

To the bondholders in each of:

- |                      |                                                                                                 |
|----------------------|-------------------------------------------------------------------------------------------------|
| ISIN: NO 001 0753437 | - EUR 250,000,000 Norwegian Air Shuttle ASA Senior Secured Bond Issue 2015/2019 ("NAS07")       |
| ISIN: NO 001 0783459 | - SEK 963,500,000 Norwegian Air Shuttle ASA Senior Secured Bond Issue 2017/2020 ("NAS08")       |
| ISIN: NO 001 0809940 | NOK 250,000,000 Norwegian Air Shuttle ASA Senior Secured Bond Issue 2017/2020 ("NAS09")         |
| ISIN: NO 001 0868284 | - USD 150,000,000 Norwegian Air Shuttle ASA Senior Unsecured Convertible Bonds 2019/2024 ("CB") |

Fornebu, 27 April 2020

## **Notice of conversion terms and terms of lock-up period and amendment and restatement of proposed resolutions**

Reference is made to the Summons to Bondholders' Meeting dated 14 April 2020 (the "**Summons**") sent to the holders of bonds (the "**Bonds**") in the above-mentioned bond issues (each a "**Bond Issue**" and together the "**Bond Issues**") issued by Norwegian Air Shuttle ASA (the "**Issuer**" or the "**Company**").

In the Summons the Issuer proposed, among other things, that the Bondholders in the Bond Issues agree to convert the Bonds (in whole or in part) to equity in the Company. The Issuer committed itself to give the Bondholders notice of the conversion rates to be employed and the amount of Outstanding Bonds to be converted three to four calendar days prior to the bondholders' meeting on 30 April 2020. Moreover, the Issuer also proposed that shares received by bondholders as part of the conversion would be subject to a lock-up period during which the shares would be subject to restrictions preventing the transfer of shares and that the terms of the lock-up was to be specified in the said notice.

The Issuer hereby proposes to amend and restate the proposed CB Resolution, the NAS07 Resolution, the NAS08 Resolution and the NAS09 Resolution (the "**Resolutions**"). The amended and restated proposals, among these the terms of the conversion and the lock-up described in sections 1.3 and 1.4 below, are set out in Appendices 1 to 4.

Further information about the Issuer's conclusions on the proposal for the overall restructuring is set out in the Issuer's stock exchange announcement of 27 April 2020.

The Summons also informed the Bondholders that the Issuer was considering to offer perpetual debt instruments that: (i) qualify as equity instruments pursuant to IFRS and (ii) are on terms satisfactory to the Issuer, in lieu of shares, to Bondholders that can provide evidence to the satisfaction of the Issuer that they are subject to regulations or investment mandates that prohibit them from owning shares. Bondholders that can provide such evidence and are interested in receiving deeply subordinated perpetual instruments (a "**Perpetual Instrument**") in lieu of shares may contact Nordic Trustee in order to indicate their interest to the Issuer. Save in the event of express

agreement with the Issuer to receive Perpetual Instruments, each Bondholder's Bonds will be converted to shares as set out in the Resolutions.

Bondholders may also inform Nordic Trustee (within a deadline to be determined by Nordic Trustee and announced separately) that they wish to opt out of receiving shares or Perpetual Instruments as consideration in connection with the conversion. The Bonds of such Bondholders will be written down to the same extent as Bondholders who receive shares in the Issuer or (potentially) Perpetual Instruments in the conversion.

Unless otherwise stated herein, all capitalised terms used herein shall have the meaning ascribed to them in the Summons and the bond terms for NAS07 dated 9 December 2015 (as later amended and restated), the bond terms for NAS08 dated 7 February 2017 (as later amended and restated), the bond terms for NAS09 dated 16 November 2017 and the bond terms for the CB dated 13 November 2019, each of which are entered into between the Bond Trustee and the Issuer.

## **1. Summary of key restructuring terms**

### **1.1 Interest holiday until 1 July 2021**

Accrued, but unpaid interest on all Bonds up to a conversion date to be decided between the Issuer and the Bond Trustee (the "**Conversion Date**") shall be cancelled. No interest shall accrue on the Bonds from and including the Conversion Date until 1 July 2021.

### **1.2 Extended maturities**

The maturity dates of NAS07, NAS08 and NAS09 are extended with 1 year.

