

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

To the bondholders in:

ISIN NO 001 070098.2 - 7.50% Oro Negro Drilling Pte. Ltd. Senior Secured Bond Issue 2014/2019

ISIN NO 001 0841505 – 12% ORO SG Pte. Ltd. Super Senior Callable Liquidity Bond Issue 2019/2020

Oslo, 3 October 2019

Summons for Written Resolution – Court Sale Proceedings and Credit Bidding on the Rigs

We refer to:

- (i) the USD 916,100,517 7.50 per cent. Senior Secured Bond Issue 2014/2019 with ISIN NO 001 070098.2 (the “**Existing Bonds**”; the holders thereof being the “**Existing Bondholders**” and the bond agreement in relation thereto being the “**Existing Bond Agreement**”) between Oro Negro Drilling Pte. Ltd. (the “**Existing Bond Issuer**”) and Nordic Trustee AS (previously Nordic Trustee ASA) (the “**Bond Trustee**”) on behalf of the Existing Bondholders; and
- (ii) the USD 50,000,000 12 per cent. Super Senior Callable Liquidity Bond Issue 2019/2020 with ISIN NO 001 0841505 (the “**Existing Liquidity Bonds**”; the holders thereof being the “**Existing Liquidity Bondholders**” and the bond agreement in relation thereto being the “**Existing Liquidity Bond Agreement**”) between ORO SG Pte. Ltd. (the “**Existing Liquidity Bond Issuer**”), NT Services AS as Settlement Manager, and the Bond Trustee on behalf of the Existing Liquidity Bondholders.

Capitalized terms used herein (including any attachment hereto) shall have the meaning assigned to them in the Existing Bond Agreement, the Existing Liquidity Bond Agreement and applicable Security Documents unless otherwise defined herein.

This summons for a written resolution (the “**Summons**”) is hereby issued at the request of an ad hoc group of Existing Bondholders (the “**Ad Hoc Group**”) that represents that its members hold, as of 1 October 2019, in excess of 50% of the aggregate outstanding principal amount of the Existing Bonds and in excess of 50% of the aggregate outstanding principal amount of the Existing Liquidity Bonds.

The information in this Summons for Written Resolution is provided by the Ad Hoc Group, and the Bond Trustee expressly disclaims all liability whatsoever related to such information.

1. BACKGROUND

Reference is made to the current recovery process in respect of the Existing Bonds after Events of Default were declared under Clauses 15.1(a), 15.1(f), 15.1(g)(i), 13.7(a), 13.4(b)(iii)(a) and 13.4(b)(iii)(d) of the Existing Bond Agreement in 2017 and the entire amount outstanding thereunder (including accrued interest, costs and expenses) was declared due for immediate payment pursuant to an acceleration notice delivered 14 November 2018.

The Ad Hoc Group's aim is to maximise the value of the Primus, Laurus, Fortius, Decus and Impetus rigs (the "**Rigs**") in order to secure the interests of the Existing Bondholders (and procure recovery for the Existing Liquidity Bondholders). In this context, the Ad Hoc Group is proposing the recovery plan included in this Summons involving (i) a public auction of the Rigs under the auspices of the Admiralty Marshal in the Bahamas; (ii) in the event that an acceptable third party offer to purchase the Rigs is not received, a credit bid for the Rigs by the Bond Trustee (on behalf of the Existing Bondholders) whereby the obligations of the Existing Bond Issuer and the rig owners (the "**Existing Rig Owners**") under the Existing Bond Agreement would be written down against the amount of the credit bid, such amount to be an amount up to the entire amount outstanding under the Existing Bonds (including previously capitalised interest, any accrued but uncapitalised interest and all other sums outstanding); (iii) if the credit bid is accepted, a simultaneous transfer of each of the Rigs to respective new rig-owning SPVs (each a "**New Rig Owner**"), all such New Rig Owners to be wholly-owned by a holding company (the "**SPV Holdco**") incorporated and controlled by a subsidiary of Stiftelsen NT Refectio, (a foundation/trust (Norwegian: *stiftelse*) established solely to secure bondholders' interests in enforcement proceedings) on behalf of the Existing Bondholders; and (iv) issuance by the SPV Holdco of recovery bonds in the amount of the credit bid, and liquidity bonds in the amount of the Existing Liquidity Bonds, in order to source recovery from the Rigs to the Existing Bondholders and Existing Liquidity Bondholders.

The proposal also includes increasing the maximum amount of Existing Liquidity Bonds that may be issued under the Existing Liquidity Bond Agreement, in order to allow for a possible future tap issue thereunder to cover Recovery Expenses (as defined below) where access to such funds will be needed prior to the finalization of the auction process.

2. COURT SALE PROCEEDINGS IN THE BAHAMAS AND CREDIT BIDDING ON THE RIGS

The sale of the Rigs under the auspices of the Bahamian Admiralty Marshal has the effect of cleansing the Rigs from maritime liens and other charges or encumbrances (receipt of "clean title"). Advisors to the Ad Hoc Group believe that obtaining clean title will benefit an onward sale process or potential engagement of the Rigs through bare-boat or time charters. Such cleansing is normally considered to reduce risk of proceedings and actions against the Rigs, although the recognition of a clean title from a sale under the auspices of the Bahamian Admiralty Marshal must be specifically considered in the relevant jurisdiction for engagement.

The Existing Bondholders are asked to authorize the Bond Trustee to have the Rigs sold under the auspices of the Bahamian Admiralty Marshal by way of a public auction process. In the event that an acceptable third party offer to purchase the Rigs is not received, the Bond Trustee will, on behalf of the Existing Bondholders, submit a credit bid for the Rigs, whereby the obligations of the Existing Bond Issuer and the Existing Rig Owners under the Existing Bond Agreement will be written down against the amount of the credit bid. The Existing Bondholders are asked to authorise the Bond Trustee to submit a credit bid for the Rigs in an amount up to the entire amount outstanding under the Existing Bonds (including previously capitalised interest, any accrued but uncapitalised interest and all other sums outstanding thereunder).

According to Bahamas law, the following claims will rank ahead of the Existing Bondholders' mortgage over each Rig, and will need to be paid in order for the Existing Bondholders to obtain clean title to the Rig: (i) wages due to crew members, in respect of current and previous employment on the Rig; (ii) port, canal and other waterway dues and pilotage dues; (iii) claims against the owner of the Rig in respect of loss of life or personal injury occurring, whether on land or on water, in direct connection with the operation of the Rig;

(iv) claims against the owner, based on tort and not capable of being based on contract, in respect of loss of or damage to property occurring, whether on land or on water, in direct connection with the operation of the Rig; (v) claims for salvage, wreck removal and contribution in general average; and (vi) claims in respect of bunker and other necessities provided to the Rig. The Ad Hoc Group is not aware of any such claims. To the extent any such claims are received during the public auction process (which involves advertisement of the intended sale in two maritime publications of general distribution), any such claims shall constitute Recovery Expenses (as defined below).

The Bond Trustee will receive control over the Rigs on behalf of the Existing Bondholders by having the clean title to each of the Rigs transferred to respective New Rig Owners in accordance with the process described under item 4.

3. EXPENSES AND FUNDING – TAP ISSUE UNDER EXISTING LIQUIDITY BOND AGREEMENT

Additional funding may be required in connection with maximising recoveries for the Existing Bondholders. Accordingly, the written resolution is requested to approve a funding mechanism for the purpose of meeting fees, costs, expenses and disbursements incurred in connection with the protection, preservation and/or enforcement of the Existing Bondholders' rights and pursuing recoveries (together, the **"Recovery Expenses"**). Recovery Expenses may include (but shall not be limited to) the following:

- (a) the fees, costs, expenses and disbursements incurred by the Bond Trustee, including in respect of its own advisers, agents, delegates and counsel and those of the Ad Hoc Group (collectively, the **"Advisors"**)¹, including any such fees, costs, expenses and disbursements arising in respect of any legal proceeding concerning the Rigs or the current recovery process, including (without limitation), legal fees in connection with any sales process, and in connection with the Mexican concurso proceedings of Integradora de Servicios Oro Negro, S.A.P.I. de C.V. and Perforadora Oro Negro (the **"Concurso Proceedings"**);
- (b) the fees, costs, expenses and disbursements arising out of the operation, management, maintenance, crewing and berthing of the Rigs; and
- (c) all other payments, costs, fees and expenses that, in the opinion of the Bond Trustee in consultation with the Advisors, are necessary for the purpose of achieving a recovery to the Existing Bondholders.

