

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

To the bondholders in:

**ISIN: NO 0010810872 - Eagle Bulk Shipco LLC 8.250% senior secured USD
200,000,000 bonds 2017/2022**

Oslo, 23 October 2018

Summons to Bondholders' Meeting

Nordic Trustee AS is appointed as Bond Trustee for the above mentioned Bond issue under the bond terms dated 22 November 2017 (the "**Bond Terms**").

Capitalised terms used herein and not defined shall have the meaning assigned to such terms in the Bond Terms.

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

Background

Eagle Bulk Shipping Inc. (the "**Parent**") has entered into a series of agreements for the order of 19 exhaust gas cleaning systems (a "**Scrubber**") to be retrofitted to its fleet of vessels and the option to purchase 18 additional Scrubbers. The Parent intends to complete the installation of Scrubbers on 19 vessels prior to 1 January 2020, which is the implemation date of the sulphur emission cap regulation, set forth by the International Maritime Organisation. It is intended that four (4) of the 19 Scrubbers will be installed on certain Security Vessels. In addition to the four (4) installations, up to an additional 18 Scrubbers may be installed on the Security Vessels if the purchase options are utilised. The cost, including installation, is expected to be approximately USD 2,000,000 per Scrubber.

Pursuant to the Bond Terms the Issuer is permitted to apply the net proceeds of the sale or disposal of a Security Vessel paid to the Disposal Account towards the financing (in whole or in part) of the acquisition of any Additional Vessel(s). By this summons the Issuer requests the consent of the Bondholders to make certain amendments to the Bond Terms to permit the Issuer to apply the net proceeds of a Permitted Disposal to finance (in whole or in part) costs and expenses related to the acquisition and installation of each of the four (4) committed and up to 18 optional Scrubbers to be retrofitted to certain of the Security Vessels.

Proposal

In furtherance of the above, the Issuer proposes the Bondholders resolve the following (the "**Amendments**");

The definition of "Reinvestment" in Clause 1.1 (*Definitions*) of the Bond Terms shall be amended to read as follows (with changes shown as mark-up for the purpose of this summons only):

“Reinvestment” means (i) financing (in whole or in part) of the acquisition of any Additional Vessel(s) (acquired on terms no less favourable to the relevant Group Company than arms-length terms) either externally or from another entity within the Parent group (which is not a Group Company) and over which Additional Security shall be granted or (ii) financing (in part) any costs and expenses related to the acquisition and installation of any Scrubber on any Security Vessel, however always provided that (a) the ratio of the amount drawn from the Disposal Account to cash from the Group equals no more than 2:1, and (b) the amount drawn from the Disposal Account in respect of the acquisition and installation of Scrubbers shall not exceed USD 25,000,000 in aggregate.

The definition of "Permitted Disposal Event" in Clause 1.1 (*Definitions*) of the Bond Terms shall be amended to read as follows (with changes shown as mark-up for the purpose of this summons only):

“Permitted Disposal” means any sale or disposal of a Security Vessel or the shares of a Vessel Owner, provided however, that any disposal of a Security Vessel or a Vessel Owner shall be conditional upon no Event of Default arising as a result of such disposal including the Issuer receiving satisfactory evidence that there will be no claims from that Vessel Owner against any Group Company following completion of the disposal, and any such sale or disposal shall only constitute a Permitted Disposal if the net proceeds received from a Permitted Disposal is paid directly into the Disposal Account.

The funds paid into the Disposal Account shall remain pledged and blocked until they are employed (no later than 12 months following the relevant Permitted Disposal) towards either:

- (i) Reinvestment; and/or
- (ii) making a Tender Offer, after which Bonds will be redeemed on a pro rata basis between the Bondholders who accepted the Tender Offer at the relevant tender price (and on the basis of number of Bonds tendered for redemption).

If the funds are not employed as set out above within the date falling 12 months following the relevant Permitted Disposal, any remaining proceeds on the Disposal Account shall remain on the Disposal Account as Security for all amounts outstanding under the Finance Documents, until they are employed towards either (i) financing of the acquisition of any Additional Vessel (ii) financing (in part) any costs and expenses related to the acquisition and installation of any Scrubber on any Security Vessel, however always provided that (a) the ratio of the amount drawn from the Disposal Account to cash from the Group equals no more than 2:1, and (b) the amount drawn from the Disposal Account in respect of the acquisition and installation of Scrubbers shall not exceed USD 25,000,000 in aggregate, or (iii) redemption of Bonds following application of the Call Option.

Upon the disposal of a Vessel Owner or Security Vessel and application of proceeds in accordance with the requirements for a Permitted Disposal (or the Bond Trustee being satisfied that proceeds will be so applied and subject to closing mechanics satisfactory to the Bond Trustee), the Bond Trustee shall, upon request and at the Issuer's cost, release the Security held relating solely to the asset sold.