### **1.3 Conversion of Bonds to shares and consideration for reduced NPV of Bonds**

Bonds will be converted to shares in the Issuer as follows:

- All Bondholders are offered shares in the Issuer as consideration for the reduction in the net present value (NPV) of the Bonds in the respective Bond Issues that the proposed Resolutions will cause. The reduction of NPV shall be calculated based on the reduced NPV amount as of 4 May 2020 of the cash flow of each Bond Issue based on its current agreed cash flow profile, and the proposed new cash flow profile, using the current coupon rate as listed on Stamdata.com for each Bond Issue as of this date. The NPV of all cash flows shall be calculated based on a discount rate of 5.2% p.a., which also shall be the discount rate used in connection with similar calculations for the Lessors.
- 60%, 60% and 85% of the principal amount under NAS07, NAS08 and the CB, respectively, will be converted to equity. Conversions, extensions, cancellation of accrued but unpaid interest and interest holidays implies a reduced NPV of approximately EUR 175.1 million, SEK 641.0 million, NOK 17.5 million and USD 139.9 million for NAS07, NAS08, NAS09 and the convertible bond, respectively, and shall be calculated in NOK based on the fixed FX rates set out in the Summons.<sup>1</sup>

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<sup>1</sup> These being 10.5528 for USD/NOK, 11.3875 for EUR/NOK and 103.72 for SEK/NOK

#### Summary of the terms of the conversion:

Bonds	Conversion of principal amount (percentage of total principal amount)	Reduced NPV used for calculation purposes	NOK amount to be converted to shares	Remaining Outstanding Bonds following the conversion
CB	USD 127,500,000 (85%)	USD 139,863,815	NOK 1,475,954,871	USD 22,500,000
NAS07	EUR 150,000,000 (60%)	EUR 175,076,644	NOK 1,993,685,283	EUR 100,000,000
NAS08	SEK 578,100,000 (60%)	SEK 640,968,870	NOK 664,812,912	SEK 385,400,000
NAS09	N/A	NOK 17,452,716	NOK 17,452,716	NOK 250,000,000

#### 1.4 Lock-up

As further described in the amended and restated proposed Resolutions, the shares issued to the bondholders in the Bond Issues will be subject to a lock-up on the following terms: One third of such shares will be released from the lock-up on 1 September 2020. Another third of such shares will be released on 1 December 2020. The final third is released on 1 March 2021.

#### 1.5 Other amendments and adjustments of the Bonds

Other adjustments include waiver of certain events of default, particularly cross-default which is intended to give sufficient manoeuvrability in a situation when the Company continues negotiating with its creditors.

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This notice, and any non-contractual obligations arising out of or in connection with it, shall be governed by Norwegian law.

For and on behalf of

Norwegian Air Shuttle ASA

By: 

Name: Geir Karlsen

Title: Chief Financial Officer

Appendix 1: Amended and Restated Proposal for Resolution for CB

Appendix 2: Amended and Restated Proposal for Resolution for NAS07

Appendix 3: Amended and Restated Proposal for Resolution for NAS08

Appendix 4: Amended and Restated Proposal for Resolution for NAS09

## Appendix 1

### AMENDED AND RESTATED PROPOSAL FOR RESOLUTION FOR CB

- (i) The Bondholders approve that the delivery of Annual Financial Statements as set out in Clause 15.1 (a) of the Bond Terms may be postponed until 30 June 2020 and the Issuer may follow any ESMA guidance notices on publishing of the Annual Financial Statements and Interim Accounts.

- (ii) Paragraph (a) and (b) of Clause 16.4 (*Financial Covenants*) of the Bond Terms shall be deleted and replaced by the following:

*“(a) Minimum Book Equity*

*The Issuer shall ensure that the Group, on a consolidated basis, maintains a Book Equity of minimum NOK 1,500 million.*

*Notwithstanding the above, in the event that the most recent audited consolidated annual financial statements or latest Interim Accounts of the Issuer (as applicable), when published, indicate a Book Equity lower than the minimum amount provided for above, such event shall not represent a failure to comply with this Clause 16.4(a) (Minimum Book Equity) provided that:*

*(i) the Issuer has summoned a general meeting of its shareholders to resolve steps to increase its Book Equity sufficiently; and*

*(ii) its Book Equity is sufficiently increased within 45 days of the publication of the relevant financial statements or Interim Accounts (as applicable).*

*(b) Liquidity*

*The Issuer shall ensure that the Group, on a consolidated basis, maintains minimum Liquidity of NOK 500 million.*