3.1 Increase of maximum amount of Existing Liquidity Bonds that may be issued under the Existing Liquidity Bond Agreement

The Existing Bondholders and the Existing Liquidity Bondholders are hereby requested to approve an increase in the maximum amount of Existing Liquidity Bonds that may be issued under the Existing Liquidity Bond Agreement from USD 50 million to USD 150 million (in each case, exclusive of any Existing Liquidity Bonds issued as PIK interest) by amending the Existing Liquidity Bond Agreement and the Existing Intercreditor Agreement (as defined below) (such increase being the **"Existing Liquidity Bond Agreement Increase"**).

¹ The Existing Bondholders previously approved the Written Resolution contained in a summons posted to STAMDATA on 5 December 2017, pursuant to which the Bond Trustee agreed to pay the fees and expenses of Paul, Weiss, Rifkind, Wharton & Garrison LLP (**"Paul, Weiss"**), as counsel to the Ad Hoc Group, as well as the fees and expenses of local advisors engaged by Paul, Weiss.

3.2 Allocation of Tap Existing Liquidity Bonds

The Existing Liquidity Bond Agreement Increase will provide additional headroom under the Existing Liquidity Bond Agreement for a potential issue (or issues) of additional Existing Liquidity Bonds by the Existing Liquidity Bond Issuer (any such additional Existing Liquidity Bonds being “**Tap Existing Liquidity Bonds**”) for the purpose of meeting Recovery Expenses.

3.2.1 First issue of Tap Existing Liquidity Bonds following the Existing Liquidity Bond Agreement Increase

Pursuant to the Existing Liquidity Bond Agreement, the first issue of Existing Liquidity Bonds thereunder was offered to all Existing Bondholders, whilst subsequent tap issues thereunder were offered only to the Existing Liquidity Bondholders at the time of such tap issue. Notwithstanding these allocation principles, the Existing Bondholders and the Existing Liquidity Bondholders are hereby requested to approve an amendment to the Existing Liquidity Bond Agreement such that, following the Existing Liquidity Bond Agreement Increase, the first issue of any Tap Existing Liquidity Bonds thereafter will be offered to all Existing Bondholders (irrespective of whether they are Existing Liquidity Bondholders or not) on the following terms:

- (a) **any Existing Bondholder or Existing Liquidity Bondholder who wishes to be offered Tap Existing Liquidity Bonds in the future must contact the settlement manager (mail@ntservices.no, subject line “Oro Negro Liquidity Bonds - Tap Issue”) within ten (10) Business Days of the date of this Summons, being 18 October 2019**, providing evidence of their current holdings of Existing Bonds as of the date of this Summons, and indicating that they wish to be offered Tap Existing Liquidity Bonds in any future issue thereof (such Existing Bondholder being an “**Opt-In Existing Bondholder**”);
- (b) each Opt-In Existing Bondholder will be invited to subscribe for Tap Existing Liquidity Bonds in the first issue thereof in accordance with the allocation principles described in paragraphs 3.2.1(d) and (e) below, such invite to stipulate the deadline for acceptance;
- (c) any Existing Bondholder who does not express an interest in future issues of Tap Existing Liquidity Bonds as described in paragraph 3.2.1(a) above (and prior to the deadline set out therein) will not be offered Tap Existing Liquidity Bonds in any future issue thereof;

In the first issue of Tap Existing Liquidity Bonds following the Existing Liquidity Bond Agreement increase, the following allocation and oversubscription principles shall apply:

- (d) each Opt-In Existing Bondholder shall be invited to subscribe for Tap Existing Liquidity Bonds *pro rata* based on the proportion that its holding of principal amount of Existing Bonds bears to the total amount of principal outstanding under all Existing Bonds (such proportion being, with respect to such Opt-In Existing Bondholder, its “**Pro Rata Proportion**”); and
- (e) each Opt-In Existing Bondholder will be permitted to submit subscriptions for less than, equal to or in excess of its Pro Rata Proportion of Tap Existing Liquidity Bonds, provided that any Opt-In Existing Bondholder that subscribes for more than its Pro Rata Proportion (an “**Oversubscribed Bondholder**”) shall only be entitled to receive Tap Existing Liquidity Bonds in excess of its Pro Rata Proportion if another Opt-In Existing Bondholder either does not subscribe for Tap Existing Liquidity Bonds or subscribes for less than its Pro Rata Proportion, resulting in unsubscribed Tap Existing Liquidity Bonds (“**Unsubscribed Bonds**”). The settlement manager shall allocate Unsubscribed Bonds *pro rata* among each Oversubscribed Bondholder based on the proportion that the amount of its holding of principal amount of Existing Bonds bears to the aggregate principal

amount outstanding of all Existing Bonds held by the Oversubscribed Bondholders, until the first issue of Tap Existing Liquidity Bonds are fully subscribed.

3.2.2 Subsequent issues of Tap Existing Liquidity Bonds

Any subsequent issue of Tap Existing Liquidity Bonds will be treated as a “Tap Issue” (as defined in the Existing Liquidity Bond Agreement) for the purposes of allocation, and will therefore be offered only to the Existing Liquidity Bondholders at the time of such subsequent tap issue. The following allocation and oversubscription principles shall apply to any such subsequent issue:

- (a) each Existing Liquidity Bondholder shall be invited to subscribe for Tap Existing Liquidity Bonds *pro rata* based on the proportion that its holding of principal amount of Existing Liquidity Bonds bears to the total amount of principal outstanding under all Existing Liquidity Bonds (such proportion being, with respect to such Existing Liquidity Bondholder, its “**Pro Rata Proportion**”); and
- (b) each Existing Liquidity Bondholder will be permitted to submit subscriptions for less than, equal to or in excess of its Pro Rata Proportion of Tap Existing Liquidity Bonds, provided that any Existing Liquidity Bondholder that subscribes for more than its Pro Rata Proportion (an “**Oversubscribed Bondholder**”) shall only be entitled to receive Tap Existing Liquidity Bonds in excess of its Pro Rata Proportion if another Existing Liquidity Bondholder either does not subscribe for Tap Existing Liquidity Bonds or subscribes for less than its Pro Rata Proportion, resulting in unsubscribed Tap Existing Liquidity Bonds (“**Unsubscribed Bonds**”). The settlement manager shall allocate Unsubscribed Bonds *pro rata* among each Oversubscribed Bondholder based on the proportion that the amount of its holding of principal amount of Existing Liquidity Bonds bears to the aggregate principal amount outstanding of all Existing Liquidity Bonds held by the Oversubscribed Bondholders, until the subsequent issue of Tap Existing Liquidity Bonds are fully subscribed.

3.3 Terms of the Existing Liquidity Bonds

3.3.1 Intercreditor principles

The Existing Liquidity Bonds are subject to a *de facto* super senior priority ranking over the Existing Bonds, implemented by way of an intercreditor agreement dated 15 January between the Bond Trustee (as Existing Bond Trustee, Existing Security Agent, Liquidity Bond Trustee and Liquidity Bond Security Agent), and the Existing Liquidity Bond Issuer (as the New Issuer) (the “**Existing Intercreditor Agreement**”), which provides in Clause 2 thereof, *inter alia*, that the Bond Trustee shall apply any payments received or proceeds recovered in respect of the Existing Bonds to purchase Existing Liquidity Bonds (including any Tap Existing Liquidity Bonds) on a *pari passu* and *pro rata* basis until all Existing Liquidity Bonds (including any Tap Existing Liquidity Bonds) are held by the Bond Trustee on behalf of the Existing Bondholders (the “**Existing Intercreditor Application of Proceeds**”). The Existing Bondholders and the Existing Liquidity Bondholders are hereby requested to waive the Existing Intercreditor Application of Proceeds, to the extent that any proceeds received in respect of the Existing Bonds comprise receipt of title to the Rigs by the Bond Trustee on behalf of the Existing Bondholders in exchange for a write-down of the Existing Bond Issuer’s and the Existing Rig Owners’ obligations under the Existing Bond Agreement, as described in paragraph 2 above.

3.3.2 Proceeds; further information

The proceeds from the Tap Existing Liquidity Bonds shall be paid into an escrow account in the name of the account manager pledged in favour of the Bond Trustee on behalf of the Existing Liquidity Bondholders. The Existing Liquidity Bond Issuer shall only be entitled to withdraw amounts from the escrow account to be applied towards Recovery Expenses.

