



Denne innkalling til obligasjonseiermøte er kun utarbeidet på engelsk. Ved behov kan Norsk Tillitsmann ASA kontaktes for bistand med oversettelse.

To the bondholders in:

ISIN: NO 001035738.7

**10.5 per cent Nexus 1 Private Limited Callable Bond
Issue 2007/2012**

ISIN: NO 001037520.7

**6.0 per cent Nexus Floating Production Ltd.
Subordinated and Unsecured Convertible Bond
Issue 2007/2012**

Oslo, 3 November 2009

**Summons to Bondholders' Meeting – Restructuring of the Company and Amendment of
Bond Loan Agreements**

Norsk Tillitsmann ASA (the “**Trustee**”) acts as loan trustee for the two bond loans with ISIN NO 001035738.7 (the “**Second Lien Bonds**”, and the holders thereof being the “**Second Lien Bondholders**”) and ISIN NO 001037520.7 (the “**Convertible Bonds**”, and the holders being the “**Convertible Bondholders**”, together with the Second Lien Bondholders, the “**Bondholders**”) (together the “**Bonds**”) where Nexus 1 Private Limited (“**Nexus 1**”) and Nexus Floating Production Ltd (the “**Parent**”, and together with Nexus 1, the “**Company**”) respectively are the Borrowers.

All capitalized terms used herein and not otherwise defined herein shall have the meanings assigned thereto in the respective agreements for the Second Lien Bonds (the “**Second Lien Loan Agreement**”) and the Convertible Bonds (the “**Convertible Loan Agreement**”, and together with the Second Lien Loan Agreement, the “**Bond Loan Agreements**”) or this summons to the Bondholders' meeting unless otherwise stated.

The information regarding the operational and financial status of the Company and market conditions is provided by the Company, and the Trustee expressly disclaims any liability whatsoever related to such information.

Background

Please refer to the various Summons to Bondholders' Meeting issued by the Trustee on 9 June 2009, 25 June 2009, 7 July 2009, 21 July 2009, 14 August 2009 and the most recent Summons dated 2 September 2009 which convened a meeting of the holders of the Bonds (the “**Bondholders**”) on 10 September 2009 (together, the “**Previous Summons**”).



As stated in the Previous Summons, due to prevailing market conditions and despite an extensive marketing effort by the Company and its financial advisors towards multiple potential upcoming prospects, the Company has been unable to secure employment for the FPSO unit being constructed by Samsung Heavy Industries Co. Ltd ("**Samsung**") on behalf of Nexus 1 (the "**FPSO**").

In particular, those proposals for employment of the FPSO which were received by the Company during this extensive marketing period (for example, the proposed charter contract with Premier Oil Vietnam Offshore B.V. announced by the Company on 7 April 2009) would have required a substantial financial restructuring of the Company and were presented to the Company on terms which were not satisfactorily acceptable to it or its various stakeholders.

In order to seek an acceptable solution to the challenges facing the Company and its stakeholders, the Company has (a) appointed Pareto Securities AS ("**Pareto**") to advise it on potential strategic opportunities, and (b) over the past several months been in corresponding discussions with the Bondholders and the lenders (the "**Bank Lenders**") under its first priority US\$320 million bank facility (the "**Bank Facility**"). In addition, a majority of the Second Lien Bondholders and the Convertible Bondholders have, through the Trustee, appointed AM Capital Partners LLC ("**AMA**") and Bingham McCutchen (London) LLP ("**Bingham**") as their financial and legal advisers respectively.

During the period when these discussions have been taking place, the Company has been required to defer substantial sums of interest due on the Bonds (which are now accruing interest at a penalty default interest rate), negotiate an extension to the date of delivery of the FPSO by Samsung and has also been required to put in place (and been reliant on) an additional working capital facility with its existing Bank Lenders in order to support its ongoing liquidity needs, and to cover its general operating expenses and certain other costs relating to delivery of the FPSO. As part of this additional working capital facility, the Bank Lenders also agreed to make an interim payment of the final instalment due to Samsung in connection with the construction of the FPSO, in consideration for which Samsung agreed to defer the delivery date of the FPSO and extend the warranty period for the FPSO for an agreed period.

