NOK } 100\text{m pre money value}) = \text{NOK } 55.1\text{m}$ Value of Additional Equity Issue: NOK 50m Capitalisation post Additional Equity Issue(s) (market value NOK 150m): Bondholders: 29.9% Existing shareholders: 36.7% New equity (from Additional Equity Issue(s)): 33.3%
Share repayment option:	On maturity of the Subordinated Bonds, the Issuer shall be entitled to repay all (and not some) of the Subordinated Bonds by in-kind settlement through issuance of new common shares in the Issuer, distributed pro rata to the holders of the Subordinated Bonds. Such conversion of the Subordinated Bonds into equity and issue of consideration shares shall be carried out <i>mutatis mutandis</i> in accordance with the terms of the Conversion Right (i.e. the holders of the Subordinated Bonds shall receive shares equalling 44.9% of all shares in the Issuer subject to potential adjustments to the

	Conversion Right as set out above).
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Other Terms Applicable to both Bond Issues

Conditions Precedent:	The amendments to the Existing Bonds and issue of the Bonds as described in this Term Sheet will only become effective subject to certain conditions precedents as are customary in the Norwegian high yield bond market, as well as certain specific conditions, including but not limited to the Bond Trustee having received the following documents in form and substance satisfactory to it: a) the Bond Agreements (as defined below) duly executed; b) confirmation from the Issuer that no Event of Default has occurred or is likely to occur as a result of the issuance of the Bonds; c) an agreement between the Trustee and the Issuer related to fees and expenses duly executed; d) certified copies of necessary corporate resolutions of the Issuer to execute the Bond Agreements; e) shareholder resolutions made by the general meeting of the Issuer as required to perform the Equity Issue and otherwise in accordance with this Term Sheet; f) necessary bondholder approval in bondholder meeting of the Existing Bonds; g) confirmation from the Issuer of agreement with respect to satisfactory amendments to the terms of (i) the Group's secured debt facilities (the "Secured Debt Amendments"), (ii) the Issuer's unsecured liability to SpareBank 1 SR-Bank ASA for a loan in the amount of NOK 25 million and (iii) the bareboat charter rates for the vessels "Ocean Scout" and "Ocean Troll"; h) any statement or legal opinions reasonably requested by the Trustee; and i) evidence of the Equity Issue being completed and fully paid in; The Trustee may waive or postpone the delivery of certain conditions precedent at its sole discretion.
Issuer's General and Special Covenants:	During the term of the Bonds, the Issuer shall (unless the Trustee or the bondholders' meeting (as the case may be) in writing has agreed otherwise) comply with the general and special covenants as currently set out in the Bond Agreement, adjusted for updated references to align with other amendments to the terms of the Restated Bonds and the Subordinated Bonds respectively. For the avoidance of doubt, the undertakings made by the Issuer in the amendment and restatement agreement dated 11 October 2015 shall no longer be applicable. Further, the Issuer shall undertake to not make any distributions to its shareholders.
Financial Covenants:	The Issuer undertakes to comply with the following Financial Covenants during the term of the Bond Issues: Market Adjusted Equity Ratio: The Group shall maintain a Market Adjusted Equity Ratio of no less than 15%. For the purpose of calculating such ratio the Subordinated Bonds shall be regarded as equity and not debt. Interest Coverage Ratio: The Group shall maintain an Interest Coverage Ratio of no less than 2.0x. Liquidity: The Issuer shall maintain Liquidity (on unconsolidated basis) of minimum NOK 15 million.

	The Issuer undertakes to comply with the above Financial Covenant at all times, such compliance to be measured on each Quarter Date and certified by the Issuer with each annual financial statement and quarterly financial statement on the respective Reporting Date.
Representations and warranties:	The Issuer shall provide representations and warranties customary for Norwegian unsecured bond issues to apply on the Settlement Date.
Material Adverse Effect:	Means a material adverse effect on: (a) the business, financial condition or operations of the Group taken as a whole, (b) the Issuer's ability to perform and comply with its obligations under the Bond Agreements; or (c) the validity or enforceability of any Finance Document.
Event of Default:	The Bond Agreements shall include standard event of default provisions, as well as cross default provisions for the Issuer and any other Group Company on any single Financial Indebtedness in excess of NOK 15 million.
Issuer's Ownership of Bonds:	The Issuer has the right to acquire and own Bonds. Such Bonds may at the Issuer's discretion be retained by the Issuer, sold or discharged.
Manager:	Alpha Corporate Finance AS.
Trustee:	Nordic Trustee ASA, Postboks NO-1470 Vika, 0116 Oslo.
Registration:	The Norwegian Central Securities Depository ("VPS"). Principal and interest accrued will be credited the bondholders through VPS.
Settlement Agent:	SpareBank 1 SR-Bank ASA
Listing of Bonds:	The Restated Bonds will remain listed on the Oslo Stock Exchange (Oslo Børs). The Issuer will consider to apply for listing of the Subordinated Bonds on the Oslo Stock Exchange or register on Nordic ABM.
Taxation:	The Issuer shall pay any stamp duty and other public fees accruing in connection with issuance of the Bonds, but not in respect of trading of the Bonds in the secondary market (except to the extent required by applicable laws), and the Issuer shall deduct before payment to the bondholders at source any applicable withholding tax payable pursuant to law.
Bond Agreements:	Bond agreements will be entered into for each of the Restated Bond (the " Restated Bond Agreement ") and the Subordinated Bond (the " Subordinated Bond Agreement ") and together with the Restated Bond Agreement the " Bond Agreements ") by the Issuer and the Trustee acting as the bondholders' representative. The Restated Bond Agreement shall be an amended and restated version based on the existing Bond Agreement, with such amendments as set out in this Term Sheet. The new Subordinated Bond Agreement shall be based on the current Norwegian standard for unsecured bonds used by the Trustee adapted to the terms of this Term Sheet. The Bond Agreements shall regulate the bondholders' rights and obligations with respect to the relevant Bonds. If any discrepancy should occur between this Term Sheet and any of the Bond Agreements, then the relevant Bond Agreement shall

	prevail. Each of the holders of Existing Bonds shall upon sufficient vote in the relevant bondholder meeting (2/3 majority) be deemed to have accepted the Bond Issues and the relevant Participation Interests as set out in this Term Sheet. Each such holder of Existing Bonds is thereby also deemed to have granted authority to the Trustee to finalize the Bond Agreements and the other Finance Documents. Although minor adjustments to the structure described in this Term Sheet may occur, the provisions in the Bond Agreements will be substantially consistent with those set forth in this Term Sheet.
Terms of Implementation:	Each of the holders of Existing Bonds specifically authorises the Trustee to execute and deliver the Bond Agreements on its behalf. On this basis, the Issuer and the Trustee will execute and deliver the Bond Agreements and the latter's execution and delivery is on behalf of all of the holders of Existing Bonds, such that they thereby will become bound by the Bond Agreements. Each of the Bond Agreements specifies that by virtue of being registered as a bondholder (directly or indirectly) with the Securities Depository, the bondholders are bound by the terms of said Bond Agreement and any other Finance Document, without any further action required to be taken or formalities to be complied with. Each of the Bond Agreements shall specify that it shall be made available to the general public for inspection purposes and may, until redemption in full of the relevant Bonds, be obtained on request by the Trustee or the Issuer.

Bergen/Oslo, 19 February 2016

Atlantic Offshore AS

Issuer