The definition of "Security Vessel" in Clause 1.1 (*Definitions*) of the Bond Terms shall be amended to read as follows (with changes shown as mark-up for the purpose of this summons only):

"Security Vessel" means the Initial Vessels, any Additional Vessels and (for the avoidance of doubt) any other dry bulk vessel owned by any Group Company and, for the avoidance of doubt, includes any Scrubber installed on a Security Vessel.

The following new definition shall be included in Clause 1.1 (*Definitions*) of the Bond Terms:

"Scrubber" means exhaust gas cleaning systems for ocean going vessels acquired by a Group Company.

A new paragraph (e) shall be added to Clause 2.5 (Transaction Security) of the Bond Terms:

"Upon an acquisition and installation of a Scrubber on a Security Vessel, the Issuer shall to the extent required by applicable law procure and take all actions necessary to ensure that the relevant Vessel Mortgage extends to confer Security over the Scrubber installed on the relevant Security Vessel, and to the extent that the Vessel Mortgage cannot legally extend to cover the Scrubber under applicable law, additional Security over the Scrubbers to the Bond Trustee's satisfaction shall be provided."

The Amendments shall be subject to documentation in form and substance satisfactory to the Bond Trustee, and the Bond Trustee having received the following documents, in form and substance satisfactory to the Bond Trustee:

- (i) confirmations from the Guarantors and the Issuer that the existing Transaction Security will continue in full force and effect; and
- (ii) confirmation from legal counsel that Scrubbers will be covered by the Vessel Mortgages and that the Vessel Mortgages will continue in full force and effect following the Amendments.

Bondholder support

The Issuer has received indicative support to the Proposal from Bondholders representing more than 60% of the Outstanding Bonds.

This summons is for information purposes only and is neither an offer to sell nor a solicitation of an offer to buy any security, including the 8.250% senior secured USD 200,000,000 bonds 2017/2022 (the "**Bonds**"), which have not been registered under the U.S. Securities Act of 1933, as amended. This announcement is also not a solicitation of consents with respect to the Proposed Amendment or any securities. No recommendation is being made as to whether holders of the Bonds should consent to the Proposal. The solicitation of consents is not being made in any jurisdiction in which, or to or from any person to or from whom, it is unlawful to make such solicitation under applicable securities or "blue sky" laws.

Further Information

The Issuer has engaged DNB Markets, a part of DNB Bank ASA, Fearnley Securities AS and Skandinaviska Enskilda Banken AB (publ) as the Issuer's financial advisors (the "**Advisors**") under this proposal. Accordingly, Bondholders may contact the Advisors or the Issuer using the details set out below for further information.

The Advisors are acting solely for the Issuer and no-one else in connection with this proposal under these Summons. No due diligence investigations have been carried out by the Advisors with respect to the Issuer and the Advisors expressly disclaims any and all liability whatsoever in connection with this proposal (including but not limited to the information contained herein).

For more detailed information, please contact:

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To enable the Issuer to conduct the proposed change of the Bond Agreement, the Issuer has requested the Bond Trustee to summon a Bondholders' meeting to consider the approval of the proposed changes.

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 changes are acceptable.

Bondholders' meeting:

Bondholders are hereby summoned to a Bondholders' meeting:

Time: 6 November 2018 at 13:00 hours (Oslo time),
Place: The premises of Nordic Trustee AS,
Haakon VII's gt 1, 0161 Oslo - 6th floor

Agenda:

1. Approval of the summons.
2. Approval of the agenda.
3. Election of two persons to co-sign the minutes together with the chairman.
4. Request for adoption of proposal:

It is proposed that the Bondholders' meeting resolve to approve the Amendments and to authorise the Bond Trustee to complete the negotiation of form, terms, conditions and timing in relation to the Amendments, without any obligation to notify the Bondholders as provided for in Clause 17.2 of the Bond Terms. Further, the Bond Trustee is given power of attorney to prepare, finalise and enter into the necessary agreements in connection with documenting the decisions made by the Bondholders' Meetings as well as to carry out the necessary completion work, including making appropriate amendments to the Bond Terms.

To approve the above resolution, Bondholders representing at least 2/3 of the Bonds represented in person or by proxy at the meeting must vote in favour of the resolution. In order to have a quorum, at least 50% of the Voting Bonds must be represented at the meeting. If the proposal is not adopted, the Bond Agreement will remain unchanged.

Please find attached a Bondholder's Form from the Securities Depository (VPS), indicating your bondholding at the printing date. The Bondholder's Form will serve as proof of ownership of the Bonds and of the voting rights at the bondholders' meeting. (If the bonds are held in custody - i.e. the owner is not registered directly in the VPS - the custodian must confirm; (i) the owner of the bonds, (ii) the aggregate nominal amount of the bonds and (iii) the account number in VPS on which the bonds are registered.)

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

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

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

Yours sincerely
Nordic Trustee AS



Olav Slagsvold

Enclosed: Bondholder's Form