As part of exploring strategic opportunities, the Company has been in discussions with potential buyers. This culminated in recent weeks, in the Company being approached by Centennial Asset Limited, a company incorporated in the British Virgin Islands, and a subsidiary of the EBX Group, (the "**Acquiror**"), with a proposal (the "**Proposed Purchase**") to acquire certain assets of Nexus 1, including the FPSO (together, such assets comprising, the "**FPSO Assets**"). At the time the Proposed Purchase was presented to the Company, the Acquiror had already entered into an exclusivity letter with a majority of each of the Second Lien Bondholders and the Convertible Bondholders which included in principle agreement as between them in relation to the Second Lien Bonds Settlement Amount and the Convertible Bonds Settlement Amount.



Terms of the Proposed Purchase

Although the aggregate value that the Acquiror was offering was insufficient to repay all amounts owing to the Company's secured lenders (and in particular the Second Lien Bondholders), the Acquiror expressed a preference to implement the Proposed Purchase on a consensual basis that would avoid the alternative option of it being effected by an enforcement of security by the Company's secured lenders, which would have resulted in an insolvent liquidation of the Company. Accordingly, the Company has been in discussions with the Acquiror, its Bank Lenders and majority Second Lien Bondholders to achieve, alongside the Proposed Purchase, a restructuring that would allow the Company to remain solvent after the disposal of the FPSO Assets by Nexus 1.

This has resulted in the Acquiror (with the support of the majority Second Lien Bondholders) agreeing to make payments to the Convertible Bondholders to procure their support for the Proposed Purchase, and to the Parent to allow it to pay its incidental trade creditors, even though the Convertible Bondholders and the Parent's other creditors would have received far lesser sums, if anything at all, in the alternative an insolvency scenario. Further, the opportunity for Parent to remain solvent leaves open the possibility for the creation of further value in relation to the contract for a second FPSO unit entered into between Parent, Nexus 2 Private Limited and Samsung. Accordingly, the Proposed Purchase also involves a financial restructuring of the Company (taken together with the Proposed Purchase, the "**Proposed Restructuring**").

The Proposed Restructuring therefore provides that in consideration for the sale and purchase of the FPSO Assets, the Acquiror will pay:

- to the Bank Lenders, an aggregate amount of cash sufficient to repay all amounts owing under the facility agreement for the Bank Facility (and including any interest, costs, fees or expenses due under the Bank Facility);
- to the Trustee (on behalf of the holders of the Second Lien Bondholders), an aggregate amount of cash equal to US\$87,500,000 (the "**Second Lien Bonds Settlement Amount**") in full and final settlement of all amounts outstanding under the Second Lien Loan Agreement other than the Second Lien Bonds Residual Claim (as described below);
- to the Trustee (on behalf of the holders of the Convertible Bondholders), an aggregate amount of cash equal to US\$7,972,500 (the "**Convertible Bonds Settlement Amount**") in full and final settlement of all amounts outstanding under the Convertible Loan Agreement other than the Convertible Bonds Residual Claim (as described below); and
- to the Parent, US\$6,803,600 in respect of certain specified costs and expenses of Parent (provided that the Acquiror may pay certain advisors' fees directly rather than through Parent), together with certain prospective additional payments relating to costs arising out of the



termination of existing management arrangements and/or the disbursement of certain contemplated contingency payments.

The discussions between the Company and AMA, acting on behalf of a majority of the Second Lien Bondholders and Convertible Bondholders, led to the conclusion that Bondholders were not willing to write off the full amount of their debt claims against the Company, but would be willing to reduce their claims, and subordinate them on a limited recourse basis to the Parent's trade creditors. This would mean that, after payment of the Parent's trade creditors, the Bondholders would still be first in line prior to shareholders to receive the benefit of any future earnings, profits or returns at the Company, with the possibility that shareholders might also still receive some return depending on the level of value creation.

