

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

To the bondholders in:

ISIN: NO 001 063322.5 - 12 per cent Deep Drilling 1 Pte. Ltd. Senior Secured Callable Bond Issue 2011/2015

Oslo 2 December 2016

## Summons to Bondholders' Meeting

Nordic Trustee ASA acts as Bond Trustee for the above mentioned Bond Issue.

All capitalised terms used and not otherwise defined herein shall have the same meaning assigned to them in the bond agreement dated 21 December 2011 (as amended by an amendment agreement dated 17 December 2015) for the 12 per cent Deep Drilling 1 Pte. Ltd. Senior Secured Callable Bond Issue 2011/2015 with ISIN NO 001 063322.5 (the "**Bond Agreement**") between Deep Drilling 1 Pte. Ltd. (the "**Issuer**") and Nordic Trustee ASA (previously Norsk Tillitsmann ASA) (the "**Bond Trustee**").

*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.*

### 1. Background

The Issuer is part of the Aban Offshore Ltd. group (the "**Aban Group**"), which is in the business of owning, operating and chartering jack-up rigs. The Issuer issued the Bonds in an aggregate amount of USD 125,000,000 on 21 December 2011, and the present outstanding principal amount is USD 23,525,066. The Bonds are listed on Nordic ABM.

Reference is made to the notice published<sup>1</sup> on 29 November 2016. In light of the challenging market conditions and the fact that jack-up rig "Deep Driller 1" (the "**Rig**") is currently not under deployment, the Issuer is proposing certain amendments to the Bond Agreement as further described in section 3 (*Summary of proposed amendments*) and Schedule 2 (*Form of Amendment Agreement*) below (the "**Proposal**").

The Issuer requests Bondholders to take into consideration that it is likely to take some more time before the Rig secures any deployment opportunity. Further, only nine out of the eighteen assets owned by the Aban Group are under deployment. This has negatively impacted the ability to set aside funds to redeem the Bonds as per the present schedule.

### 2. Further information - Bondholder call

The Issuer will host a conference call at 7 December 2016 at 10:00 hours (Oslo time) to provide further information. Bondholders interested in participating in the conference call may contact the Bond Trustee by mail (mail@nordictrustee.com or trosch@nordictrustee.com) for call in details subject to the Bond Trustee being provided with proof of holdings. Proof of holdings may include

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<sup>1</sup> <http://www.newswest.no/newswest/search.do>

transcript of holdings from VPS/prime broker duly legible, or other evidence of holdings in the form of an up to date screen shot or custodian letter.

### 3. Summary of proposed amendments

The proposed amendments to the Bond Agreement are set out in Schedule 2 (Form of Amendment Agreement). The main changes are:

- (a) Final Maturity Date postponed until 21 December 2020.
- (b) Entire Outstanding Bonds will be repaid on the Final Maturity Date without any amortization, except for monthly cash sweep if excess cash above the next interest payment on the Bonds.
- (c) Interest payments shall be made semi-annually.
- (d) Call provision extended to the new Final Maturity Date, with call premium as further described in Schedule 2.
- (e) Changes to the application of earnings, including allowing servicing of permitted indebtedness and setting aside operating/ capital expenditure incurred on the Rig, prior to depositing earnings into the Earnings Account.
- (f) Release of the guarantee and security provided by the recent Bareboat Charterer, and deletion of certain covenants from any Bareboat Charterer.
- (g) Deletion of Financial Covenants on the Issuer and Guarantor.

### 4. Evaluation of the Proposal

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

### 5. Summons for Bondholders' Meeting

The Bondholders are hereby summoned to a Bondholders' Meeting:

**Time:** 16 December 2016 at 13:00 hours (Oslo time)

**Place:** The premises of Nordic Trustee ASA

Haakon Vils gt 1, 0161 Oslo - 6<sup>th</sup> floor

**Agenda:**

- 1. Approval of the Summons
- 2. Approval of the agenda
- 3. Election of two persons to co-sign the minutes together with the chairman

4. Request for adoption of the Proposal

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

*"The Bondholders Meeting approves the Proposal as described in section 3 (Summary of proposed amendments) and Schedule 2 (Form of Amendment Agreement) of the summons to this Bondholders' Meeting.*