*The Issuer undertakes to comply with the above financial covenants at all times, such compliance to be certified by the Issuer with each Annual Financial Statement and Interim Account. All financial covenants shall be calculated on a consolidated basis for the Group during the term of the Bonds.”*

For the purposes of Clause 16.4 (*Financial Covenants*) (as amended), the following definitions shall apply:

*““Book Equity” means the aggregate book value (on a consolidated basis) of the Group’s total equity in accordance with GAAP, as set out in the then most recent audited consolidated annual financial statements (or, if more recent, the latest Interim Accounts) of the Issuer.”*

*““Liquidity” means the aggregate book value of the Group’s freely available and unrestricted cash and cash equivalents (on a consolidated basis).”*

- (iii) The minimum requirement for Liquidity in Clause 16.4 (b) (*Liquidity*) (as amended) shall be NOK 100 million until 1 July 2021.

(iv) The Bondholders waive any current or future Event of Default under Clause 17.1 (d), (e) or (f) of the Bond Terms that has occurred or occurs prior to 1 July 2021 provided such events do not have a Material Adverse Effect.

(v) A new paragraph (h) (*Cross-acceleration*) shall be inserted in Clause 17.1 of the Bond Terms:

*“An asset of a Group Company is prior to 1 July 2021 subject to the enforcement of any Security and both the value of the asset subject to the Security and the unpaid amount in respect of which the Security is being enforced is more than USD 20,000,000.”*

(vi) Accrued, but unpaid interest on the Bonds up to a conversion date to be decided between the Issuer and the Bond Trustee (the “**Conversion Date**”) shall be cancelled. No interest shall accrue on the Bonds from and including the Conversion Date until 1 July 2021.

(vii) Bondholders shall receive shares in the Issuer as follows:

(A) The Bond Trustee (acting on behalf of the Bondholders) shall subscribe for a number of shares in the Issuer (the “**Subscription Amount**”) equal to the quotient (rounded downwards) of (x) the sum of USD 139,863,815 (representing the reduced net present value of the bonds caused by the write down of the Bonds, maturity extension, interest forgiveness and interest holidays) (the “**NPV Reduction**”) converted to NOK at the exchange rate for USD/NOK published by Norges Bank on 6 April 2020 (being 10.5528) divided by (y) a subscription price of NOK [•]<sup>2</sup> (the “**Subscription Price**”). The Subscription Amount shall be settled by the Bond Trustee setting off the NPV Reduction against the aggregate Subscription Price.

(B) The reduction of the Bonds caused by the conversion and the distribution of the Subscription Amount will be made on a pro rata basis among the Bondholders based on the holdings registered in VPS at the record date.

(C) The conversion of Bonds to shares in the Issuer shall occur on the Conversion Date with the record date being at close of business on 3 Business Days prior to the Conversion Date and trading in the Bonds being halted from the record date.

(viii) The new shares issued will be registered with the Norwegian Central Securities Depository (the VPS) with a separate ISIN number and be subject to a lock-up preventing any transfer of shares. The mechanism for release of the lock-up shall be as follows:

(A) The new shares to be received by the bondholders will be registered under three new ISINs (“**ISIN A**”, “**ISIN B**” and “**ISIN C**”) in VPS. The total amount of shares will be split across the three ISINs. Shares registered under ISIN A, ISIN B and ISIN C will be distributed on a pro rata basis among the Bondholders based on the holdings registered in VPS at the record date.

(B) All the shares registered under ISIN A, ISIN B and ISIN C will initially be subject to a transfer restriction that will prevent the transfer of the shares.

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<sup>2</sup> The subscription price shall be determined so that the number of shares held by pre-conversion shareholders will equal 5.2% of the total number of outstanding shares following the conversion of bonds and lease debt (excluding, for the avoidance of doubt, any shares issued in the future in connection with the conversion of power by the hour rental to equity) to shares in the Company to be approved on the Company’s EGM on 4 May 2020 (and thus not counting any shares issued in connection with a private placement and/or public offering approved by the EGM). The subscription price shall be the same for all conversion of bonds and lease debt.