Accordingly, the Proposed Restructuring contemplates that each of the Convertible Loan Agreement and the Second Lien Loan Agreement will respectively be amended to provide that, following consummation of the Proposed Restructuring, US\$29,069,000 in respect of the Convertible Bonds (the "**Convertible Bonds Residual Claim**") and US\$37,956,000 in respect of the Second Lien Bonds (the "**Second Lien Bonds Residual Claim**"), shall remain outstanding as liabilities of the Parent, but on the basis that they will be subordinated and junior in all respects to all other claims against the Parent (except for any claims of creditors with respect to financial indebtedness (the "**Allowed Creditor Claims**")) and shall be limited in recourse to the amount of assets (if any) of the Parent after payment in full of all Allowed Creditor Claims. Accordingly, the Parent shall also become the borrower in respect of the Second Lien Bonds in lieu of the existing guarantee provided by the Parent with respect to the Second Lien Bonds.

Whilst the Proposed Restructuring contemplates the structure set out above in relation to the treatment of the Convertible Bonds Residual Claim and the Second Lien Bonds Residual Claim, the Consenting Bondholders (as defined below) have agreed that if it becomes reasonably apparent that the structure of such claims would, as a result of their accounting treatment, require the Company to enter into a winding-up or liquidation process, then they will consult in good faith to seek an alternative structure which involves an accounting treatment which would not so require the Company to enter into a winding-up or liquidation process, provided that such alternative structure shall at all times maintain the validity of the Bondholders' residual claims and confer the same priority protection to Bondholders as currently contemplated by those residual claims.

Analysis of Proposed Restructuring

Absent the recent deferrals of interest by the Bondholders, there would be an Event of Default under both the Second Lien Bonds and the Convertible Bonds. Based on the feedback received by the Company and Pareto in seeking strategic solutions for the Company, if there were to be an acceleration of any of the Company's outstanding debt, whether pursuant to the Bank Facility or the Bond Loan Agreements or otherwise, it was anticipated that the Company would likely have been able to repay the Bank Facility in full, but would not have had sufficient resources to repay the Second Lien Bonds in full (which have the benefit of second priority security and therefore



rank ahead of the Convertible Bonds) and would not have any resources to make any payment to the holders of the Convertible Bonds. In particular, the Company has been reliant on the Bank Lenders for working capital in recent months, and is reliant on the Bank Lenders for capital to effect payment of the final amounts required to be made to Samsung in order to secure delivery of the FPSO. The Bank Lenders are not committed to make this working capital available, and absent the availability at the Company of sufficient working capital resources of its own following delivery of the FPSO, the Company is not entitled to draw down on the Bank Facility for the funds required to effect delivery of the FPSO. The Company has been conscious that working capital would not continue to be provided indefinitely (and it was anticipated that this facility would have been exhausted during November 2009) and that there were few, if any, alternative sources of funds available to the Company, and that, accordingly, a solution was required to resolve the Company's financial difficulties.

As noted above, despite an extensive marketing process, the Company has not been able to secure employment for the FPSO and, even if payment of the final instalments owing to Samsung was made, funding would be required to lay up the FPSO following delivery pending the Company securing an employment contract for the FPSO. In contrast, the Proposed Restructuring allows the Company to achieve payment in full of the Bank Facility, and achieve a settlement of its liabilities with respect to the Second Lien Bonds and the Convertible Bonds, on a basis that leaves open the possibility for further returns for the Second Lien Bondholders, the Convertible Bondholders and the Parent's shareholders. The Company also believes that the Proposed Restructuring has low implementation risk and ought to be capable of being closed within a reasonable timescale and thus limit the incurrence of further financing costs by the Company.

Furthermore, in connection with the bid presented by the Acquiror, a majority of the creditors (including the Second Lien Bondholders and the Convertible Bondholders) urged the Company to accept the bid. If not, the Company would most probably face enforced liquidation which would have likely resulted in increased losses for the Bondholders, trade creditors and other stakeholders.

Taking all these matters together, the Company was therefore left with no other alternative than to accept the bid from the Acquiror.