For further information on the Existing Liquidity Bonds, each Existing Bondholder, upon providing evidence of their current holdings of Existing Bonds to the settlement manager in respect of the Existing Liquidity Bonds (mail@ntservices.no, subject line "Oro Negro Liquidity Bonds - Further Information"; + 47 22 87 94 00), shall be entitled to receive a copy of:

- (a) the Existing Liquidity Bond Agreement; and
- (b) the Existing Intercreditor Agreement.

4. TRANSFER OF TITLE OF THE RIGS TO THE NEW RIG OWNERS FOLLOWING SUCCESSFUL CREDIT BID

The Ad Hoc Group proposes that the Bond Trustee shall enter into an agreement with the SPV Holdco and the New Rig Owners, with an obligation for the SPV Holdco to issue bonds with a face value up to the entire amount outstanding under the Existing Bonds and the Existing Liquidity Bonds (including previously capitalised interest, any accrued but uncapitalised interest and all other sums outstanding) (to be structured as two separate bond issues, as described below), in exchange for the Bond Trustee transferring title of the Rigs to the New Rig Owners. For a description of the bonds issued by the SPV Holdco, see item 5 below.

Pursuant to the agreement, the SPV Holdco will actively undertake to find a purchaser or charter for the Rigs, and otherwise to maximise recovery from the Rigs by entering into contracts in respect of the Rigs. The sole purpose of the SPV Holdco will be servicing the bonds as further set out in item 5 below.

5. ISSUANCE OF RECOVERY BONDS BY THE SPV HOLDCO AND STATUS OF THE EXISTING BONDS AND THE EXISTING LIQUIDITY BONDS

The Ad Hoc Group proposes a structure whereby following transfer of title to the Rigs to the New Rig Owners, the SPV Holdco will, pursuant to an agreement with the Bond Trustee, be obligated to issue bonds in accordance with the terms laid out below to satisfy the purchase price.

The SPV Holdco will issue new bonds tailored so that they, to the fullest extent practicable, mirror the terms and status of the Existing Liquidity Bonds, save to the extent adjustments are required in order to implement the structure described below:

- (a) The SPV Holdco will issue a super senior secured liquidity bond in an amount at least equal to the entire amount outstanding under the Existing Liquidity Bonds (including any Tap Existing Liquidity Bonds), including previously capitalised interest, any accrued but uncapitalised interest and all other sums outstanding, upon transfer of the Rigs to the New Rig Owners (the "**Recovery Liquidity Bonds**"; the bond agreement in relation to such bonds being the "**Recovery Liquidity Bond Agreement**" and the holders of such bonds being the "**Recovery Liquidity Bondholders**"). The SPV Holdco shall issue the Recovery Liquidity Bonds to the Existing Liquidity Bondholders by way of consideration for the purchase by the SPV Holdco of the Existing Liquidity Bonds.

In order to effect the exchange by the Existing Liquidity Bondholders of Existing Liquidity Bonds for Recovery Liquidity Bonds as described above (the “**Liquidity Bond Exchange**”), any accrued but uncapitalised interest under the Existing Liquidity Bonds shall be capitalised as PIK interest (in the form of additional Existing Liquidity Bonds) on the day of the Liquidity Bond Exchange, and the Existing Liquidity Bond Issuer will thereafter exercise the Call Option (under and as defined in the Existing Liquidity Bond Agreement) in respect of all Existing Liquidity Bonds then outstanding (including Existing Liquidity Bonds issued pursuant to such capitalisation of interest). The Existing Liquidity Bond Issuer shall simultaneously sell all Existing Liquidity Bonds to the SPV Holdco in exchange for the distribution of Recovery Liquidity Bonds to the Existing Liquidity Bondholders on a one-for-one (1:1) basis.

The Existing Liquidity Bondholders are hereby requested to grant the following one-off waivers, to be granted solely in respect of, and in order to effect, the Liquidity Bond Exchange:

- (i) that the notice period of ten Business Days for exercise of the Call Option in Clause 10.2.2 of the Existing Liquidity Bond Agreement be waived, such that no further notice shall be given to the Existing Liquidity Bondholders in advance of the Liquidity Bond Exchange;
- (ii) that the requirement in Clause 10.2.4 of the Existing Liquidity Bond Agreement - that the Existing Liquidity Bond Issuer shall pay to each of the Existing Liquidity Bondholders holding Existing Liquidity Bonds to be redeemed, in respect of such Existing Liquidity Bonds, the principal amount of such Existing Liquidity Bonds and any unpaid interest accrued to the settlement date - shall be waived, to the extent that such Existing Liquidity Bondholders receive Recovery Liquidity Bonds in the amount that would otherwise have been so paid; and
- (iii) that Clause 10.2.5 of the Existing Liquidity Bond Agreement shall be waived, such that Existing Liquidity Bonds redeemed by the Existing Liquidity Bond Issuer thereunder shall not be discharged to the extent such bonds are promptly thereafter transferred to the SPV Holdco pursuant to the Liquidity Bond Exchange.

The Existing Liquidity Bondholders are further hereby requested to approve that, on or before the Liquidity Bond Exchange, the Existing Liquidity Bond Agreement shall be amended such that:

- (iv) the Final Maturity Date (as defined therein) be extended from 8 July 2020 to the date that is the two (2) year anniversary of the issue date in respect of the Recovery Liquidity Bonds; and
- (v) the Final Maturity Date may be extended by up to one (1) year by delivery from the Existing Liquidity Bond Issuer of an extension notice to the Bond Trustee no later than five (5) business days prior to the Final Maturity Date, provided that some or all of the Rigs have not been sold to any third party and that no Event of Default is continuing at such time.

The Existing Liquidity Bonds will remain with the SPV Holdco as a source of recovery against the Existing Liquidity Bond Issuer (see below).

The Recovery Liquidity Bond Agreement will provide that Recovery Liquidity Bonds may be issued up to an amount of no more than USD 150 million (exclusive of any Recovery Liquidity Bonds issued as PIK interest). To the extent that the amount of Recovery Liquidity Bonds issued pursuant to the Liquidity Bond Exchange is less than the maximum amount that may be issued under the Recovery Liquidity Bond Agreement, further Recovery Liquidity Bonds may be issued by way

of tap issues, up to such maximum amount. Such future tap issues will be offered only to Recovery Liquidity Bondholders at the time of such tap issue, and the allocation and oversubscription principles set out in paragraph 3.2.2 above shall apply *mutatis mutandis* to any such tap issue. For the avoidance of doubt, any Existing Bondholder who is at the date of this Summons not an Existing Liquidity Bondholder, and who does not become an Existing Liquidity Bondholder prior to the Liquidity Bond Exchange (by participation in issues of Tap Existing Liquidity Bonds as described in paragraph 3.2.1 above, or otherwise by acquisition of Existing Liquidity Bonds) will not receive Recovery Liquidity Bonds pursuant to the Liquidity Bond Exchange, and will not be offered Recovery Liquidity Bonds under any tap issue thereof.

To the extent that headroom remains under the Existing Liquidity Bond Agreement following the Liquidity Bond Exchange, Tap Existing Liquidity Bonds may be offered by the Existing Liquidity Bond Issuer to the SPV Holdco (which, following the Liquidity Bond Exchange, will hold all Existing Liquidity Bonds) at any time thereafter, for the purpose of providing liquidity in the existing rig owning structure, to the extent required in connection with meeting any Recovery Expense.

- (b) The SPV Holdco will issue senior secured bonds in an amount equal to the transfer price of the Rigs (the “**Recovery Bonds**”; the bond agreement in relation to such bonds being the “**Recovery Bond Agreement**” and the holders of such bonds being the “**Recovery Bondholders**”), such Recovery Bonds to be allocated to each Existing Bondholder *pro rata* based on the proportion that its holding of principal amount of Existing Bonds bears to the total amount of principal outstanding under the Existing Bonds.

Should the write-down of Existing Bonds (such written-down bonds being “**Write-Down Existing Bonds**”) and the simultaneous issue of the Recovery Bonds occur on any date other than an interest payment date in respect of the Write-Down Existing Bonds:

- (i) interest accrued on the Write-Down Existing Bonds during the interest period then in effect in respect thereof (the “**Relevant Interest Period**”) shall be written down to zero; and
- (ii) the first interest period in respect of the Recovery Bonds shall be deemed to have commenced on the first day of the Relevant Interest Period.

Any amount outstanding under the Existing Bonds following the write down of the obligations of the Existing Bond Issuer and the Existing Rig Owners thereunder pursuant to and in the amount of a successful credit bid shall remain outstanding as a source of recovery against the Existing Bond Issuer and the Existing Rig Owners.