- (C) On 1 September 2020, shares registered under ISIN A will be released from the lock-up by being merged with ISIN NO0010196140 (the “General ISIN”), being the ISIN under which all of the Issuer’s shares are currently registered.
- (D) On 1 December 2020, shares registered under ISIN B will be released from the lock-up by being merged with the General ISIN.
- (E) On 1 March 2021, shares registered under ISIN C will be released from the lock-up by being merged with the General ISIN.
- (ix) The Issuer and the Bond Trustee are entitled to split the Outstanding Bonds in any number of bonds and provide any calculation to be rounded downwards in order to complete any conversion or other resolution contemplated by this Proposal.
- (x) Outstanding Bonds shall following the conversion retain their Conversion Right, subject to the following:
  - (A) the Conversion Price shall be reset to the Subscription Price;
  - (B) no adjustments under Clause 13 (*Adjustment of the Conversion Prices*) shall be made prior to 1 July 2021 except for adjustments pursuant to paragraph (a) of Clause 13.1 (*Consolidation, reclassification, redesignation or subdivision*); and
  - (C) The Bonds shall not carry a Conversion Right until 1 July 2021.
- (xi) Clause 18.2 (c) of the Bond Terms shall be amended as follows:
 

*“Until 1 July 2020, summons to a Bondholders’ Meeting must be sent no later than 5 Business Days prior to the proposed date of the Bondholders’ Meeting and, thereafter, no later than 10 Business Days prior to the proposed date. The Summons shall be sent to all Bondholders registered in the CSD at the time the Summons is sent from the CSD. If the Bonds are listed, the Issuer shall ensure that the Summons is published in accordance with the applicable regulations of the Exchange. The summons shall also be published on the website of the Bond Trustee (alternatively by press release or other relevant information platform.”*
- (xii) The effectiveness of the resolutions set out in paragraphs i to xi is conditional upon:
  - (A) the bondholders in NAS07 and the bondholders in NAS08 approving the NAS07 Resolutions and the NAS08 Resolutions, respectively;
  - (B) the Extraordinary General Meeting of the Issuer approving the conversion to shares on the contemplated meeting dated 4 May 2020;
  - (C) a closing procedure that in the Bond Trustee’s reasonable opinion ensures that Tranche 2 and Tranche 3 of the State Aid Package will be available to the Issuer following such conversion; and
  - (D) minimum USD 500 million lease obligations to be converted to shares at the same conversion price as the Bondholders.

## Appendix 2

### AMENDED AND RESTATED PROPOSAL FOR RESOLUTION FOR NAS07

- (i) The Bondholders approve that the delivery of Financial Statements as set out in Clause 13.2.1 (c) may be postponed until 30 June 2020 and the Issuer may follow any ESMA guidance notices on publishing of the Financial Statements and Interim Accounts.
- (ii) The minimum requirement for Liquidity in Clause 13.4 (b) (*Liquidity*) shall be NOK 100 million until 1 July 2021.
- (iii) Paragraph (j) (Financial Indebtedness) of Clause 13.3 (*General Covenants*) of the Bond Terms shall be amended as follows:

*"The Issuer shall not, and shall procure that no other Group Company (other than the Slot Owner) will, incur any new unsecured debts covered by the definition of Financial Indebtedness items (a) or (c) unless the maturity date for such Financial Indebtedness falls on a date after the Maturity Date. This restriction shall not apply to (i) financing of aircraft in Arctic Aviation or any of its Subsidiaries through a short term credit facility towards any kind of financial institution; (ii) issuing of a new NOK bond issue for the main purpose of raising cash for repayment of preexisting bond issues at their later maturity; (iii) draw down of existing available credit facilities or note purchase facilities; or (iv) utilization of available tap issues under any preexisting bond issues or under this Bond Agreement. Furthermore, the restriction shall not apply to any debt incurred by the Group which is (i) wholly or partially guaranteed or provided by the Norwegian government (including any wholly owned governmental institution) or forms part of a financing arrangement involving debt guaranteed by the Norwegian government or (ii) incurred to enable the Group to cover corporate expenses during the restrictions on commercial air traffic as a result of Covid-19."*

- (iv) The Bondholders waive any current or future Event of Default under Clause 15.1 (c), (e), (f) or (g) of the Bond Terms that has occurred or occurs prior to 1 July 2021 provided such events do not have a Material Adverse Effect.
- (v) A new paragraph (j) (*Cross-acceleration*) shall be inserted in Clause 15.1 of the Bond Terms:

*"An asset of a Group Company is prior to 1 July 2021 subject to the enforcement of any Security and both the value of the asset subject to the Security and the unpaid amount in respect of which the Security is being enforced is more than USD 20,000,000."*
- (vi) The Maturity Date is postponed to 11 November 2022 (being one year from the current Maturity Date).
- (vii) Accrued, but unpaid interest on the Bonds up to a conversion date to be decided between the Issuer and the Bond Trustee (the "**Conversion Date**") shall be cancelled. No interest shall accrue on the Bonds from and including the Conversion Date until 1 July 2021.
- (viii) Bondholders shall receive shares in the Issuer as follows:
  - (A) The Bond Trustee (acting on behalf of the Bondholders) shall subscribe for a number of shares in the Issuer (the "**Subscription Amount**") equal to the quotient (rounded downwards) of (x) the sum of EUR 175,076,644 (representing the reduced net present value of the bonds caused by the write down of the Bonds, maturity

extension, interest forgiveness and interest holidays) (the “NPV Reduction”) converted to NOK at the exchange rate for EUR/NOK published by Norges Bank on 6 April 2020 (being 11.3875) divided by (y) a subscription price of NOK [•]<sup>3</sup> (the “Subscription Price”). The Subscription Amount shall be settled by the Bond Trustee setting off the NPV Reduction against the aggregate Subscription Price.

- (B) The reduction of the Bonds caused by the conversion and the distribution of the Subscription Amount will be made on a pro rata basis among the Bondholders based on the holdings registered in VPS at the record date.
  - (C) The conversion of Bonds to shares in the Issuer shall occur on the Conversion Date with the record date being at close of business on 3 Business Days prior to the Conversion Date and trading in the Bonds being halted from the record date.
- (ix) The new shares issued will be registered with the Norwegian Central Securities Depository (the VPS) with a separate ISIN number and be subject to a lock-up preventing any transfer of shares. The mechanism for release of the lock-up shall be as follows:
- (A) The new shares to be received by the bondholders will be registered under three new ISINs (“ISIN A”, “ISIN B” and “ISIN C”) in VPS. The total amount of shares will be split across the three ISINs. Shares registered under ISIN A, ISIN B and ISIN C will be distributed on a pro rata basis among the Bondholders based on the holdings registered in VPS at the record date.
  - (B) All the shares registered under ISIN A, ISIN B and ISIN C will initially be subject to a transfer restriction that will prevent the transfer of the shares.
  - (C) On 1 September 2020, shares registered under ISIN A will be released from the lock-up by being merged with ISIN NO0010196140 (the “General ISIN”), being the ISIN under which all of the Issuer’s shares are currently registered.
  - (D) On 1 December 2020, shares registered under ISIN B will be released from the lock-up by being merged with the General ISIN.
  - (E) On 1 March 2021, shares registered under ISIN C will be released from the lock-up by being merged with the General ISIN.
- (x) The Issuer and the Bond Trustee are entitled to split the Outstanding Bonds in any number of bonds and provide any calculation to be rounded downwards in order to complete any conversion or other resolution contemplated by this Proposal.
- (xi) The Bond Terms shall include a clause permitting written resolutions on the same terms as under the Bond Trustee’s current bond terms template.
- (xii) Clause 16.2.4 of the Bond Terms shall be amended as follows:

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<sup>3</sup> The subscription price shall be determined so that the number of shares held by pre-conversion shareholders will equal 5.2% of the total number of outstanding shares following the conversion of bonds and lease debt (excluding, for the avoidance of doubt, any shares issued in the future in connection with the conversion of power by the hour rental to equity) to shares in the Company to be approved on the Company’s EGM on 4 May 2020 (and thus not counting any shares issued in connection with a private placement and/or public offering approved by the EGM). The subscription price shall be the same for all conversion of bonds and lease debt.



“Until 1 July 2020, the summons to a Bondholders’ Meeting shall be dispatched no later than 5 Business Days prior to the date of the Bondholders’ Meeting and, thereafter, no later than 10 Business Days prior to the date of the Bondholders’ Meeting. The summons and a confirmation of each Bondholder’s holdings of Bonds shall be sent to all Bondholders registered in the Securities Depository at the time of distribution. The Exchange shall also be informed if the Bonds are listed.”

- (xiii) The effectiveness of the resolutions set out in paragraphs i to xii is conditional upon:
- (A) the bondholders in CB and the bondholders in NAS08 approving the CB Resolutions and the NAS08 Resolutions, respectively;
  - (B) the Extraordinary General Meeting of the Issuer approving the conversion to shares on the contemplated meeting dated 4 May 2020;
  - (C) a closing procedure that in the Bond Trustee’s reasonable opinion ensures that Tranche 2 and Tranche 3 of the State Aid Package will be available to the Issuer following such conversion; and
  - (D) minimum USD 500 million lease obligations to be converted to shares at the same conversion price as the Bondholders.