Implementation of the Proposed Restructuring

In light of the considerations set out above, on 27 October 2009 the Company and Nexus 1 entered into an asset purchase agreement with the Acquiror in relation to the acquisition of the FPSO Assets and the implementation of the Proposed Restructuring (the "**Asset Purchase Agreement**"). The Acquiror also agreed the terms of a pay off letter with the Bank Lenders, to be entered into by such parties, the Company and the Trustee immediately prior to closing of the Proposed Restructuring, pursuant to which the Bank Lenders agreed to the terms of the Proposed Restructuring and the release of their security under the terms of the Bank Facility upon payment of the amounts due to them under the Bank Facility.



Additionally, on 27 October 2009, over 66²/₃% of the holders of each of the Bonds (the “**Consenting Bondholders**”) entered into a lock up agreement with the Acquiror, Parent and Nexus 1 (the “**Lock Up Agreement**”), pursuant to which they agreed to support the Proposed Restructuring and to vote in favour of any resolutions required to implement the Proposed Restructuring to be proposed to the Bondholders.

The Asset Purchase Agreement is subject to certain (but limited) conditions precedent and closing of the Proposed Restructuring is intended to take place on the second business day following satisfaction or waiver of all such conditions (“**Closing**”). Closing is targeted for 15 November 2009. At Closing, the Acquiror will pay the Second Lien Bonds Settlement Amount and the Convertible Bonds Settlement Amount in cleared cash funds, without set off or counterclaim, by wire transfer to an account or accounts designated by the Trustee to the Acquiror at least two business days prior to the date of Closing. Following the receipt of the Second Lien Bonds Settlement Amount and the Convertible Bonds Settlement Amount, the Trustee will distribute such amounts on a pro rata basis to the Second Lien Bondholders and the Convertible Bondholders, respectively, in accordance with the terms of the Bond Loan Agreements.

Interest Deferrals

Pursuant to the terms of the Previous Summons, Bondholders have approved the deferral by the Trustee of interest payments due under the Bond Loan Agreements for certain specified periods whilst the Company has been in discussions with the Bondholders and the Bank Lenders in order to seek a solution to the challenges facing the Company and its stakeholders.

In the Bondholders’ Meetings held on 10 September 2009 for each of the two Bonds, the Bondholders approved the Trustee being given a power of attorney to agree further deferrals of the interest payments due on (i) 7 June 2009 and 7 September 2009, and (ii) 25 June 2009 and 25 September 2009, for the two Bonds respectively, on a monthly basis from the last Banking Day of the current month to the last Banking Day of the following month (or in the case of the Convertible Bonds, the immediately following Banking Day) (the “**Power of Attorney**”).

Any decision for interest payment deferrals by the Trustee pursuant to the Power of Attorney is subject, amongst other matters, to the Trustee obtaining written consent from Bondholders representing a minimum of 50% of the Bondholders in each of the two Bonds.

If the resolutions to approve the Proposed Restructuring to be proposed at the Bondholders’ Meetings contemplated by this Summons are passed by the requisite majority of Bondholders in each of the Bonds, then all Bondholders will be bound by the terms of such resolutions. However, due to the conditional nature of those resolutions, and whilst none of the parties to the Asset Purchase Agreement or the Lock Up Agreement expects any of those conditions to fail to be satisfied, it is proposed that the previous deferrals of interest payments by the Trustee under the Power of Attorney be extended until the earlier to occur of (i) termination of either of the Lock Up Agreement or the Asset Purchase Agreement, or (ii) Closing of the Proposed Restructuring.