- (c) The Recovery Liquidity Bonds issued pursuant to the Liquidity Bond Exchange and the Recovery Bonds will automatically be allocated to the Existing Liquidity Bondholders and the Existing Bondholders (respectively) in accordance with the principles set out in paragraphs 5(a) and 5(b) above.
- (d) The Recovery Bonds will carry 7.50 per cent interest annually. The Recovery Liquidity Bonds will carry 12 per cent interest annually. Interest accrued pursuant to the Recovery Bonds and the Recovery Liquidity Bonds shall be capitalised as PIK interest (in the form of additional Recovery Bonds and Recovery Liquidity Bonds, respectively), unless the SPV Holdco elects to pay interest in cash on any applicable interest payment date. For the avoidance of doubt, no payments shall be

made in respect of the Recovery Bonds (other than fees, liabilities and expenses of the Bond Trustee and its Advisors in relation thereto) prior to the redemption of all Recovery Liquidity Bonds, pursuant to the terms of the Recovery Intercreditor Agreement (as defined and described in paragraph (i) below).

- (e) Final maturity date of the Recovery Bonds and the Recovery Liquidity Bonds shall be two years from the date of issue, with an option for the SPV Holdco to extend maturity by a maximum of one year in the event that all or some of the Rigs are not sold. Such extension shall be effected by delivery of an extension notice to the Bond Trustee no later than five Business Days prior to the final maturity date then in effect, provided that no Event of Default is continuing.
- (f) A Mandatory Prepayment Event shall occur in the event of a sale of any Rig, in the amount of the net proceeds of any such sale (to the extent the whole or any part of any such proceeds are not, at the discretion of the Issuer, applied to meet Recovery Expenses).
- (g) The SPV Holdco shall grant a fixed charge over all of the shares (100%) in each of the New Rig Owners and a pledge or assignment of its rights as lender under any intragroup loans, in respect of the SPV Holdco's obligations under the Recovery Liquidity Bond Agreement and the Recovery Bond Agreement. Each of the New Rig Owners shall grant a mortgage over each of the Rigs and an unconditional on-demand guarantee in respect of the SPV Holdco's obligations under the Recovery Liquidity Bond Agreement and the Recovery Bond Agreement. In addition, each of the SPV Holdco and the New Rig Owners shall grant a pledge or assignment of: (i) bank and VPS accounts, (ii) agreements with third-parties relating to the Rigs (subject to the terms of any such agreement), and (iii) insurances related to each of the Rigs (the security and quasi-security in this paragraph being the "**Recovery Bond Security**").
- (h) The Recovery Liquidity Bonds will benefit from the Recovery Bond Security on a first priority basis and the Recovery Bonds will benefit from the Recovery Bond Security on a second priority basis. While Recovery Liquidity Bonds remain outstanding, instructions with respect to the enforcement of any Recovery Bond Security in relation to the Recovery Bond Obligations shall require the consent of the Bond Trustee acting on behalf of the Recovery Liquidity Bondholders. The Recovery Bondholders' and the Recovery Liquidity Bondholders' recourse against the SPV Holdco shall be limited to the Rigs, cash balances and the benefit of any agreements relating to the Rigs, such as insurance.
- (i) A waterfall payment structure will provide that any proceeds held or received by the SPV Holdco, including recovery from charter payment or sale of the Rigs, or from the call of the Existing Liquidity Bonds (which shall be held by the SPV Holdco following the Liquidity Bond Exchange), shall (to the extent not applied to meet Recovery Expenses (including indirectly, by way of making intercompany loans to the New Rig Owners, or acquiring Tap Existing Liquidity Bonds in order to fund the existing rig owning structure, in each case in connection with the meeting of Recovery Expenses)) be applied first to the Recovery Liquidity Bonds and then to the Recovery Bonds, such priority to be documented by way of an intercreditor agreement (the "**Recovery Intercreditor Agreement**").
- (j) For more detail in respect of the Recovery Bonds and the Recovery Liquidity Bonds, please see attached indicative terms setting forth the material terms thereof at Appendix 4.

6. APPLICATION OF PROCEEDS OF THE CONCURSO PROCEEDINGS

The Existing Bondholders and Existing Liquidity Bondholders are hereby requested to authorise the Bond Trustee to apply any amounts received by the Bond Trustee, the Existing Issuer or the Existing Rig Owners arising from recoveries in respect of the Concurso Proceedings² to procure that:

- (i) Existing Liquidity Bonds are purchased by the Bond Trustee on behalf of the Existing Bondholders (in order to source funds to the SPV Holdco);
- (ii) Recovery Liquidity Bonds are repaid, until such time as no Recovery Liquidity Bonds remain outstanding; and thereafter
- (iii) Existing Bonds are repaid.

For the avoidance of doubt, no amounts arising from recoveries in respect of the Concurso Proceedings shall be applied to meet Recovery Expenses.

7. THE PROPOSAL

Based on the foregoing, the Ad Hoc Group has approached the Bond Trustee to issue this Summons for Written Resolutions to each of the Existing Bondholders and the Existing Liquidity Bondholders (pursuant to Clause 15.5 (*Written Resolutions*) of the Existing Bond Agreement and Clause 16.5 (*Written Resolutions*) of the Existing Liquidity Bond Agreement, respectively) in order to consider, approve and/or ratify the Ad Hoc Group's requests as set out below (the "**Proposal**"):

- (i) That the Rigs are sold under the auspices of the Bahamian Admiralty Marshal and a credit bid made for the Rigs as further described under item 2 above;
- (ii) That the maximum amount of Existing Liquidity Bonds that may be issued under the Existing Liquidity Bond Agreement be increased for the purpose of enabling future tap issues of Existing Liquidity Bonds as further described under item 3 above;
- (iii) That, in the event of a successful credit bid, title to the Rigs is transferred to the New Rig Owners following the sale of the Rigs under the auspices of the Bahamian Admiralty Marshal as further described under item 4 above; and
- (iv) That Recovery Bonds and Recovery Liquidity Bonds are issued by the SPV Holdco (and that Existing Liquidity Bonds are purchased by the SPV Holdco in exchange for Recovery Liquidity Bonds) as further described in item 5 above.

² Including, for the avoidance of doubt, as a result of any successful credit bid submitted in connection with the Concurso Proceedings for the assets and/or rights of Integradora de Servicios Oro Negro, S.A.P.I. de C.V. and Perforadora Oro Negro (collectively, the "**Concurso Debtors**"), including, without limitation, the shares, social shares, or other equity interests held by the Concurso Debtors, any current, unliquidated or contingent rights, claims, and causes of action concerning the stock and shares that was or is owned by the Concurso Debtors, the licensee rights of the Concurso Debtors and their subsidiaries regarding computer programs and computer services, the computer equipment of which the Concurso Debtors and their subsidiaries are owners, the spare parts of which the Concurso Debtors and their subsidiaries (including those pending delivery) are entitled, the current, unliquidated or contingent rights, claims, and causes of action that the Concurso Debtors and their subsidiaries have against any of the Concurso Debtors, the Concurso Debtors' current and former directors, officers, agents, advisors, professionals, attorneys, and shareholders, and against Deutsche Bank México, SA, Institución de Banca Múltiple ("**DB**"), the settlor third-beneficiary's rights of Perforadora Oro Negro within the Administration and Source of Payment Irrevocable Trust Agreement identified with the number F/1695, and any current, unliquidated or contingent rights, claims, and causes of action of the Bankrupt Companies in the United States of America, in Mexico, in Singapore, in Norway, and in any other country, against any of the Bondholders, the Bond Trustee, Petróleos Mexicanos and its subsidiaries and DB, the Bankrupt Companies' current and former directors, officers, agents, advisors, professionals, attorneys, and shareholders, and any other entity or third parties.

8. EVALUATION AND NON-RELIANCE

The Proposal is put forward to the Existing Bondholders and the Existing Liquidity Bondholders without further evaluation or recommendations from the Bond Trustee. Nothing herein shall constitute a recommendation to the Existing Bondholders and the Existing Liquidity Bondholders by the Bond Trustee, the Ad Hoc Group, or the Advisors, which disclaim any and all liability whatsoever in connection with this Summons and the Proposal (including but not limited to the information contained therein). The Existing Bondholders and the Existing Liquidity Bondholders must independently evaluate whether the Proposal is acceptable and vote accordingly. It is recommended that the Existing Bondholders and the Existing Liquidity Bondholders seek counsel from their legal, financial and tax advisers regarding the effect of the Proposal.

