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**To the bondholders in:**

ISIN NO 001 067044.1 - FRN Siem Offshore Inc. Senior Unsecured Bond Issue 2013/2018

Oslo, 29 March 2017

**Summons to Bondholders' Meeting**

Nordic Trustee ASA ("**Bond Trustee**") acts as trustee for the holders of bonds (the "**Bondholders**") in the above mentioned bond issue with ISIN NO 001 067044.1 (the "**Bonds**" or the "**Bond Issue**") issued by Siem Offshore Inc as issuer (the "**Issuer**"). The Issuer and its subsidiaries are together referred to as the "**Group**".

Capitalised terms used herein shall, unless otherwise specified, have the same meaning as in the agreement dated 28 January 2013 between the Company and the Bond Trustee, in respect of the Bond Issue (the "**Bond Agreement**").

*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.*

The Issuer has requested the Bond Trustee to summon a Bondholders' Meeting to consider the approval of the Proposal as further set out and defined under clause 2 below.

**1. BACKGROUND**

The Issuer has discussed making certain changes to the Bond Issue and to its FRN Siem Offshore Inc. Senior Unsecured Bond Issue 2014/2019 (the "**2019 Bond Issue**"). The Bond Issue and the 2019 Bond Issue are jointly referred to as the "**Bond Issues**". On the basis of these discussions, the Issuer proposes the following (as further detailed in section 2 below):

- The Issuer will subject to the approval of the change of terms set out in this Summons by the bondholders meeting and the bondholders meeting for the 2019 Bond Issue, carry out a

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fully underwritten rights issue of new shares with gross proceeds of no less than NOK 190,000,000 (the "**Rights Issue**").

- The Issuer will have the right to extend the existing USD 60,000,000 revolving credit facility agreement from Siem Industries Inc (the "**RCF**").
- Siem Industries Inc will grant the Bondholders and the bondholders in the Bond Issues an option to acquire the right to repayment of the outstanding amount under the RCF at par value upon both the Bond Issues having been declared in default by the Bond Trustee (the "**RCF Call Option**").
- The RCF will be renegotiated to extend its maturity date until after the new maturity date for the Bond Issue and to provide that any amount repaid under the RCF after the date of the Bondholders' meeting will be available to be re-borrowed, and that Siem Industries Inc will commit to have such funds available. Any PIK interest on the RCF will be a separate unsecured claim which may not be paid or enforced until after the Bonds have been repaid in full and which will be subordinated to the Bond Issues. Any PIK interest on the RCF will not be repaid until the maturity of the RCF. The Issuer has the right to pay cash interest on the RCF as long as cash interest is paid on the Bonds.
- The maturity of the Bonds and the 2019 Bond Issue will be extended by 2.75 years from the original maturity date.
- Interest on the Bonds and the 2019 Bond Issue will be reduced by 0.75% p.a. from 30 April 2017 until the respective original maturity dates of each bond issue. Thereafter, the applicable margin will be the blended (arithmetic average) margin under these two bond issues less 0.75% p.a. The Issuer will be entitled to settle the margin by way of PIK for as long as interest on the RCF is also settled by way of PIK. For periods where the interest is settled by way of PIK the margin will increase by 0.75% p.a.
- A USD tranche will be established under the Bond Issue subject to a minimum conversion of USD 20 million. Each Bondholder will get a one-time offer to convert his Bonds into Bonds on a separate ISIN for the new USD tranche. The USD tranche will have the same margin as the NOK tranche, but the reference rate will be 3 months LIBOR. Any such exchange offer will be made after the implementation of the Proposal described in this Summons. The issuance of USD Bonds pursuant to such exchange offer will be carried out as a tap issue. No other tap issues will be permitted.
- Certain new undertakings by the Issuer under the Bond Agreement:
  - No dividends or distributions and no interest payments on shareholder loans except the RCF (where accrued interest will not be paid in cash unless corresponding cash interest payments are made under the Bonds and the 2018 Bond Issue)
  - No debt in the Group other than permitted debt.
  - No new liens or securities other than permitted liens.

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- Value Adjusted Equity Ratio will be reduced from 30% to 20% and amended so as to include excess value of shares subsidiaries.
  - The Issuer will be granted a call option at par.

## 2. THE PROPOSAL

In accordance with Clause 16.2 of the Bond Agreements, the Issuer has approached the Bond Trustee to convene Bondholders' Meetings in order to obtain the Bondholders' approval to the amendments to the Bond Agreements proposed below, pursuant to the authority given to the Bondholders' Meetings under Clause 16.3 of the Bond Agreements.

