

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

**To the Bondholders in:**

**ISIN NO 001 077751.9 “American Tanker Inc. USD 220,000,000 Senior Unsecured Callable Bond Issue 2017/2022”**

Oslo, 18 February 2019

## **Notice of a Written Resolution**

### **1. INTRODUCTION**

Nordic Trustee AS acts as trustee (the “**Bond Trustee**”) for the holders of bonds in the above-mentioned bond issue (the “**Bond Issue**,” or the “**Bonds**”) issued by American Tanker Inc. (the “**Issuer**” or the “**Company**”).

All capitalized terms used but not defined herein shall have the meaning assigned to them in the bond terms for the Bond Issue made between the Bond Trustee and the Issuer on 17 February 2017 (the “**Bond Terms**”). References to Clauses and paragraphs are references to Clauses and paragraphs of the Bond Terms.

The Issuer has requested that the Bond Trustee issues this request for a Written Resolution pursuant to Clause 16.5 (Written Resolutions) of the Bond Terms to consider approval of the Proposed Resolution (as defined below).

*The information in this Notice of Written Resolution regarding the Issuer, market conditions and described transactions is provided by the Issuer, and the Bond Trustee expressly disclaims all liability whatsoever related to such information.*

### **2. BACKGROUND**

American Shipping Company (“**AMSC**”) is a ship financing company established in 2005 with a fleet of nine modern MR product tankers and one shuttle tanker operating in the U.S. Jones Act market. All vessels are on bareboat contracts with one of the largest U.S. Jones Act ship owning companies, Overseas Shipholding Group, Inc. (“**OSG**”). OSG employs the vessels out on time charters to major oil companies in the U.S. coastwise Jones Act trade.

AMSC owns 100% of American Tanker Inc. through American Tanker Holding Company Inc. In 2017, American Tanker Inc. issued a USD 220 million five-year senior unsecured bond with a coupon rate of 9.25 percent and with an ISIN NO 001 077751.9 (the “**Bond Issue**”). Settlement of Bond Issue was completed on 22 February 2017.

For further information about the Issuer, please visit the Issuer’s website at: <https://www.americanshippingco.com>

### ***Background for the requested amendments***

On 10 December 2018, OSG and AMSC jointly announced that OSG has exercised options to extend its charter agreements with AMSC for nine vessels currently under charter from AMSC. Charter agreements for five of the vessels were extended for additional three-year terms, commencing from December 2019 and ending in December 2022. The charter agreements for four vessels were extended for one-year terms commencing from December 2019 and ending in December 2020. The 10th vessel that it leases from AMSC (the shuttle tanker) is on a ten year bareboat charter expiring in June 2025. As a result, all bareboat charter agreements with AMSC have now been extended for additional periods as highlighted in the table below.

<b>Vessel</b>	<b>Charter Expiration</b>	<b>Remaining Charter Extension Options</b>
Overseas Houston	Dec 22	1 x 1 year, unlimited 3 and 5 year
Overseas Long Beach	Dec 22	1 x 1 year, unlimited 3 and 5 year
Overseas Los Angeles	Dec 22	1 x 1 year, unlimited 3 and 5 year
Overseas New York	Dec 22	1 x 1 year, unlimited 3 and 5 year
Overseas Texas City	Dec 22	1 x 1 year, unlimited 3 and 5 year
Overseas Boston	Dec 20	Unlimited 3 and 5 year
Overseas Nikiski	Dec 20	Unlimited 3 and 5 year
Overseas Martinez	Dec 20	Unlimited 3 and 5 year
Overseas Anacortes	Dec 20	Unlimited 3 and 5 year
Overseas Tampa	Jun 25	2 x 5 year followed by 5 x 1 year

The charter agreements provide that each one-year option is only usable once, while the three- and five-year options are available indefinitely. All terms, including the lease rate, are fixed throughout the option periods and the options are on a vessel-by-vessel basis and can be exercised individually. Charter extensions needs to be declared by OSG minimum 12 months prior to expiry of charter.