9. FURTHER INFORMATION

If Existing Bondholders or Existing Liquidity Bondholders require any further detail on the information contained in this Summons or the Proposal, they may contact AMA through the following contact:

Contact person: Paul M. Leand Jr., Managing Director & CEO of AMA Capital Partners
E-mail: pleand@amausa.com
Telephone: +1 (212) 682-2310.

For further questions to the Bond Trustee, please contact Olav Slagsvold at mail@nordictrustee.com or + 47 22 87 94 00.

10. WRITTEN RESOLUTION

The Existing Bondholders and the Existing Liquidity Bondholders are hereby provided with a voting request for a Written Resolution pursuant to Clause 15.5 (*Written Resolutions*) of the Existing Bond Agreement and Clause 16.5 (*Written Resolutions*) of the Existing Liquidity Bond Agreement, respectively. For the avoidance of doubt, no Bondholders' Meeting will be held.

Please find attached as Appendix 1 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 holdings of the Existing Bonds and Existing Liquidity Bonds and of the voting rights. (If the Existing Bonds and the Existing Liquidity 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).

It is proposed that the Existing Bondholders resolve the following resolution by way of Written Resolution (the "Proposed Existing Bondholders' Resolution"):

"The Existing Bondholders approve by Written Resolution the Proposal as described in sections 2 - 6 of this Summons.

The Bond Trustee is hereby authorised to do all things and take all such steps that may be necessary (in the absolute discretion of the Bond Trustee) to implement the Proposal and the structures and outcomes set out in this Summons in relation thereto, including with respect to negotiation of documentation, terms,

conditions and timing in relation to the Proposal, without any obligation to notify the Existing Bondholders as provided for in Clause 16.2 of the Existing Bond Agreement. Further, the Bond Trustee is given power of attorney to prepare, finalise and enter into the necessary agreements in connection with documenting such implementation as well as to carry out the necessary completion work, including making appropriate amendments to the Existing Bond Agreement, the Existing Intercreditor Agreement and the Existing Liquidity Bond Agreement and carrying out and implementing the terms of the Recovery Bond Agreement, the Recovery Liquidity Bond Agreement and the Recovery Intercreditor Agreement.”

The Proposed Existing Bondholders’ Resolution will be passed if either: (a) Bondholders representing at least a 2/3 majority of the total number of Voting Bonds vote in favour thereof prior to the expiry of the Voting Period (as defined below); or (b) (i) a quorum representing at least 50% of the total number of Voting Bonds submits a timely response to the Summons and (ii) the votes cast in favour of the Proposed Existing Bondholders’ Resolution represent at least a 2/3 majority of the Voting Bonds that timely responded to the Summons.

It is proposed that the Existing Liquidity Bondholders resolve the following resolution by way of Written Resolution (the “Proposed Existing Liquidity Bondholders’ Resolution”, and together with the Proposed Existing Bondholders’ Resolution, the “Proposed Resolutions”):

“The Existing Liquidity Bondholders approve by Written Resolution the Proposal as described in sections 2 - 6 of this Summons.

The Bond Trustee is hereby authorised to do all things and take all such steps that may be necessary (in the absolute discretion of the Bond Trustee) to implement the Proposal and the structures and outcomes set out in this Summons in relation thereto, including with respect to negotiation of documentation, terms, conditions and timing in relation to the Proposal, without any obligation to notify the Existing Liquidity Bondholders as provided for in Clause 16.2 of the Existing Liquidity Bond Agreement. Further, the Bond Trustee is given power of attorney to prepare, finalise and enter into the necessary agreements in connection with documenting such implementation as well as to carry out the necessary completion work, including making appropriate amendments to the Existing Bond Agreement, the Existing Intercreditor Agreement and the Existing Liquidity Bond Agreement and carrying out and implementing the terms of the Recovery Bond Agreement, the Recovery Liquidity Bond Agreement and the Recovery Intercreditor Agreement.”

The Proposed Existing Liquidity Bondholders’ Resolution will be passed if either: (a) a majority of at least 2/3 of the Existing Liquidity Bonds vote in favour thereof prior to the expiry of the Voting Period (as defined below); or (b) (i) a quorum representing at least 50% of the total number of Existing Liquidity Bonds submits a timely response to the Summons and (ii) the votes cast in favour of the Proposed Existing Liquidity Bondholders’ Resolution represent at least a 2/3 majority of the Existing Liquidity Bonds that timely responded to the Summons.

Voting Period: The Voting Period shall expire five Business Days after the date of this Summons. The Bond Trustee must have received all votes necessary in order for the Written Resolution to be passed with the requisite majority under the Existing Bond Agreement and Existing Liquidity Bond Agreement before the expiration of the Voting Period.

How to vote: A duly filled in and signed Voting Form (attached hereto as Appendix 2 in respect of the Existing Bonds and Appendix 3 in respect of the Existing Liquidity Bonds) with proof of ownership

(Bondholder's Form) attached must be received by the Bond Trustee no later than at the end of the Voting Period and must be submitted by scanned e-mail or telefax as follows:

E-mail: mail@nordictrustee.no

Fax: +47 22 87 94 10

The effective date (the "**Effective Date**") of a Written Resolution passed prior to the expiry of the Voting Period is the date when the resolution is approved by the last bondholder that results in the necessary voting majority being achieved.

If no resolution is passed prior to the expiry of the Voting Period, the number of votes shall be calculated at the close of business on the last day of the Voting Period, and a decision will be made based on the quorum and majority requirements set out in Clause 16.3.4 of each of the Existing Bond Agreement and the Existing Liquidity Bond Agreement (*i.e.*, to approve each of the Proposed Resolutions, bondholders representing at least 2/3 of the Voting Bonds under the Bond Issue or Liquidity Bonds under the Liquidity Bond Issue (as applicable) *participating in the voting* must vote in favour of the Proposed Resolution).

Yours sincerely

Nordic Trustee AS



Olav Slagsvold

Enclosed:

Appendix 1: Voting Form – Existing Bonds

Appendix 2: Voting Form – Existing Liquidity Bonds

Appendix 3: Indicative Terms

Voting form - Written Resolution – Existing Bonds**ISIN NO 001 070098.2 - 7.50% Oro Negro Pte. Ltd. Senior Secured Bond Issue 2014/2019**

The undersigned holder or authorised person/entity, votes either in favour of or against the Proposed Resolution.

☐ **In favour** the Proposed Existing Bondholders' Resolution

☐ **Against** the Proposed Existing Bondholders' Resolution

ISIN ISIN NO 001 070098.2	Amount of bonds owned
Custodian name	Account number at Custodian
Company	Day time telephone number
	Email

Enclosed to this form is the complete printout from our custodian/VPS,³ verifying our bondholding in the bond issue as of: _____

We acknowledge that Nordic Trustee AS in relation to the Written Resolution for verification purposes may obtain information regarding our holding of bonds on the above stated account in the securities register VPS.

.....
Place, date

.....
Authorised signature

Return:

Nordic Trustee AS
P.O.Box 1470 Vika
N-0116 Oslo

Telefax: +47 22 87 94 10

³ If the bonds are held in custody other than in the VPS, an evidence provided from the custodian – confirming that (i) you are the owner of the bonds, (ii) in which account number the bonds are hold, and (iii) the amount of bonds owned.

Tel: +47 22 87 94 00
Mail to: mail@nordictrustee.no

Voting form - Written Resolution - Existing Liquidity Bonds**ISIN NO 001 0841505 – 12% ORO SG Pte. Ltd. Super Senior Callable Liquidity Bond Issue 2019/2020**

The undersigned holder or authorised person/entity, votes either in favour of or against the Proposed Resolution.

☐ **In favour** the Proposed Existing Liquidity Bondholders' Resolution

☐ **Against** the Proposed Existing Liquidity Bondholders' Resolution

ISIN ISIN NO 001 0841505	Amount of bonds owned
Custodian name	Account number at Custodian
Company	Day time telephone number
	Email

Enclosed to this form is the complete printout from our custodian/VPS,⁴ verifying our bondholding in the bond issue as of: _____

We acknowledge that Nordic Trustee AS in relation to the Written Resolution for verification purposes may obtain information regarding our holding of bonds on the above stated account in the securities register VPS.