*The Bond Trustee is hereby authorized to prepare, negotiate, finalize and enter into the necessary agreements in connection with documenting the decisions made at the Bondholders' Meeting as well as carry out necessary completion work, including agreeing on necessary amendments to the Bond Agreement and any other Finance Document".*

\* \* \* \*

To approve the Proposal, Bondholders representing more than two-thirds of the Voting Bonds represented (in person or by proxy) at each of the Bondholders' Meetings (for each of the Bonds) must vote in favour of the Proposal. In order to have a quorum at least ½ of the Voting Bonds must be represented at the relevant Bondholders' Meeting.

If the above resolutions are not adopted by all Bonds as proposed herein, the Bond Agreements will remain unchanged.

Please find attached a Bondholder's Form from the Securities Depository (VPS) as Schedule 1hereto, 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 to [mail@nordictrustee.com](mailto:mail@nordictrustee.com), +47 22 87 94 10, or Nordic Trustee ASA, PO Box 1470 Vika, 0116 Oslo, Norway).

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 (at set out at the first page of this letter) within 16:00 hours (4 pm) (Oslo time) the Business Day before the meeting takes place.

Yours sincerely

**Nordic Trustee ASA**

A handwritten signature in blue ink, appearing to be 'Vivian Trøsch', written over the company name.

Vivian Trøsch

Enclosed:

Schedule 1 - Bondholder's Form

Schedule 2 - Form of Amendment Agreement

**Schedule 2    Form of Amendment Agreement**

*[On the following page]*

**AMENDMENT AGREEMENT**

to

the Bond Agreement

between

**Deep Drilling 1 Pte. Ltd.**  
("Issuer")

and

**Nordic Trustee ASA**  
("Bond Trustee")

on behalf of

**the bondholders**  
("Bondholders")

in the bond issue

**12 per cent Deep Drilling 1 Pte. Ltd. Senior Secured Callable Bond Issue 2011/2015**

This agreement (the “**Amendment Agreement**”) is dated on [●] December 2016 between Deep Drilling 1 Pte. Ltd. (the “**Issuer**”) and Nordic Trustee ASA (the “**Bond Trustee**”).

**1. THE SCOPE OF THE AMENDMENT AGREEMENT**

The Amendment Agreement comprises amendments to the agreement relating to “12 per cent Deep Drilling 1 Pte. Ltd. Senior Secured Callable Bond Issue 2011/2015” - ISIN 001 063322.5 (originally dated 20 December 2011 and amended by an amendment agreement dated 17 December 2015, the “**Bond Agreement**”), based on resolution adopted at the Bondholders’ Meeting held [●] December 2016.

**2. AMENDMENT TO THE BOND AGREEMENT**

The Bond Agreement is hereby amended as follows:

- (a) The definition of Book Equity, Cash and Cash Equivalents, Equity Ratio, Minimum Cash Requirement, Retention Account and Total Assets, and all references thereto elsewhere in the Bond Agreement, shall be deleted.

- (b) The definition of Earnings Account shall be amended as follows:

“**Earnings Account**” means an account established in the name of the Issuer with a reputable international bank selected by the Issuer, into which (i) all earnings of the Issuer, including payments from the Bareboat Charterer in accordance with Clause 13.10 (c), shall be paid into, and (ii) all other net earnings related to the Rig and the Drilling Contract shall be paid into. The Earnings Account shall be pledged and blocked in favour of the Bond Trustee (on behalf of the Bondholders), provided that the Issuer shall be entitled to (i) repay any indebtedness incurred by the Issuer and permitted pursuant to Clause 13.4.1(f); and (ii) deduct actual operating expenditure incurred for the daily operation of the Issuer, however limited to USD 38,000 per day, normal capital expenditure incurred by the Issuer on the Rig and any withholding tax or local service tax, out of the earnings of the Issuer and/or net earnings related to the Rig and the Drilling Contract, before the same is paid into the Earnings Account.”

- (c) The definition of Final Maturity Date shall read as follows:

“**Final Maturity Date**” means 21 December 2020.”

- (d) The definition of Interest Payment Date shall read as follows:

“**Interest Payment Date**” means 21 June and 21 December each year, and the Final Maturity Date.”