The First Proposal

The Company therefore proposes the following (the “**First Proposal**”):

For the Second Lien Bonds:

- That, conditional upon:

- (1) receipt by the Trustee (on behalf of the Second Lien Bondholders) of the Second Lien Bonds Settlement Amount in cleared cash funds without set-off or counterclaim;
- (2) the payment by Parent (or by the Acquiror) in full of the fees of the Trustee and its professional advisers (including AMA Capital Partners LLC and Bingham McCutchen (London) LLP) as contemplated by the Asset Purchase Agreement; and
- (3) the Convertible Bondholders consenting to the Proposal for the Convertible Bonds, the Second Lien Bondholders consent to the sale of the FPSO Assets on the terms of the Asset Purchase Agreement, and the Trustee shall be authorised and instructed to
 - (A) release the security interests granted to the Trustee pursuant to the terms of the Second Lien Loan Agreement and agree to the termination of the intercreditor agreement entered into by the Trustee in connection therewith;
 - (B) enter into an agreement with the Acquiror to release the Acquiror from any and all liability arising in connection with the Second Lien Bonds, in consideration of a reciprocal release from the Acquiror with respect to all and any claims against any of the Second Lien Bondholders with respect to the Second Lien Bonds Settlement Amount, the Second Lien Bonds Residual Claim (as defined below), or otherwise;
 - (C) enter into an amended Second Lien Loan Agreement and any release agreements (if required) to reflect the following (in addition to any updating changes generally and reasonably required by the Trustee):
 - (a) the payment to the Trustee of the Second Lien Bonds Settlement Amount shall be in full and final settlement of (i) USD 137,044,000 of the principal aggregate amount outstanding of the Second Lien Bonds (with the balance of USD37,956,000 of the principal amount of the Second Lien Bonds hereinafter being referred to as the “**Second Lien Bonds Residual Claim**”), and (ii) all accrued and future interest, mandatory prepayment amounts and other costs or actual or contingent claims or otherwise with respect to the Second Lien Bonds (excluding the Second Lien Bonds Residual Claim),
 - (b) Parent shall become the borrower with respect to the Second Lien Bonds in place of Nexus 1 and in lieu of the existing guarantee provided by Parent with respect to the Second Lien Bonds, and the only remaining obligation of



Parent and Nexus 1 with respect to the Second Lien Bonds following consummation of the Proposed Restructuring shall be the Second Lien Bonds Residual Claim which shall:

- (i) be subordinated and junior in all respects to all other claims of creditors of Parent, except for any claims of creditors with respect to financial indebtedness (other than the Convertible Bonds Residual Claim (as defined below) which shall rank pari passu with the Second Lien Bonds Residual Claim) (the “**Allowed Creditor Claims**”); and
 - (ii) be limited to the amount of assets (if any) of Parent available for distribution after payment in full by Parent of all Allowed Creditor Claims such that Parent may not become insolvent as a result of the Second Lien Bonds Residual Claim.
- (c) until such time as Parent has been fully wound up or dissolved Parent will, within 30 days after the end of each financial quarter, provide the Trustee (on behalf of the Second Lien Bondholders) with its unaudited quarterly management accounts, including a detailed profit and loss account, balance sheet and cash flow statement, and a statement of the source and application of funds.

The Second Proposal

For the Convertible Bonds:

The Company therefore proposes the following (the “**Second Proposal**”):

- That, conditional upon:

- (1) receipt by the Trustee (on behalf of the Convertible Bondholders) of the Convertible Bonds Settlement Amount in cleared cash funds without set-off or counterclaim;
- (2) the payment by Parent (or by the Acquiror) in full of the fees of the Trustee and its professional advisers (including AMA Capital Partners LLC and Bingham McCutchen (London) LLP) as contemplated by the Asset Purchase Agreement; and
- (3) the Second Lien Bondholders consenting to the Proposal for the Second Lien Bonds,

the Convertible Bondholders consent to the sale of the FPSO Assets on the terms of the Asset Purchase Agreement, and the Trustee shall be authorised and instructed to:

- (A) enter into an agreement with the Acquiror to release the Acquiror from any and all liability arising in connection with the Convertible Bonds, in consideration of a reciprocal release from the Acquiror with respect to all and any claims against any



of the Convertible Bondholders with respect to the Convertible Bonds Settlement Amount, the Convertible Bonds Residual Claim (as defined below), or otherwise;