.....
Place, date

.....
Authorised signature

Return:

Nordic Trustee AS
P.O.Box 1470 Vika
N-0116 Oslo

⁴ If the bonds are held in custody other than in the VPS, an evidence provided from the custodian – confirming that (i) you are the owner of the bonds, (ii) in which account number the bonds are hold, and (iii) the amount of bonds owned.

Telefax: +47 22 87 94 10
Tel: +47 22 87 94 00
Mail to: mail@nordictrustee.no

Appendix 3
(Indicative Terms)

**APPENDIX 4:
INDICATIVE TERMS**

Part I

Indicative terms common to the Recovery Liquidity Bonds and the Recovery Bonds

INDICATIVE TERMS COMMON TO THE RECOVERY LIQUIDITY BONDS AND THE RECOVERY BONDS	
12 % SPV HOLDCO CALLABLE SENIOR SECURED RECOVERY LIQUIDITY BONDS 2019/2021; AND 7.5% SPV HOLDCO CALLABLE SENIOR SECURED RECOVERY BONDS 2019/2021	
Defined terms:	Capitalised terms used but not defined herein shall have the meaning ascribed to such terms in the Summons to Existing Liquidity Bondholders and Existing Bondholders delivered together with these indicative terms.
Issuer:	The SPV Holdco
New Rig Owners:	Means the five New Rig Owners, each being 100% owned by the Issuer and the owner of one of the Rigs.
Rigs:	Means the following (each a “Rig” and together the “Rigs”); <ul style="list-style-type: none"> (i) a KFELS Mod V-B jack-up rig named “Primus” (with IMO number 8771277); (ii) a KFELS Mod V-B jack-up rig named “Laurus” (with IMO number 9623893); (iii) a Baker Marine Pacific Class 400 jack-up rig named “Fortius” (with IMO number 9680970); (iv) a Baker Marine Pacific Class 400 jack-up rig named “Decus” (with IMO number 9680982) Decus; and (v) a Baker Marine Pacific Class 400 jack-up rig named “Impetus” (with IMO number 9689718).
Guarantors:	Means jointly and severally, the New Rig Owners.
Obligors:	The Issuer and the Guarantors.
Bond Trustee and Security Agent:	Nordic Trustee AS, Postboks 1470 Vika, 0116 Oslo.

Currency:	USD.
Issue Date:	The date on which legal title to the Rigs is transferred to the New Rig Owners.
Final Maturity Date:	The two (2) year anniversary of the Issue Date with an option for the Issuer to extend maturity by up to one (1) year in the event that some or all of the Rigs are not sold, by delivery to the Bond Trustee of an extension notice, and provided that no Event of Default is continuing at such time.
Repayment:	Repaid on the Final Maturity Date at 100% of par value (plus accrued interest on the redeemed amount), unless otherwise redeemed (subject to the terms of the Recovery Intercreditor Agreement (described below)).
Interest Periods:	<p>Interest on the Recovery Liquidity Bonds and the Recovery Bonds will accrue from (and including) the Issue Date, and be payable on 24 January, 24 April, 24 July and 24 October each year and the Final Maturity Date (subject to business day adjustments as per the Existing Liquidity Bond Agreement). Day count fraction is "30/360".</p> <p>Interest shall be capitalised as PIK interest (in the form of additional Recovery Liquidity Bonds or Recovery Bonds, as applicable), unless the Issuer elects to pay interest in cash on any applicable interest payment date.</p>
Default interest:	Interest Rate plus 5 percentage points p.a.
Nominal value:	USD 1
Status of the Recovery Liquidity Bonds and the Recovery Bonds:	<p>The Recovery Liquidity Bonds will constitute super senior debt obligations of the Issuer, ranking ahead of the Recovery Bonds (pursuant to the terms of the Recovery Intercreditor Agreement), which will constitute senior debt obligations of the Issuer.</p> <p>The Recovery Liquidity Bonds shall be secured on a first priority basis by the Recovery Bond Security, and the Recovery Bonds shall be secured on a second priority basis by the Recovery Bond Security. While Recovery Liquidity Bonds remain outstanding, instructions with respect to the enforcement of any Recovery Bond Security in relation to the Recovery Bond Obligations (as defined below) shall require the consent of the Bond Trustee acting on behalf of the Recovery Liquidity Bondholders.</p> <p>The Recovery Liquidity Bonds and the Recovery Bonds will rank at least <i>pari passu</i> with all other obligations of the Issuer (save for such claims which are preferred by bankruptcy, insolvency, liquidation or other similar laws of general application) and shall rank ahead of subordinated debt.</p>
Recovery Intercreditor Agreement:	<p>The Recovery Intercreditor Agreement will set out, <i>inter alia</i>, the ranking and priority between the Recovery Liquidity Bonds and the Recovery Bonds.</p> <p>The Recovery Intercreditor Agreement will provide that the Bond Trustee shall apply, or facilitate the application of, amounts received by it under or in connection with the Recovery Liquidity Bond Agreement and the Recovery Bond</p>

	<p>Agreement as follows:</p> <ul style="list-style-type: none"> (i) firstly, in or towards payment of all costs, expenses and liabilities of or incurred by the Bond Trustee and its Advisors under or in connection with the Recovery Liquidity Bonds or the Recovery Bonds; (ii) secondly, in or towards payment of the Issuer's obligations and liabilities under the Recovery Liquidity Bond Agreement and related finance documents (the "Recovery Liquidity Bond Finance Documents") to pay principal, interest, default interest and premium in respect of the Recovery Liquidity Bonds (the "Recovery Liquidity Bond Obligations"); (iii) thirdly, in or towards payment of the Issuer's obligations and liabilities under the Recovery Bond Agreement and related finance documents (the "Recovery Bond Finance Documents") to pay principal, interest, default interest and premium in respect of the Recovery Bonds (the "Recovery Bond Obligations"); and (iv) finally, the balance (if any) shall be paid to the Issuer. <p>Notwithstanding the foregoing, the Bond Trustee as bond trustee in respect of each of the Recovery Bonds and the Recovery Liquidity Bonds may agree to other mechanics to ensure the <i>de facto</i> super priority ranking of the Recovery Liquidity Bonds, provided however that the Recovery Liquidity Bond Obligations (including the Recovery Liquidity Bonds) are redeemed or otherwise paid to the Liquidity Bondholders before any payments are made to the Recovery Bondholders.</p> <p>The Recovery Intercreditor Agreement will contain customary provisions regarding, <i>inter alia</i>, turnover of proceeds received contrary to the terms of the Recovery Intercreditor Agreement (including any proceeds received by a bondholder), limitations on variations of the Recovery Liquidity Bond Finance Documents and the Recovery Bond Finance Documents (such as amending the amount of bonds that may be issued thereunder, and/or the amount of interest and/or fees in relation thereto) and the Security Agent's role, responsibilities and liability.</p> <p>To the extent that the Recovery Bonds will take benefit of new security other than as contemplated by the Recovery Intercreditor Agreement, such security shall be offered as security for the Recovery Liquidity Bonds on a first priority basis to the fullest extent possible.</p> <p>In the event of a conflict between the provisions of the Recovery Intercreditor Agreement and the provisions of any Recovery Liquidity Bond Finance Document or Recovery Bond Finance Document, the provisions of the Recovery Intercreditor Agreement shall govern and override.</p>
VPS Account:	The Issuer shall no later than on the Issue Date open a VPS account into which the Existing Liquidity Bonds received pursuant to the Liquidity Bond Exchange will be transferred (the " VPS Account ").
Operating Account:	The Issuer shall no later than on the Issue Date enter into an agreement with NT