Appendix 3  
**AMENDED AND RESTATED PROPOSAL FOR RESOLUTION FOR NAS08**

- (i) The Bondholders approve that the delivery of Financial Statements as set out in Clause 13.2.1 (c) may be postponed until 30 June 2020 and the Issuer may follow any ESMA guidance notices on publishing of the Financial Statements and Interim Accounts.
- (ii) The minimum requirement for Liquidity in Clause 13.4 (b) (*Liquidity*) shall be NOK 100 million until 1 July 2021.
- (iii) Paragraph (j) (Financial Indebtedness) of Clause 13.3 (*General Covenants*) of the Bond Terms shall be amended as follows:

*"The Issuer shall not, and shall procure that no other Group Company (other than the Slot Owner) will, incur any new unsecured debts covered by the definition of Financial Indebtedness items (a) or (c) unless the maturity date for such Financial Indebtedness falls on a date after the Maturity Date. This restriction shall not apply to (i) financing of aircraft in Arctic Aviation or any of its Subsidiaries through a short term credit facility towards any kind of financial institution; (ii) issuing of a new NOK bond issue for the main purpose of raising cash for repayment of preexisting bond issues at their later maturity; (iii) draw down of existing available credit facilities or note purchase facilities; or (iv) utilization of available tap issues under any preexisting bond issues or under this Bond Agreement. Furthermore, the restriction shall not apply to any debt incurred by the Group which is (i) wholly or partially guaranteed or provided by the Norwegian government (including any wholly owned governmental institution) or forms part of a financing arrangement involving debt guaranteed by the Norwegian government or (ii) incurred to enable the Group to cover corporate expenses during the restrictions on commercial air traffic as a result of Covid-19."*

- (iv) The Bondholders waive any current or future Event of Default under Clause 15.1 (c), (e), (f) or (g) of the Bond Terms that has occurred or occurs prior to 1 July 2021 provided such events do not have a Material Adverse Effect.
- (v) A new paragraph (j) (*Cross-acceleration*) shall be inserted in Clause 15.1 of the Bond Terms:

*"An asset of a Group Company is prior to 1 July 2021 subject to the enforcement of any Security and both the value of the asset subject to the Security and the unpaid amount in respect of which the Security is being enforced is more than USD 20,000,000."*
- (vi) The Maturity Date is postponed to 7 February 2023 (being one year from the current Maturity Date).
- (vii) Accrued, but unpaid interest on the Bonds up to a conversion date to be decided between the Issuer and the Bond Trustee (the "**Conversion Date**") shall be cancelled. No interest shall accrue on the Bonds from and including the Conversion Date until 1 July 2021.
- (viii) Bondholders shall receive shares in the Issuer as follows:
  - (A) The Bond Trustee (acting on behalf of the Bondholders) shall subscribe for a number of shares in the Issuer (the "**Subscription Amount**") equal to the quotient (rounded downwards) of (x) the sum of SEK 640,968,870 (representing the reduced net present value of the bonds caused by the write down of the Bonds, maturity

extension, interest forgiveness and interest holidays) (the “NPV Reduction”) converted to NOK at the exchange rate for SEK/NOK published by Norges Bank on 6 April 2020 (being 103.72) divided by (y) a subscription price of NOK [•]<sup>4</sup> (the “Subscription Price”). The Subscription Amount shall be settled by the Bond Trustee setting off the NPV Reduction against the aggregate Subscription Price.

- (B) The reduction of the Bonds caused by the conversion and the distribution of the Subscription Amount will be made on a pro rata basis among the Bondholders based on the holdings registered in VPS at the record date.
  - (C) The conversion of Bonds to shares in the Issuer shall occur on the Conversion Date with the record date being at close of business on 3 Business Days prior to the Conversion Date and trading in the Bonds being halted from the record date.
- (ix) The new shares issued will be registered with the Norwegian Central Securities Depository (the VPS) with a separate ISIN number and be subject to a lock-up preventing any transfer of shares. The mechanism for release of the lock-up shall be as follows:
- (A) The new shares to be received by the bondholders will be registered under three new ISINs (“ISIN A”, “ISIN B” and “ISIN C”) in VPS. The total amount of shares will be split across the three ISINs. Shares registered under ISIN A, ISIN B and ISIN C will be distributed on a pro rata basis among the Bondholders based on the holdings registered in VPS at the record date.
  - (B) All the shares registered under ISIN A, ISIN B and ISIN C will initially be subject to a transfer restriction that will prevent the transfer of the shares.
  - (C) On 1 September 2020, shares registered under ISIN A will be released from the lock-up by being merged with ISIN NO0010196140 (the “General ISIN”), being the ISIN under which all of the Issuer’s shares are currently registered.
  - (D) On 1 December 2020, shares registered under ISIN B will be released from the lock-up by being merged with the General ISIN.
  - (E) On 1 March 2021, shares registered under ISIN C will be released from the lock-up by being merged with the General ISIN.
- (x) The Issuer and the Bond Trustee are entitled to split the Outstanding Bonds in any number of bonds and provide any calculation to be rounded downwards in order to complete any conversion or other resolution contemplated by this Proposal.
- (xi) The Bond Terms shall include a clause permitting written resolutions on the same terms as under the Bond Trustee’s current bond terms template.
- (xii) Clause 16.2.4 of the Bond Terms shall be amended as follows:

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<sup>4</sup> The subscription price shall be determined so that the number of shares held by pre-conversion shareholders will equal 5.2% of the total number of outstanding shares following the conversion of bonds and lease debt (excluding, for the avoidance of doubt, any shares issued in the future in connection with the conversion of power by the hour rental to equity) to shares in the Company to be approved on the Company’s EGM on 4 May 2020 (and thus not counting any shares issued in connection with a private placement and/or public offering approved by the EGM). The subscription price shall be the same for all conversion of bonds and lease debt.

*“Until 1 July 2020, the summons to a Bondholders’ Meeting shall be dispatched no later than 5 Business Days prior to the date of the Bondholders’ Meeting and, thereafter, no later than 10 Business Days prior to the date of the Bondholders’ Meeting. The summons and a confirmation of each Bondholder’s holdings of Bonds shall be sent to all Bondholders registered in the Securities Depository at the time of distribution. The Exchange shall also be informed if the Bonds are listed.”*

- (xiii) The effectiveness of the resolutions set out in paragraphs i to xii is conditional upon:
- (A) the bondholders in CB and the bondholders in NAS07 approving the CB Resolutions and the NAS07 Resolutions, respectively;
  - (B) the Extraordinary General Meeting of the Issuer approving the conversion to shares on the contemplated meeting dated 4 May 2020;
  - (C) a closing procedure that in the Bond Trustee’s reasonable opinion ensures that Tranche 2 and Tranche 3 of the State Aid Package will be available to the Issuer following such conversion; and
  - (D) minimum USD 500 million lease obligations to be converted to shares at the same conversion price as the Bondholders.

## Appendix 4

### PROPOSAL FOR RESOLUTIONS FOR NAS09

- (i) The Bondholders approve that the delivery of Financial Statements as set out in Clause 13.2.1 (c) may be postponed until 30 June 2020 and the Issuer may follow any ESMA guidance notices on publishing of the Financial Statements and Interim Accounts.
- (ii) The minimum requirement for Liquidity in Clause 13.4 (b) (*Liquidity*) shall be NOK 100 million until 1 July 2021.
- (iii) Paragraph (j) (*Financial Indebtedness*) of Clause 13.3 (*General Covenants*) of the Bond Terms shall be amended as follows:

*"The Issuer shall not, and shall procure that no other Group Company will, incur any new unsecured debts covered by the definition of Financial Indebtedness items (a) or (c) unless the maturity date for such Financial Indebtedness falls on a date after the Maturity Date. This restriction shall not apply to (i) financing of aircraft in Arctic Aviation or any of its Subsidiaries through a short term credit facility towards any kind of financial institution; (ii) issuing of a new NOK bond issue for the main purpose of raising cash for repayment of preexisting bond issues at their later maturity; (iii) draw down of existing available credit facilities or note purchase facilities; or (iv) utilization of available tap issues under any preexisting bond issues or under this Bond Agreement. Furthermore, the restriction shall not apply to any debt incurred by the Group which is (i) wholly or partially guaranteed or provided by the Norwegian government (including any wholly owned governmental institution) or forms part of a financing arrangement involving debt guaranteed by the Norwegian government or (ii) incurred to enable the Group to cover corporate expenses during the restrictions on commercial air traffic as a result of Covid-19."*

- (iv) The Bondholders waive any current or future Event of Default under Clause 15.1 (c), (e), (f) or (g) of the Bond Terms that has occurred or occurs prior to 1 July 2021 provided such events do not have a Material Adverse Effect.
- (v) A new paragraph (j) (*Cross-acceleration*) shall be inserted in Clause 15.1 of the Bond Terms:

*"An asset of a Group Company is prior to 1 July 2021 subject to the enforcement of any Security and both the value of the asset subject to the Security and the unpaid amount in respect of which the Security is being enforced is more than USD 20,000,000."*
- (vi) The Maturity Date is postponed to 23 November 2021 (being 1 year from the current Maturity Date).
- (vii) Accrued, but unpaid interest up to a date to be decided between the Issuer and the Bond Trustee for the distribution of shares in the Issuer to the Bondholders (the "**Conversion Date**") shall be cancelled. No interest shall accrue on the Bonds from 4 May 2020 until 1 July 2021.
- (viii) Bondholders shall receive shares in the Issuer as follows:
  - (A) The Bond Trustee (acting on behalf of the Bondholders) shall subscribe for a number of shares in the Issuer (the "**Subscription Amount**") equal to the quotient (rounded

downwards) of (x) the sum of NOK 17,452,716 (representing the reduced net present value of the bonds caused by the maturity extension, interest forgiveness and interest holidays) (the “NPV Reduction”) divided by (y) a subscription price of NOK [•]<sup>5</sup> (the “Subscription Price”). The Subscription Amount shall be settled by the Bond Trustee setting off the NPV Reduction against the aggregate Subscription Price.

- (B) The distribution of the Subscription Amount will be made on a pro rata basis among the Bondholders based on the holdings registered in VPS at the record date.
  - (C) The distribution of shares to the Bondholders shall occur on the Conversion Date with the record date being at close of business on 3 Business Days prior to the Conversion Date and trading in the Bonds being halted from the record date.
- (ix) The new shares issued will be registered with the Norwegian Central Securities Depository (the VPS) with a separate ISIN number and be subject to a lock-up preventing any transfer of shares. The mechanism for release of the lock-up shall be as follows:
- (A) The new shares to be received by the bondholders will be registered under three new ISINs (“ISIN A”, “ISIN B” and “ISIN C”) in VPS. The total amount of shares will be split across the three ISINs. Shares registered under ISIN A, ISIN B and ISIN C will be distributed on a pro rata basis among the Bondholders based on the holdings registered in VPS at the record date.
  - (B) All the shares registered under ISIN A, ISIN B and ISIN C will initially be subject to a transfer restriction that will prevent the transfer of the shares.
  - (C) On 1 September 2020, shares registered under ISIN A will be released from the lock-up by being merged with ISIN NO0010196140 (the “General ISIN”), being the ISIN under which all of the Issuer’s shares are currently registered.
  - (D) On 1 December 2020, shares registered under ISIN B will be released from the lock-up by being merged with the General ISIN.
  - (E) On 1 March 2021, shares registered under ISIN C will be released from the lock-up by being merged with the General ISIN.
- (x) The Bond Terms shall include a clause permitting written resolutions on the same terms as under the Bond Trustee’s current bond terms template.
- (xi) Clause 16.2.4 of the Bond Terms shall be amended as follows:

*“Until 1 July 2020, the summons to a Bondholders’ Meeting shall be dispatched no later than 5 Business Days prior to the date of the Bondholders’ Meeting and, thereafter, no later than 10 Business Days prior to the date of the Bondholders’ Meeting. The summons and a confirmation of each Bondholder’s holdings of Bonds shall be sent to all Bondholders*

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<sup>5</sup> The subscription price shall be determined so that the number of shares held by pre-conversion shareholders will equal 5.2% of the total number of outstanding shares following the conversion of bonds and lease debt (excluding, for the avoidance of doubt, any shares issued in the future in connection with the conversion of power by the hour rental to equity) to shares in the Company to be approved on the Company’s EGM on 4 May 2020 (and thus not counting any shares issued in connection with a private placement and/or public offering approved by the EGM). The subscription price shall be the same for all conversion of bonds and lease debt.

*registered in the Securities Depository at the time of distribution. The Exchange shall also be informed if the Bonds are listed.”*

- (xii) The effectiveness of the resolutions set out in paragraphs i to xii is conditional upon:
  - (A) the Extraordinary General Meeting of the Issuer approving the conversion to shares on the contemplated meeting dated 4 May 2020;
  - (B) a closing procedure that in the Bond Trustee’s reasonable opinion ensures that Tranche 2 and Tranche 3 of the State Aid Package will be available to the Issuer following such conversion; and
  - (C) minimum USD 500 million lease obligations to be converted to shares at the same conversion price as the Bondholders.