- (B) enter into an amended Convertible Loan Agreement and any release agreements (if required) to reflect the following (in addition to any updating changes generally and reasonably required by the Trustee):
- (a) the payment to the Trustee of the Convertible Bonds Settlement Amount shall be in full and final settlement of (i) USD 45,931,000 of the principal aggregate amount outstanding of the Convertible Bonds, and (ii) all accrued and future interest, mandatory prepayment amounts and other costs or actual or contingent claims or otherwise with respect to the Convertible Bonds (excluding the Convertible Bonds Residual Claim (as defined below)),
 - (b) the balance of USD 29,069,000 of the principal amount of the Convertible Bonds (the “**Convertible Bonds Residual Claim**”) shall, following consummation of the Proposed Restructuring:
 - (i) be subordinated and junior in all respects to all other claims of creditors of Parent, except for any claims of creditors with respect to financial indebtedness (other than the Second Lien Bonds Residual Claim (as defined above) which shall rank pari passu with the Convertible Bonds Residual Claim) (the “**Allowed Creditor Claims**”); and
 - (ii) be limited to the amount of assets (if any) of Parent available for distribution after payment in full by Parent of all Allowed Creditor Claims such that Parent may not become insolvent as a result of the Convertible Bonds Residual Claim.
 - (c) until such time as Parent has been fully wound up or dissolved Parent will, within 30 days after the end of each financial quarter, provide the Trustee (on behalf of the Convertible Bondholders) with its unaudited quarterly management accounts, including a detailed profit and loss account, balance sheet and cash flow statement, and a statement of the source and application of funds.

The Third Proposal

The Company therefore proposes the following (the “**Third Proposal**”):

For the Second Lien Bonds:

- The interest payments due 7 June 2009 and 7 September 2009 be deferred until the earlier to occur of (i) termination of either of the Lock Up Agreement or the Asset Purchase Agreement, or (ii) closing of the Proposed Restructuring and payment of each of the Second Lien Bonds Settlement Amount and the Convertible Bonds Settlement Amount to the Trustee.



For the Convertible Bonds:

- The interest payments due 25 June 2009 and 25 September 2009 be deferred until the earlier to occur of (i) termination of either of the Lock Up Agreement or the Asset Purchase Agreement, or (ii) closing of the Proposed Restructuring and payment of each of the Second Lien Bonds Settlement Amount and the Convertible Bonds Settlement Amount to the Trustee.

Evaluation of the Proposals

NTM puts the requests forward to the Bondholders without further evaluation or recommendation, and amplifies that each Bondholder cast its vote on the Bondholders' meeting based on its own judgement.

For further information about the Company, please also refer to the web site www.nexusfp.no.

Summons for Bondholders' meeting.

A joint bondholders' meeting will be held for both Bonds. Voting procedures will be carried out separately for each individual Bond.

Bondholders are hereby summoned to a Bondholders' meeting in the Loan:

Time: 11 November 2009 at 13.00 (Oslo time).

Place: The premises of Norsk Tillitsmann ASA, Haakon VII's gate 1, Oslo

Agenda:

- 1. Approval of the summons**
- 2. Approval of the agenda**
- 3. Election of two bondholders to sign the minutes together with the chairperson**
- 4. Request for approval of Restructuring and changes to the Bond Loan Agreements**

It is proposed that the Bondholders' meeting resolve the following:

For the Second Lien Bonds:

- That, conditional upon:
 - (1) receipt by the Trustee (on behalf of the Second Lien Bondholders) of the Second Lien Bonds Settlement Amount in cleared cash funds without set-off or counterclaim (the record date for payment to the Second Lien Bondholders will be announced on www.stamdata.no as soon as the record date has been decided);