	<p>Services AS (the "Account Manager") pursuant to which the Account Manager shall open and operate an account (the "Operating Account") with a bank on behalf of the Issuer. The Issuer's claim against the Account Manager and the Account Manager's claim against the bank for the amount from time to time standing to the credit of the Operating Account shall be pledged in favour of the Bond Trustee (on behalf of the Recovery Liquidity Bondholders) on first priority, and pledged in favour of the Bond Trustee (on behalf of the Recovery Bondholders) on second priority (the "Operating Account Pledge"), but shall not be blocked unless an Event of Default has occurred and is continuing, and has been notified to the Issuer in accordance with the terms of the Recovery Bond Agreement and/or the Recovery Liquidity Bond Agreement.</p> <p>Any net cash proceeds received by the Issuer in relation to the issue of Recovery Liquidity Bonds and any cash held by the Issuer shall be transferred to the Operating Account.¹ The Issuer shall also deposit any other cash received by it (including any amounts received from any New Rig Owner, and any amount received from the Existing Liquidity Bond Issuer in connection with the redemption of Existing Liquidity Bonds (which will be held by the Issuer following the Liquidity Bond Exchange)) in the Operating Account.</p> <p>The funds in the Operating Account shall only be used by the Issuer (in its absolute discretion) to (i) meet Recovery Expenses or (ii) repay the Recovery Liquidity Bond Obligations and the Recovery Bond Obligations in accordance with the waterfall in the Recovery Intercreditor Agreement (as described above).</p>
Accounts	Any accounts of the New Rig Owners from time to time shall be pledged in favour of the Bond Trustee (on behalf of the Recovery Liquidity Bondholders) on a first priority basis, and pledged in favour of the Bond Trustee (on behalf of the Recovery Bondholders) on a second priority basis.
Recovery Bond Security:	<p>As security for the due and punctual fulfilment of the Recovery Liquidity Bond Obligations and the Recovery Bond Obligations, the Issuer and the New Rig Owners (as applicable) shall procure that the following Recovery Bond Security is granted (a) in favour of the Bond Trustee (on behalf of the Recovery Liquidity Bondholders) with first priority, and (b) in favour of the Bond Trustee (on behalf of the Recovery Bondholders) with second priority:</p> <ul style="list-style-type: none"> (i) a mortgage over each of the Rigs; (ii) a fixed charge over all of the shares (100%) in each of the New Rig Owners; (iii) the Operating Account Pledge and an account pledge with respect to any other account held by the Issuer or a New Rig Owner (or the Account Manager on behalf thereof);

¹ For the avoidance of doubt, there will be no cash proceeds under the first issue of Recovery Liquidity Bonds to the extent that the consideration received in relation thereto is Existing Liquidity Bonds acquired pursuant to the Liquidity Bond Exchange, and there will be no cash proceeds in respect of the issue of Recovery Bonds, as consideration in respect thereof will be receipt of title to the Rigs by the New Rig Owners.

	<ul style="list-style-type: none"> (iv) a pledge over the VPS Account; (v) an unconditional on-demand guarantee from each New Rig Owner; (vi) a pledge or assignment of the rights as lender under any intragroup loans; (vii) an assignment of insurances related to each of the Rigs; and (viii) a pledge or assignment of any other agreements relating to the Rigs, to the extent such agreements are entered into with companies outside the corporate group of the Issuer (and subject to the terms thereof). <p>Recourse shall in any event be limited to the Rigs, cash balances and the benefit of insurances and/or agreements relating to the Rigs.</p> <p>The terms of the Recovery Bond Agreement and the Recovery Liquidity Bond Agreement shall provide that the Bond Trustee is authorised to release the Recovery Bond Security to the extent necessary in connection with the sale of any Rig.</p>
Conditions Precedent:	<p>The documents, evidence or events set out in Part IV (<i>Conditions Precedent</i>) to these indicative terms being satisfied (in form and substance satisfactory to the Bond Trustee) or waived.</p> <p>The Bond Trustee may, in its sole discretion, waive the deadline or requirements for documentation set out in Part IV (<i>Conditions Precedent</i>), or accept delivery of documentation in accordance with a closing memorandum satisfactory to the Bond Trustee (in its sole discretion).</p>
Representations and Warranties, information undertakings, general undertakings, financial covenants and Events of Default:	<p>As set out in the Existing Liquidity Bond agreement with only logical changes unless otherwise set herein, including:</p> <ul style="list-style-type: none"> i) An undertaking that the Issuer shall use reasonable efforts to seek to maximise recovery from the Rigs, by actively seeking a purchaser or charter in respect thereof, or otherwise; ii) A covenant to inform the Bond Trustee of any material change in circumstances with respect to the Rigs, including the receipt of any offers to purchase or charter the same; iii) Negative pledge in respect of assets subject to the Recovery Bond Security; iv) Event of default on creditor's process in respect of any asset that is subject to the Recovery Bond Security; and v) Event of default on cross default/acceleration.
Call Option:	<p>The Recovery Liquidity Bonds and the Recovery Bonds may be repaid (in whole or in part) prior to the Final Maturity Date at 100% of par value plus accrued interest on the redeemed amount (provided that the Recovery Bonds shall not be repaid for so long as any amounts remain outstanding under the Recovery Liquidity Bond Agreement, pursuant to the terms of the Recovery Intercreditor</p>

	Agreement).
Put Option Event:	Should the Issuer cease to be a directly or indirectly wholly-owned subsidiary of Stiftelsen NT Refectio, each Recovery Bondholder and each Recovery Liquidity Bondholder will have the right to require that the Issuer purchases some or all of the Recovery Bonds and Recovery Liquidity Bonds (as applicable) held by such bondholder at a price equal to 100% of par value plus accrued interest.
Mandatory Prepayment Event:	A Mandatory Prepayment Event shall occur in the event that a Rig is sold, to the extent of the net proceeds of such sale (to the extent the whole or any part of any such proceeds are not, at the discretion of the Issuer, applied to meet Recovery Expenses).
Taxation:	<p>The Issuer shall pay any stamp duty and other public fees accruing in connection with the issuance of the Recovery Liquidity Bonds and the Recovery Bonds, but not in respect of trading of any such bonds in the secondary market (except to the extent required by applicable laws), and the Issuer shall deduct before payment to the relevant bondholders at source any applicable withholding tax payable pursuant to law. The Recovery Liquidity Bond Agreement and the Recovery Bond Agreement will contain tax gross-up wording.</p> <p>If any interest, discount income, prepayment fee, redemption premium or break cost from the Qualifying Debt Securities (“QDS”) is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for QDS shall not apply if the non-resident person acquires QDS using funds from (i) that person’s operations through the Singapore permanent establishment or (ii) any interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium or break cost (collectively, the “Specified Income”) from the QDS.</p> <p>If any person whose Specified Income derived from the QDS is not exempt from tax, it shall include such Specified Income in a return of income made under the Singapore Income Tax Act (ITA).</p> <p>The Singapore Manager will within one month of the Issue Date make a submission of “Return of Debt Securities” on behalf of the Issuer to the Monetary Authority of Singapore (MAS).</p>
Paying Agent:	NT Services AS.
Settlement Manager:	NT Services AS (the “Settlement Manager”).
Singapore Manager:	Pareto Securities Pte. Ltd. (the “Singapore Manager”).
Subscription Restrictions:	<p>The Recovery Liquidity Bonds and the Recovery Bonds will only be offered or sold within the United States to Qualified Institutional Buyers as defined in Rule 144A under the U.S. Securities Act.</p> <p>The Recovery Liquidity Bonds and the Recovery Bonds have not and will not be registered under the U.S. Securities Act, or any state securities law except</p>

	<p>pursuant to an exemption from the registration requirements of the U.S. Securities Act and appropriate exemptions under the laws of any other jurisdiction. The Recovery Liquidity Bonds and the Recovery Bonds may not be offered or sold within the United States to, or for the account or benefit of, any U.S. Person (as such terms are defined in regulations), except pursuant to an exemption from the registration requirements of the U.S. Securities Act. Further details will be provided in the Application Form. Failure to comply with these restrictions may constitute a violation of applicable securities legislation.</p>
Governing Law:	<p>Norwegian law. Process Agent to be appointed to the extent required by the Bond Trustee (in its discretion).</p>