The Issuer proposes that the following amendments are made to the Bond Agreement (the "**Proposal**"):

1. It is proposed to introduce the following new definition:

"**2019 Bonds**" ISIN NO 001 070867.0 - FRN Siem Offshore Inc. Senior Unsecured Bond Issue 2014/2019."

2. It is proposed to introduce the following new definition:

"**Additional Bonds**" shall have the meaning set out in Clause 9.8."

3. It is proposed to amend the definition of "Bond Reference Rate" so as to have the following wording:

"**Bond Reference Rate**" means:

- (i) in respect of the NOK Bonds, three months NIBOR.
- (ii) in respect of the USD Bonds, three months LIBOR.

4. It is proposed to amend the definition of "Bonds" so as to have the following wording:

"**Bonds**" means the debt instruments issued by the Issuer pursuant to this Bond Agreement, including any NOK Bonds, any USD Bonds and any Additional Bonds."

5. It is proposed to introduce the following new definition:

"**Call Option**" shall have the meaning set out in Clause 10.2."

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6. It is proposed to amend the definition of "Excess Value" so as to have the following wording:

**"Excess Value"** means (i) the positive or negative difference between the Market Value of the Vessels and the book value of the Vessels on the day of valuation and (ii) the positive or negative difference between the market value and book value of all other tangible and intangible assets, determined in accordance with IFRS, consistently applied."

7. It is proposed to introduce the following new definition:

**"LIBOR"** means the interest rate which (a) is published on Reuters Screen LIBOR01 Page (or through another system or on another website replacing the said system or website respectively) approximately 11.00 a.m. London time, or, if such publication does not exist, (b) at that time corresponds to (i) the average of the quoted lending rates of commercial banks on the interbank market in London or, if only one or no such quotes are provided, (ii) the assessment of the Bond Trustee of the interest rate, which in the Bond Trustee's determination is equal to what is offered commercial banks in the London interbank market, for the applicable period. If any such rate is below zero, LIBOR will be deemed to be zero.

8. It is proposed to amend the definition of "Margin" so as to have the following wording:

**"Margin"** means 4.75 per cent. per annum for the period ending on the Interest Payment Date on 30 April 2017, 4.00 per cent. per annum in the period from 1 May 2017 to and including the Original Maturity Date and means 3.825 per cent. per annum from (but not including) the Original Maturity Date until the Maturity Date."

9. It is proposed to amend the definition of "Maturity Date" so as to have the following wording:

**"Maturity Date"** means 30 October 2020. Any adjustment will be made according to the Business Day Convention."

10. It is proposed to introduce the following new definition:

**"NOK Bonds"** means Bonds issued under the NOK Tranche."

11. It is proposed to introduce the following new definition:

**"NOK Tranche"** shall have the meaning set out in clause 2.2."

12. It is proposed to introduce the following new definition:

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**""Original Maturity Date"** means 30 January 2018."

13. It is proposed to introduce the following new definition:

**""Permitted Financial Indebtedness"** means any Financial Indebtedness:

- (i) under the Bonds or the 2019 Bonds;
- (ii) under any bank loan or other bank credit within the ordinary course of business;
- (iii) under any sale and leaseback transaction within the ordinary course of business and on arm's length terms;
- (iv) under the RCF, but subject to the maximum principal amount outstanding under such facility not exceeding USD 60,000,000 at any time;
- (v) owed to another Group Company;
- (vi) of the Group under any guarantee issued by a Group Company or for the obligations of any Group Company;
- (vii) incurred in the ordinary course of business, including but not limited to refund/warranty guarantees and performance bonds;
- (viii) arising under a foreign exchange transaction or commodity derivatives for spot or forward delivery entered into in connection with protection against fluctuation in currency rates or prices where the exposure arises in the ordinary course of business, but not any transaction for investment or speculative purposes;
- (ix) arising under any interest rate hedging transactions, but not any transaction for investment or speculative purposes; and
- (x) arising under cash pooling, netting or set off arrangements entered into by any Group Company in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances of Group Companies (including any ancillary bank facility which is an overdraft comprising more than one account);"

14. It is proposed to introduce the following new definition:

**""Permitted Security"** means any Security:

- (i) provided for debt permitted under paragraph (ii) or (iii) of the definition Permitted Financial Indebtedness;
- (ii) provided for the RCF (but no new Security may be granted under the RCF);