- (2) the payment by Parent (or by the Acquiror) in full of the fees of the Trustee and its professional advisers (including AMA Capital Partners LLC and Bingham McCutchen (London) LLP) as contemplated by the Asset Purchase Agreement; and
- (3) the Convertible Bondholders consenting to the Proposal for the Convertible Bonds, the Second Lien Bondholders consent to the sale of the FPSO Assets on the terms of the Asset Purchase Agreement, and the Trustee shall be authorised and instructed to
 - (A) release the security interests granted to the Trustee pursuant to the terms of the Second Lien Loan Agreement and agree to the termination of the intercreditor agreement entered into by the Trustee in connection therewith;
 - (B) enter into an agreement with the Acquiror to release the Acquiror from any and all liability arising in connection with the Second Lien Bonds, in consideration of a reciprocal release from the Acquiror with respect to all and any claims against any of the Second Lien Bondholders with respect to the Second Lien Bonds Settlement Amount, the Second Lien Bonds Residual Claim (as defined below), or otherwise;
 - (C) enter into an amended Second Lien Loan Agreement and any release agreements (if required) to reflect the following (in addition to any updating changes generally and reasonably required by the Trustee):
 - (a) the payment to the Trustee of the Second Lien Bonds Settlement Amount shall be in full and final settlement of (i) USD 137,044,000 of the principal aggregate amount outstanding of the Second Lien Bonds (with the balance of USD37,956,000 of the principal amount of the Second Lien Bonds hereinafter being referred to as the “**Second Lien Bonds Residual Claim**”), and (ii) all accrued and future interest, mandatory prepayment amounts and other costs or actual or contingent claims or otherwise with respect to the Second Lien Bonds (excluding the Second Lien Bonds Residual Claim),
 - (b) Parent shall become the borrower with respect to the Second Lien Bonds in place of Nexus 1 and in lieu of the existing guarantee provided by Parent with respect to the Second Lien Bonds, and the only remaining obligations of Parent and Nexus 1 with respect to the Second Lien Bonds following consummation of the Proposed Restructuring shall be the Second Lien Bonds Residual Claim which shall:
 - (i) be subordinated and junior in all respects to all other claims of creditors of Parent, except for any claims of creditors with respect to financial indebtedness (other than the Convertible Bonds Residual Claim (as defined below) which shall rank pari passu with the Second Lien Bonds Residual Claim) (the “**Allowed Creditor Claims**”); and
 - (ii) be limited to the amount of assets (if any) of Parent available for distribution after payment in full by Parent of all Allowed Creditor



Claims such that Parent may not become insolvent as a result of the Second Lien Bonds Residual Claim.

- (c) until such time as Parent has been fully wound up or dissolved Parent will, within 30 days after the end of each financial quarter, provide the Trustee (on behalf of the Second Lien Bondholders) with its unaudited quarterly management accounts, including a detailed profit and loss account, balance sheet and cash flow statement, and a statement of the source and application of funds.

For the Convertible Bonds:

- That, conditional upon:

- (1) receipt by the Trustee (on behalf of the Convertible Bondholders) of the Convertible Bonds Settlement Amount in cleared cash funds without set-off or counterclaim (the record date for payment to the Convertible Bondholders will be announced on www.stamdata.no as soon as the record date has been decided);
- (2) the payment by Parent (or by the Acquiror) in full of the fees of the Trustee and its professional advisers (including AMA Capital Partners LLC and Bingham McCutchen (London) LLP) as contemplated by the Asset Purchase Agreement; and
- (3) the Second Lien Bondholders consenting to the Proposal for the Second Lien Bonds,

the Convertible Bondholders consent to the sale of the FPSO Assets on the terms of the Asset Purchase Agreement, and the Trustee shall be authorised and instructed to:

- (A) enter into an agreement with the Acquiror to release the Acquiror from any and all liability arising in connection with the Convertible Bonds, in consideration of a reciprocal release from the Acquiror with respect to all and any claims against any of the Convertible Bondholders with respect to the Convertible Bonds Settlement Amount, the Convertible Bonds Residual Claim (as defined below), or otherwise;
- (B) enter into an amended Convertible Loan Agreement and any release agreements (if required) to reflect the following (in addition to any updating changes generally and reasonably required by the Trustee):
 - (a) the payment to the Trustee of the Convertible Bonds Settlement Amount shall be in full and final settlement of (i) USD 45,931,000 of the principal aggregate amount outstanding of the Convertible Bonds, and (ii) all accrued and future interest, mandatory prepayment amounts and other costs or actual or contingent claims or otherwise with respect to the Convertible Bonds (excluding the Convertible Bonds Residual Claim (as defined below)),