Part II
Indicative terms specific to the Recovery Liquidity Bonds

INDICATIVE TERMS SPECIFIC TO THE RECOVERY LIQUIDITY BONDS	
12 % SPV HOLDCO CALLABLE SENIOR SECURED RECOVERY LIQUIDITY BONDS 2019/2021	
To be read together with Part I (<i>Indicative terms common to the Recovery Liquidity Bonds and the Recovery Bonds</i>) of this Annex.	
Defined terms:	Capitalised terms used but not defined herein shall have the meaning ascribed to such terms in the Summons to Existing Liquidity Bondholders and Existing Bondholders delivered together with these indicative terms.
Issue Amount:	First tranche in an amount equal to the amount outstanding under the Existing Liquidity Bonds on the Issue Date (the “ Initial Issue ”), with the option to increase the amount of the issue up to a maximum of USD 150,000,000 by way of one or more tap issues (excluding any additional Recovery Liquidity Bonds issued as PIK in respect of interest) (the “ Maximum Amount ”).
Interest Rate:	Interest is payable on the par value of the Recovery Liquidity Bonds at a fixed rate of 12 per cent (12.00%) per annum.
Price:	100% of par value, save to the extent that the Existing Liquidity Bondholders receive Recovery Liquidity Bonds in return for Existing Liquidity Bonds on a one-for-one (1:1) basis under the Initial Issue.
Use of proceeds:	The net cash proceeds from the Recovery Liquidity Bonds (net of legal costs, taxes, fees to the Settlement Manager and the Bond Trustee and any other agreed costs and expenses) shall be employed for the purpose of meeting the Recovery Expenses.
Disbursement:	<p>The net proceeds from the Recovery Liquidity Bonds shall be disbursed to the Issuer on the Issue Date, subject to the Conditions Precedent.</p> <p>In respect of the Initial Issue, some or all of the Recovery Liquidity Bonds issued shall be settled in kind by delivery of Existing Liquidity Bonds from the Existing Liquidity Bond Issuer in exchange for the distribution of Recovery Liquidity Bonds pursuant to the Liquidity Bond Exchange.</p>
Participation:	<p>Each Existing Liquidity Bondholder shall receive Recovery Liquidity Bonds under the Initial Issue in exchange for Existing Liquidity Bonds on a one-for-one (1:1) basis, pursuant to the Liquidity Bond Exchange.</p> <p>The Issuer may on or about the Issue Date or later deem it necessary to raise additional Recovery Liquidity Bonds in one or more tranches (each a “Recovery Liquidity Bond Tap Issue”), up to the Maximum Amount. A Recovery Liquidity Bond Tap Issue will be notified by the Bond Trustee to the Recovery Liquidity</p>

	<p>Bondholders and the subscription deadline will be 10 business days after such notice, with payment no earlier than 5 business days thereafter.</p> <p>The Recovery Liquidity Bonds to be issued under a Recovery Liquidity Bond Tap Issue will be offered for subscription to each Recovery Liquidity Bondholder on a <i>pro rata</i> basis, based on the proportion that the principal amount of their holdings of Recovery Liquidity Bonds bears to the aggregate principal amount outstanding of all the Recovery Liquidity Bonds, in each case at the time of notification of such Recovery Liquidity Bond Tap Issue to the Recovery Liquidity Bondholders (such proportion being, with respect to a Recovery Liquidity Bondholder, its “Pro Rata Proportion”).</p> <p>For the avoidance of doubt, Recovery Liquidity Bondholders will be permitted to submit subscriptions for less than, in excess of, or equal to their Pro Rata Proportion of Recovery Liquidity Bonds in any Recovery Liquidity Bond Tap Issue; provided that any Recovery Liquidity Bondholder that subscribes for more than its Pro Rata Proportion of Recovery Liquidity Bonds (an “Oversubscribed Bondholder”) shall only be entitled to receive Recovery Liquidity Bonds in excess of its Pro Rata Proportion if another Recovery Liquidity Bondholder either (a) does not subscribe for Recovery Liquidity Bonds, or (b) subscribes for less than its Pro Rata Proportion, resulting in unsubscribed Recovery Liquidity Bonds (“Unsubscribed Bonds”). The Settlement Manager shall allocate Unsubscribed Bonds <i>pro rata</i> among each Oversubscribed Bondholder based on the proportion that the principal amount of its holdings of Recovery Liquidity Bonds bears to the aggregate principal amount outstanding of all the Recovery Liquidity Bonds held by the Oversubscribed Bondholders, until the Recovery Liquidity Bonds are fully subscribed.</p>
Transfer Restrictions:	<p>The Recovery Liquidity Bonds shall be freely transferable and may be pledged, subject to the following:</p> <ul style="list-style-type: none"> (i) each Recovery Liquidity Bondholder shall have a right of first refusal with respect to Recovery Liquidity Bonds being disposed of to any person other than an affiliate or related fund of such disposing Recovery Liquidity Bondholder or to an existing Recovery Liquidity Bondholder, such right to be exercised within a period of ten business days from notification of the disposal (the “ROFR Period”), and in this respect: <ul style="list-style-type: none"> a. prior to completion of such disposal, the disposing Recovery Liquidity Bondholder shall through the Settlement Manager notify the other Recovery Liquidity Bondholders of the number of Recovery Liquidity Bonds to be disposed of and the agreed purchase price for such Recovery Liquidity Bonds; and b. if several Recovery Liquidity Bondholders exercise a right of first refusal, the relevant Recovery Liquidity Bonds shall be split between such Recovery Liquidity Bondholders on a <i>pro rata</i> basis, based on the proportion that each such Recovery Liquidity Bondholder’s holdings of principal amount of Recovery Liquidity

	<p>Bonds bears to the aggregate principal amount of all such Recovery Liquidity Bondholders' holdings of principal amount of Recovery Liquidity Bonds at the time of notification of the disposal.</p> <p>If any Recovery Liquidity Bonds are acquired in defiance of the above transfer restriction the acquiring Recover Liquidity Bondholder will be disenfranchised from exercising any voting rights in respect of such Recovery Liquidity Bonds.</p>
--	--

Part III
Indicative terms specific to the Recovery Bonds

INDICATIVE TERMS SPECIFIC TO THE RECOVERY BONDS	
7.5% SPV HOLDCO CALLABLE SENIOR SECURED RECOVERY BONDS [2019/2021]	
To be read together with Part I (<i>Indicative terms common to the Recovery Liquidity Bonds and the Recovery Bonds</i>) of this Annex.	
Defined terms:	Capitalised terms used but not defined herein shall have the meaning ascribed to such terms in the Summons to Existing Liquidity Bondholders and Existing Bondholders delivered together with these indicative terms.
Issue Amount:	One tranche only in an amount equal to the purchase price of the Rigs (being an amount equal to the amount by which the obligations of the Existing Bond Issuer and the Existing Rig Owners under the Existing Bond Agreement are written down against the amount of the credit bid).
Interest Rate:	Interest is payable on the par value of the Recovery Bonds at a fixed rate of 7.5 per cent (7.5%) per annum.
Price:	N/A - Existing Bondholders will receive Recovery Bonds in the amount of the purchase price of the Rigs, in return for transferring legal title to the Rigs to the SPV Holdco (following purchase of the Rigs from the Existing Rig Owners in exchange for the write-down of the obligations of the Existing Bond Issuer and the Existing Rig Owners under the Existing Bond Agreement in such amount).
Use of proceeds:	N/A - consideration for issue of the Recovery Bonds will be receipt of title to the Rigs by the New Rig Owners.
Disbursement:	There shall be no proceeds to be disbursed in respect of the issue of the Recovery Bonds, as consideration for issue of the Recovery Bonds will be receipt of title to the Rigs by the New Rig Owners.
Participation:	Recovery Bonds to be allocated to each Existing Bondholder <i>pro rata</i> based on the proportion that its holding of principal amount of Existing Bonds bears to the total amount of principal outstanding under the Existing Bonds.
Listing:	The Recovery Bonds shall not be listed on any stock exchange.
Governing Law:	Norwegian law. Process Agent to be appointed to the extent required by the Bond Trustee (in its discretion).

Part IV
Conditions Precedent

- (a) the Recovery [Liquidity] Bond Agreement duly executed by all parties thereto;
- (b) the Recovery Intercreditor Agreement duly executed by all parties thereto;
- (c) copies of all necessary corporate resolutions of each Obligor to approve and execute the Recovery [Liquidity] Bond Finance Documents to which it is a party and to carry out the transactions contemplated thereby;
- (d) a copy of a power of attorney (unless included in the corporate resolutions) from each Obligor to relevant individuals for their execution of the Recovery [Liquidity] Bond Finance Documents to which it is a party, or extracts from the relevant register or similar documentation evidencing such individuals' authorisation to execute the Recovery [Liquidity] Bond Finance Documents on behalf of the Obligor;
- (e) copies of each Obligor's articles of association and of an extract from the relevant company register in respect of the Obligor evidencing that the Obligor is validly existing;
- (f) copies of any necessary governmental approval, consent or waiver (as the case may be) required at such time to issue the Recovery [Liquidity] Bonds;
- (g) confirmation that the Recovery [Liquidity] Bonds are registered in the CSD (by obtaining an ISIN for such bonds);
- (h) any relevant bond trustee fee agreement, duly executed by the parties thereto;
- (i) all documents required to implement the Recovery Security, duly executed by the parties thereto; and
- (j) legal opinions or other statements as may be required by the Bond Trustee (including in respect of corporate matters relating to the Obligors and the legality, validity and enforceability of the Recovery [Liquidity] Bond Finance Documents).