AMSC is well positioned to take advantage of growth opportunities in a strengthening Jones Act market and on the back of the OSG charter agreement extensions as described above. Additionally, AMSC is reviewing its capital structure including the forthcoming refinancing of its senior secured debt facilities. The proposed amendments to the Bond Terms as described in Clause 2 below, will in AMSC's opinion, be viewed as a positive element by the senior secured lenders in the contemplated refinancing process as well as strengthens AMSC's ability to raise additional capital in relation to potential future growth opportunities.

### ***Reduced Credit Risk***

Subsequent to completion of the Bond Issue on 22 February 2017, a number of credit enhancing events have occurred, including:

- OSG elected to extend all nine vessels increasing the average charter duration to 3.5 years from December 2018
- Bareboat charters on six vessels matures well beyond bond maturity date and OSG needs to address four tankers for three- or five- year extensions in December 2019, as the one-year option is exhausted for those vessels
- OSG completed a successful refinancing of its outstanding debt in December 2018, reducing AMSC's counterparty risk
- Considerable improvement on the term market with time charters rates currently approaching USD 60,000 per day as opposed to time charter rates below USD 40,000 per day when the Bond Issue was executed

- Time Charter rates around \$60,000 per day provides attractive economics for both OSG and AMSC
- Positive demand outlook with increased transportation of domestic crude to the U.S. Northeast
- Improved supply and demand balance likely to further strengthen time charter rates going forward
- Limited supply of new Jones Act Tanker units with only one ATB in the orderbook for delivery in Q2-2020, and long lead time for delivery of any potential future newbuild order
- Scrapping continues with 2x tankers and 5x ATBs removed from the Jones Act tanker market during 2018

Proposed Resolution In accordance with Clause 16.5 of the Bond Terms, the Issuer has approached the Bond Trustee to issue this request for a Written Resolution in order to obtain the Bondholders' approval of the proposed amendments to the Bond Terms as described below.

The Issuer proposes that the Bond Terms is amended to reflect the following proposed amendments as described in Clause 3.1 below (the “**Proposed Resolution**”):

## **2.1 The Proposed Resolution**

The Issuer proposes to the following amendments in the existing Bond Terms:

- **Clause 10.1 Redemption of Bonds**  
Amend from partially redemption by four (4) semi-annual instalments each of USD 10 million commencing 42 months after Issue Date, to redemption in full at the Maturity Date.
- **Clause 10.2 Voluntary early redemption- Call Option**  
Change the Call Option early redemption prices as follows:
  - The First Call Date to, but not including, the Interest Payment Date falling 36 months after the Issue Date, at a price equal to 106 per cent of the Nominal Amount for each redeemed Bond (plus accrued interest on the redeemed Bonds);
  - the Interest Payment Date falling 36 months after the Issue Date to, but not including, the Interest Payment Date falling 48 months after the Issue Date, at a price equal to 104.00 per cent. of the Nominal Amount for each redeemed Bond (plus accrued interest on the redeemed Bonds);
  - the Interest Payment Date falling 48 months after the Issue Date to, but not including, the Maturity Date, at a price equal to 102.00 per cent. of the Nominal Amount for each redeemed Bond (plus accrued interest on the redeemed Bonds).
- **Clause 2.1 Amount, denomination and ISIN of the Bonds**  
Amend The Initial Nominal Amount of each Bond from USD 200,000 to USD 1,000.

## **3. AMENDMENT FEE**

As a compensation to the Bondholders, the Issuer offers the Bondholders a one-time amendment fee of 0.25% (flat) of the face value of the Bonds, payable to the Bondholders 10 Business Days after the Proposed Resolution has been accepted (with record date at end-of-business, the date of the approval

of the Proposed Resolution), provided that the Bondholders accept the Proposed Resolution as set out in Clause 2 of this Notice of a Written Resolution.

## 4. EVALUATION OF THE PROPOSED RESOLUTION

### 4.1 The Issuer's evaluation

In the Issuer's opinion, the Proposed Resolution constitutes a balanced and fair proposal, which will enable the Company to optimize its capital structure going forward, including fulfilling its ambitions to actively pursue investment and lease operations in the Jones Act market.