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- (iii) arising by operation of law or in the ordinary course of business (including collateral or retention of title arrangements in connection with supplier credits);
  - (iv) provided in relation to any real estate lease agreement entered into by a Group Company;
  - (v) arising under any netting or set off arrangements under financial derivatives transactions or bank account arrangements, including group cash pool arrangements, but not any transaction for investment or speculative purposes;
  - (vi) provided for interest rate hedging transactions set out in paragraph (vii) of the definition Permitted Financial Indebtedness, but not any transaction for investment or speculative purposes;
  - (vii) arising over any bank accounts or custody accounts or other clearing banking facilities held with any bank or financial institution under the standard terms and conditions of such bank or financial institution; and
  - (viii) provided in relation to any letters of credit, refund guaranties, warranty guarantees performance bonds and similar."

15. It is proposed to introduce the following new definition:

**"PIK Interest"** shall have the meaning set out in Clause 9.7."

16. It is proposed to introduce the following new definition:

**"Prevailing Rate"** means, in respect of any Relevant Currency on any calendar day, the spot rate of exchange between the Relevant Currencies prevailing as at or about 12 noon (Oslo time) on that date as appearing on or derived from the Relevant Page or, if such a rate cannot be determined at such time the average of the rate offered by two reputable Norwegian banks (otherwise in such other manner as the Bond Trustee shall consider in good faith)."

17. It is proposed to introduce the following new definition:

**"Pro Rata Share"** shall have the meaning set out in Clause 11.3.3."

18. It is proposed to introduce the following new definition:

**"RCF"** means the revolving credit facility agreement dated 24 June 2016 between the Issuer (as borrower) and Siem Industries Inc (as lender) as amended or restated from time to time."

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19. It is proposed to introduce the following new definition:

**"Relevant Currency"** means NOK and USD.

20. It is proposed to introduce the following new definition:

**"Tap Issue"** means subsequent issues after the Issue Date up to the maximum amount described in Clause 2.2."

21. It is proposed to introduce the following new definition:

**"USD Bonds"** means Bonds issued under the USD Tranche."

22. It is proposed to introduce the following new definition:

**"USD Tranche"** shall have the meaning set out in clause 2.2."

23. It is proposed to amend the definition of "Voting Bonds" so as to have the following wording:

**"Voting Bonds"** means the aggregate Face Value of Outstanding Bonds less the Face Value of Issuer's Bonds and a Voting Bond shall mean any single one of those Bonds, provided that any requirement in this Bond Agreement referring to some or all of the Voting Bonds shall be construed as a reference to their respective aggregate Face Value calculated into NOK, with the effect that Bondholders holding bonds in the USD tranche shall have a number of votes for each Voting Bond owned equal to the value in NOK of such voting Bond converted at the Prevailing Rate, for both tranches based on the number of voting Bonds owned at close of business on the Business Day preceding the date of the Bondholders' Meeting in accordance with the records registered in the securities register."

24. It is proposed to amend clause 2.2 so as to have the following wording:

"The Issuer has resolved to issue Bonds in two tranches in the maximum aggregate amount of NOK 600,000,000:

- (i) A Norwegian kroner tranche in the maximum amount of NOK 600,000,000 (the **"NOK Tranche"**)
- (ii) A United States dollar tranche in the maximum amount of the USD equivalent of

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NOK 600,000,000 (the "**USD Tranche**").

The initial outstanding amounts under the Bonds are:

The NOK Tranche: NOK 600,000,000

The USD Tranche: USD 0

The Face Value of the NOK Bonds is NOK 1. The Face Value of the USD Bonds is USD 1. The Bonds shall rank pari passu between themselves.

The Bond Issue will be described as "FRN Siem Offshore Inc. Senior Unsecured Bond Issue 2013/2018".

The ISIN of the Bond Issue will be NO 001 067044.1.

The ISIN of the USD Bonds will be [ ].

The tenor of the Bonds is from and including the Issue Date to the Maturity Date."

25. It is proposed to introduce the following as a new clause 2.2.2:

"The Bond Issue is a Tap Issue, under which one subsequent issue of USD Bonds may take place after Issue Date (only upon an exchange of NOK Bonds to USD Bonds) up to the maximum amount described in Clause 2.2.1 running from the Issue Date and to be closed no later than 5 Business Days prior to the Maturity Date.