- (e) paragraph (b) of Clause 7.2 shall read as follows:

“(b) located, organized or resident in a country or territory that is the subject of Sanctions; or”

- (f) paragraphs (viii) and (ix) of Clause 8.2 shall be deleted.

- (g) Clause 9.2 shall read as follows:

“Interest payments shall be made semi-annually in arrears on the Interest Payment Dates.”

- (h) Clause 10.1 (*Maturity*) shall read as follows:

“The remaining Outstanding Bonds shall be repaid by the Issuer on the Final Maturity Date.

Payment shall be made on the subsequent Business Day if the relevant Interest Payment date is not a Business Day.

All repayments shall be made at 100% of par value plus accrued interest on redeemed amount. Instalments must be carried out pro rata between the Bonds (according to the procedures of the Security Depository).”

- (i) Clause 10.2.1 shall read as follows:

“The Issuer may redeem the Bonds (all or any part thereof) at any time from, and including:

- (i) The Interest Payment Date in December 2016 to, but not including, the Interest Payment Date in December 2017 at a price equal to the sum of:

- (1) the present value on the relevant record date of 101% of par value as if such payment originally should have been taken place on the Interest Payment Date in December 2017; and
- (2) the present value on the relevant record date of the remaining interest payment (less any accrued but unpaid interest) through and including the Interest Payment Date in December 2017,

both calculated by using a discount rate of 100 basis points over the comparable U.S. Treasury Rate (i.e. comparable to the remaining duration of the Bonds until the mentioned Interest Payment Date in December 2017) (plus accrued interest on redeemed amount) and where “relevant record date” shall mean a date agreed upon between the Bond Trustee, the Paying Agent, VPS and the Issuer in connection with the such repayment;

- (ii) the Interest Payment Date in December 2017 to, but not including, the Interest Payment Date in December 2018 at a price equal to 101% of par value (plus accrued interest on the redeemed amount); and
- (iii) the Interest Payment Date in December 2018 to, but not including, the Final Maturity Date at a price equal to 100% of par value (plus accrued interest on the redeemed amount).

In case of part redemption, instalments must be carried out pro rata between the Bonds (according to the procedures of the Securities Register).”

- (j) with effect from the Interest Payment Date in December 2016, paragraph (i) - (vi) of Clause 10.4.1 shall be deleted and replaced with the following paragraphs (i)-(iii) which shall read as follows:

“(i) if occurring anytime from the Interest Payment Date in December 2016 to, but not including, the Interest Payment Date in December 2017, at a price equivalent to the sum of:



- (1) the present value on the relevant record date of 101% of the par value discounted from the Interest Payment Date in December 2017; and
- (2) the present value on the relevant record date of the remaining coupon payments (less any accrued but unpaid interest, as such interest shall be paid in full) through and including the Interest Payment Date in December 2017,

both calculated by using a discount rate of 100 basis points over the comparable U.S. Treasury Rate (i.e. comparable to the remaining duration of the Bonds until the mentioned Interest Payment Date in December 2017) (plus accrued interest on redeemed amount) and where "relevant record date" shall mean a date agreed upon between the Bond Trustee, the Paying Agent, VPS and the Issuer in connection with the such repayment;

- (ii) if occurring anytime from and including the Interest Payment Date in December 2017 to, but not including, the Interest Payment Date in December 2018, at a price equal to 101% of par value (plus accrued interest on redeemed amount); and
- (iii) if occurring anytime from and including the Interest Payment Date in December 2018 to, but not including, the Final Maturity Date, at a price equal to 100% of par value (plus accrued interest on redeemed amount)."

- (k) Clause 10.5 (*Cash Sweep*) shall read as follows:

"Any cash in the Earnings Account on the first Business Day in January 2017 and on the first Business Day of every subsequent month thereafter in excess of the interest due on the next Interest Payment Date, shall on the 10<sup>th</sup> calendar day of the relevant month be applied towards redemption in part of the Outstanding Bonds at 100% of par value (including interest on the redeemed amount). Instalments must be carried out pro rata between the Bonds (according to the procedures of the Securities Register)."