In particular, it is important to underline that the Maximum Total Adjusted Interest-Bearing Debt covenant will remain unchanged, securing the Bondholders a deleveraging through significant debt prepayments over the lifetime of the Bond Issue and towards the final Maturity Date of the Bonds.

The Issuer has engaged Pareto Securities AS as the Issuer's financial advisor (the "**Advisor**") with respect to the Proposed Resolution. Accordingly, Bondholders may contact Pareto Securities AS Fixed Income Sales at +47 22 87 87 70 for further information.

The Advisor is acting solely for, and relying on information from, the Issuer in connection with the Proposed Resolution. No due diligence investigations have been carried out by the Advisor with respect to the Issuer, and the Advisor does not assume any liability in connection with the Proposed Resolution (including but not limited to the information contained herein).

### 4.2 Support from the Bondholders

Prior to this Notice of Written Resolution being distributed, the Issuer has informed the Bond Trustee that it has received confirmation from a majority of the holders of the Voting Bonds that such holders support the Proposed Resolution.

### 4.3 The Bond Trustee's disclaimer/non-reliance

The request is put forward to the Bondholders without further evaluation or recommendations from the Bond Trustee. The Bondholders must independently evaluate whether the Proposed Resolution is acceptable.

## 5. WRITTEN RESOLUTION

Bondholders are hereby provided with a voting request for a Written Resolution pursuant to Clause 16.5 of the Bond Terms. For the avoidance of doubt, no physical Bondholders' Meeting will be held.

For a vote to be valid, the Bond Trustee must have received it by post, courier or email to the address indicated in the enclosed form at Appendix 1 (the "**Voting Form**") no later than 5 March 2019 at 13:00 hours (Oslo time) (the "**Voting Deadline**").

Notwithstanding the Voting Deadline, and subject to the provisions of Clause 16.5 (g) of the Bond Terms, the Proposed Resolution will become effective automatically upon receipt of affirmative votes by or on behalf of the Bondholders who at the date of this notice represent such majority of votes as would be required if the Proposed Resolution was voted on at a Bondholders' Meeting (which, for the avoidance of doubt, is 2/3 of the Voting Bonds pursuant to Clause 16.1 (f) of the Bond Terms) at which all Bondholders entitled to attend and vote thereat were present and voting.

**It is proposed that the Bondholders resolve the following:**

*“The Bondholders approve the Proposed Resolution as described in section 2 in this Notice of a Written Resolution.*

*The Bondholders further authorize the Bond Trustee to enter into such agreements and documents, consent to such waivers and amendments, take any actions and do all such things on behalf of the Bondholders as may be necessary or desirable to support or give effect to the Proposed Resolution.”*

\* \* \*

Yours Sincerely  
**Nordic Trustee AS**



Lars Erik Lærum

Enclosed:      Appendix 1:      Voting Form

**APPENDIX 1 – VOTING FORM**

**Voting Form**  
**NO 001 077751.9**

**American Tanker Inc. USD 220,000,000 Senior Unsecured Callable Bond**  
**Issue 2017/2022**

The undersigned holder or authorised person/entity, votes in the following manner:

The Proposed Resolution as defined in the Notice of a Written Resolution dated 18 February 2019

☐ **In favour** of the Proposed Resolution

☐ **Against** the Proposed Resolution

ISIN NO 001 077751.9	Amount of bonds owned
Custodian Name	Account number at Custodian
Company	Day time telephone number
	E-mail

Enclosed to this form is the complete printout from our custodian/VPS<sup>1</sup>, verifying our bondholding in the bond issue as of \_\_\_\_\_ 2019.

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

\_\_\_\_\_  
 Place, date

\_\_\_\_\_  
 Authorized signature:

***Return:***

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<sup>1</sup> If the Bonds are held in custody other than in the VPS, evidence provided from the custodian confirming that (i) you are the owner of the Bonds, (ii) in which account number the Bonds are held, and (iii) the amount of Bonds owned.