The rights and obligations of all parties to the Bond Agreement also apply any Tap Issue. The Bond Trustee will on the issuing of a Tap Issue make an addendum to the Bond Agreement regulating the conditions for such Tap Issue."

26. It is proposed to introduce the following as a new clause 6.5:

"The Issuer may issue a Tap Issue in accordance with Clause 2.2.2 provided that (i) the amount of the aggregate of (a) the Outstanding Bonds prior to such Tap Issue and (b) the requested amount for such Tap Issue shall not exceed the maximum issue amount (ii) no Event of Default occurs or would occur as a result of the making of such Tap Issue, (iii) the documents earlier received by the Bond Trustee, c.f. Clause 6.1, are still valid, (iv) the representations and warranties contained in this Bond Agreement being true and correct and repeated by the Issuer, and (v) that such Tap Issue is in compliance with laws and regulations as of the time of such issue."



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27. It is proposed to introduce the following as a new clause 9.7:

"The Issuer shall have the right, but not an obligation, to capitalize accrued interest as of each Interest Payment Date (rounded down to the nearest NOK or USD, as the case may be) and settled as payment in kind ("**PIK Interest**"), subject to the following:

- (i) The right to settle an interest payment by way of PIK Interest shall be limited to the portion of payable interest which represents Margin. The portion of payable interest which represents the Bond Reference Rate shall always be paid in cash;
- (ii) If the Issuer elects to settle an interest payment by way of PIK Interest, the Margin for that interest period shall be increased by 0.75 per cent per annum;
- (iii) The Issuer shall not have the right to settle an interest payment by way of PIK Interest if it has paid interest in cash on the RCF for the latest preceding interest period under the RCF; and
- (iv) The Issuer must notify the Bond Trustee in writing no less than five Business Days in advance of the relevant Interest Payment Date if it intends to settle the interest payment by way of PIK Interest."

28. It is proposed to introduce the following as a new clause 9.8:

"The amount of unpaid and uncapitalised PIK Interest will be paid in kind by capitalising such amount by way of an issuance of additional bonds ("**Additional Bonds**"). The Issuer shall pay interest on the par value of Additional Bonds from, and including, the applicable Interest Payment Date when the Additional Bonds are issued."

29. It is proposed to introduce the following as a new clause 10.2:

## **10.2 Call Option**

10.2.1 The Issuer may redeem the Bond Issue in whole or in part as follows (the "**Call Option**") at any time at par plus accrued interests on redeemed amount,

10.2.2 Exercise of the Call Option shall be notified by the Issuer in writing to the Bond Trustee and the Bondholders at least ten Business Days prior to the settlement date of the Call Option.

10.2.3 Partial redemption must be carried out pro rata (in accordance with the procedures

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of the Securities Depository).

10.2.4 On the settlement date of the Call Option, the Issuer shall pay to each of the Bondholders holding Bonds to be redeemed, in respect of each such Bond, the principal amount of such Bond and any unpaid interest accrued up to the settlement date.

10.2.5 Bonds redeemed by the Issuer in accordance with this Clause 10.2 shall be discharged against the Outstanding Bonds.

30. It is proposed that the existing clause 10.2 becomes a new clause 10.3.

31. It is proposed to introduce the following as a new clause 11.3.3:

"Any partial redemption to be made in respect of the Bonds under this Agreement, shall made as follows: Partial redemption must be carried out pro rata between the two tranches (NOK Bonds and the USD Bonds) (the "**Pro Rata Share**") calculated on the total aggregate nominal amount of the Bonds."

32. It is proposed to amend clause 13.4 (a) so as to have the following wording:

*"(a) Dividends and other distributions*

The Issuer shall not declare or make any dividend payment, repurchase of shares or make other equity distributions to its shareholders included but not limited to Total Return Swaps involving the Issuer's shares.

The Issuer shall not make any payments under the RCF except (i) for downpayments which are available to be re-borrowed and (ii) cash interest where corresponding cash interest has been paid under the Bonds as further specified in the RCF."

33. It is proposed to introduce the following as a new clause 13.4 (c):

"The Issuer shall not incur or permit to subsist, and shall cause each Group Company not to incur or permit to subsist, any Financial Indebtedness except for Permitted Financial Indebtedness.

The Issuer shall not agree to any amendment of the RCF which would adversely affect the Bondholders except with the prior written consent of the Bond Trustee (but no amendments to be made in conflict with the limitations on payment of interest on the RCF as set out herein)."