- (l) paragraph (d) of Clause 13.3.1 shall read as follows:

"(d) procure that no Drilling Contract is entered into with North Korean or Venezuelan person(s) or entities ultimately controlled by North Korean or Venezuelan person(s), and that the Rig does not enter the territorial waters of North Korea or Venezuela;"

- (m) paragraph (m) of Clause 13.4.1 shall read as follows :

"(m) other than (i) the debt service (interest, principal and cash sweep amortization) to be paid to the Bondholders under the Bond Agreement and (ii) service interest and principal on loans availed by the Issuer from or any indebtedness incurred by the Issuer to, any other member of Aban Group, to meet its normal capital expenditure, working capital requirements, cost of daily operation of the Issuer including cost of operating or stacking the Rig and/or debt servicing on the Bonds, the Issuer may not service any debt held by companies in the Aban Group; and"

- (n) Clause 13.6 (*Financial Covenants*) shall be deleted in its entirety.

- (o) paragraph (e) of Clause 13.9.1, the last (un-numbered) paragraph of Clause 13.9.1 and any reference thereto elsewhere in the Bond Agreement, shall stand deleted in its entirety.

(p) paragraph (a) and (b) of Clause 13.10 (*Bareboat Charterer Covenants*) shall be deleted in its entirety.

(q) paragraph (c) of Clause 13.10 shall read as follows :

“(c) The Bareboat Charterer undertakes that all earnings made from operating the Rig (regardless of being received prior to or after termination of the relevant Bareboat Charter), shall upon receipt by the Bareboat Charterer immediately be paid to the Issuer’s Earnings Account in full, less actual opex incurred, however limited to USD 38,000 per day, and any withholding tax or local service tax, (i) so as to cover first the bareboat rate as per the Bareboat Charter and, if in excess of bareboat rate due, (ii) any such excess cash to be transferred by way of subordinated loans from the Bareboat Charterer to the Issuer; provided that the Bareboat Charterer shall be entitled to deduct from such sums before depositing the same into the Earnings Account, such amount as is required to service interest and principal on any loans availed by the Issuer from or any indebtedness incurred by the Issuer to, any other member of Aban Group or any other person, to meet its normal capital expenditure, working capital requirements, cost of daily operation of the Issuer including cost of operating or stacking the Rig and/or debt servicing on the Bonds.”

### 3. RELEASE OF SECURITY

Following commencement of this Amendment Agreement, the Security Interest referred to in paragraphs (viii) and (ix) of Clause 8.2 of the Bond Agreement shall be released and the Bond Trustee shall take any step necessary to effectuate such release.

### 4. CONFIRMATION OF THE BOND AGREEMENT

- (a) All other provisions of the Bond Agreement remain in full force.
- (b) The Issuer represents and warrants that the representations and warranties in Clause 7 (*Representations and Warranties*), except for Clause 7.1(k), in the Bond Agreement are true and correct in all material respects.

### 5. GOVERNING LAW

Disputes arising out of or in connection with this Amendment Agreement which are not resolved amicably shall be resolved in accordance with Norwegian law in the Oslo City Court.

### 6. COMMENCEMENT

The amendments to the Bond Agreement will commence on the date of this Amendment Agreement, subject to compliance with the following conditions precedent:

- (a) necessary corporate resolutions from the Issuer to execute the Amendment Agreement;
- (b) a power of attorney from the Issuer to the relevant individuals for their execution of the Amendment Agreement or similar documentation evidencing the individuals authorisation to sign on behalf of the Issuer;
- (c) copies of (i) certificate of incorporation or other similar official document and (ii) articles of association of the Issuer;

- (d) the Amendment Agreement being in acceptable form and executed; and
- (e) any statements or legal opinions reasonably required by the Bond Trustee (including any capacity corporate opinions for the Issuer and opinions related to the validity, perfection and enforceability of any Finance Document

The Bond Trustee may, in its reasonable opinion, waive the deadline or requirements for documentation as set forth in this Clause 6.

**Deep Drilling 1 Pte. Ltd.**

**Nordic Trustee ASA**

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Issuer

Bond Trustee

This Amendment Agreement has been executed in - 2 - two - copies (originals), of which the Issuer and the Bond Trustee keep one each.