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34. It is proposed to introduce the following as a new clause 13.4 (d):

"The Issuer shall not create or permit to subsist, and shall cause each Group Company not to create or permit to subsist, any Security except for Permitted Security."

35. It is proposed that the existing clause 13.4 (c) becomes a new clause 13.4 (e) and that clause 13.4 (e) (ii) is amended so as to have the following wording:

"The Issuer shall ensure that the Group maintains a Value Adjusted Equity Ratio of 20% or higher".

### 3. CONDITIONS

Implementation of the Proposal is subject to the following conditions precedent ("**Conditions Precedent**") being satisfied or waived:

1. Resolution by the Board to implement the Rights Issue fully underwritten by Siem Europe S.a r.l.
2. The entry into an agreement between Nordic Trustee ASA (on behalf of the Bondholders and the bondholders in the 2019 Bonds), the Issuer and Siem Industries Inc with respect to the RCF Call Option and amending the RCF in accordance with the amendments described in section 1 above.
3. Approval by the Bondholders' Meeting as well as the bondholders' meeting under the 2019 Bonds of a proposal on equal terms and conditions as under the "Proposal".
4. The execution of an amended and restated Bond Agreement.
5. Delivery to the Bond Trustee of customary conditions precedent documentation.
6. All costs and fees incurred by the Trustee having been paid in full.

If the Conditions Precedent are not fulfilled or waived within 15 July 2017, the terms and conditions of (including any amount immediately due and payable under) the Bond Agreement shall remain as if unchanged, and any waiver given herein or pursuant to the terms of the Proposal shall be treated as not given.

If the Conditions Precedent are fulfilled or waived before 15 July 2017 but the Rights Issue is not completed with gross proceeds of no less than NOK 190,000,000 by this date, the changes in the

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Bond Agreement will reversed.

#### **4. AUTHORISATION OF THE BOND TRUSTEE**

The Bondholders' Meeting irrevocably authorise the Bond Trustee to negotiate, agree, execute and deliver, on behalf of the Bondholders, any document, agreement and/or instrument as the Bond Trustee (in its sole discretion, but with a duty to negotiate in good faith towards the Issuer) may deem required in order to effect any of the transactions contemplated by the Proposal, in each case, without any liability for the Bond Trustee or its employees except in the case of the Bond Trustee only, fraud or wilful misconduct.

#### **5. NON-RELIANCE**

The request is put forward to the Bondholders without further evaluation or recommendations from the Bond Trustee or Swedbank. The Bondholders must independently evaluate whether the proposed changes are acceptable.

#### **6. FURTHER INFORMATION**

For more detailed information about the Issuer or the Proposal, please see [www.siemoffshore.com](http://www.siemoffshore.com) or contact:

**Dagfinn Lie**

CFO

Siem Offshore Inc.

Cell: +47 38 60 04 14

The Issuer has engaged Swedbank as its financial adviser (the “**Advisor**”). Accordingly, Bondholders may contact the Advisor for further information:

Swedbank

Ole Gunnar Johnsrud

+47 414 78 240

Ole.Gunnar.Johnsrud@swedbank.no

Swedbank

Haakon Brandrud

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#### **11 BONDHOLDERS' MEETING**

Bondholders are hereby summoned to a Bondholders' Meeting for the Bond Issue.

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**Time:** 12 April 2017 at 09:00 hours (Oslo time),  
**Place:** The premises of Nordic Trustee ASA,  
Haakon VII's 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 proposal

To approve the above resolution, Bondholders representing at least 2/3 of the Voting Bonds (as defined in the Bond Agreement) represented in person or by proxy at the meeting must vote in favour of the resolution. In order to have a quorum, at least half 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).

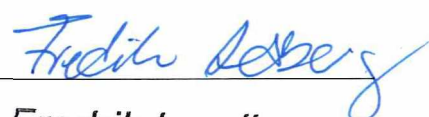
At the Bondholders' Meeting votes may be cast based on bonds held at close of business on the day prior to the date of the Bondholders' Meeting. In the event that Bonds have been transferred to a new owner after the Bondholder's Form was made, the new Bondholder must bring to the Bondholders' Meeting 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

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person or by proxy other than to Nordic Trustee, to notify Nordic Trustee by telephone or by e-mail (mail@nordictrustee.com) within 16:00 hours (4 pm) (Oslo time) the Banking Day before the meeting takes place.

Yours sincerely  
**Nordic Trustee ASA**

  
Fredrik Lundberg

Enclosed: Annex A - Bondholders form