- (b) the balance of USD 29,069,000 of the principal amount of the Convertible Bonds (the “**Convertible Bonds Residual Claim**”) shall, following consummation of the Proposed Restructuring:
- (i) be subordinated and junior in all respects to all other claims of creditors of Parent, except for any claims of creditors with respect to financial indebtedness (other than the Second Lien Bonds Residual Claim (as defined above) which shall rank pari passu with the Convertible Bonds Residual Claim) (the “**Allowed Creditor Claims**”); and
 - (ii) be limited to the amount of assets (if any) of Parent available for distribution after payment in full by Parent of all Allowed Creditor Claims such that Parent may not become insolvent as a result of the Convertible Bonds Residual Claim.
- (c) until such time as Parent has been fully wound up or dissolved Parent will, within 30 days after the end of each financial quarter, provide the Trustee (on behalf of the Convertible Bondholders) with its unaudited quarterly management accounts, including a detailed profit and loss account, balance sheet and cash flow statement, and a statement of the source and application of funds.

For the Second Lien Bonds:

- The interest payments due 7 June 2009 and 7 September 2009 be deferred until the earlier to occur of (i) termination of either of the Lock Up Agreement or the Asset Purchase Agreement, or (ii) closing of the Proposed Restructuring and payment of each of the Second Lien Bonds Settlement Amount and the Convertible Bonds Settlement Amount to the Trustee.

For the Convertible Bonds:

- The interest payments due 25 June 2009 and 25 September 2009 be deferred until the earlier to occur of (i) termination of either of the Lock Up Agreement or the Asset Purchase Agreement, or (ii) closing of the Proposed Restructuring and payment of each of the Second Lien Bonds Settlement Amount and the Convertible Bonds Settlement Amount to the Trustee.

Norsk Tillitsmann ASA is given power of attorney to enter into the necessary agreements in connection with decisions made on the bondholders' meeting as well as to carry out the necessary completion work”

The proposal must be approved by the Bondholders' meeting. For a valid resolution, a minimum presence of 5/10 of the outstanding bonds in the Loan is required. Further, consent from at least 2/3 of the votes cast is required in order for the proposal to be formally approved.

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Please find enclosed a print-out from VPS, indicating your bondholding at the date of the print-out. This print-out will serve as proof of ownership¹ of the bonds and of the voting rights of the individual Bondholder at the Bondholders' meeting in accordance with the provisions of the Bond Loan Agreement. The individual Bondholder may authorise Norsk Tillitsmann ASA as Trustee to vote on its behalf. A duly signed power of attorney, enclosing a copy of the complete print-out from VPS, authorising Norsk Tillitsmann ASA to vote must then be sent to Norsk Tillitsmann ASA by post (P.O. Box 1470 Vika, N-0116 Oslo, Norway) or via telefax (+47 22 87 94 10) or scanned email (post@trustee.no) in due time before the meeting is scheduled.

In the event that bonds have been transferred after the print-out was made, the new Bondholder must present to the meeting or enclose to the power of attorney, as the case may be, the original summons and the print-out, endorsed so as to document the transfer. Please refer to the Bond Agreement for details.

For practical purposes, we request those who intend to attend the Bondholders' meeting, either in person or by proxy, to notify Norsk Tillitsmann ASA by telephone no. +47 22 87 94 00 or by e-mail (post@trustee.no) within 16:00 hours the business days before the Bondholders' meeting.

Best regards
For Norsk Tillitsmann ASA


Fredrik Lundberg

Enclosure:
- VPS Statement / Power of attorney form

¹ If the bonds are held in custody other than in the Norwegian Central Securities Depository ("Verdipapirsentralen" – "VPS"), an evidence provided from the custodian – confirming that you are the beneficial owner of the bonds, in which account number the bonds are held and the amount of bonds owned – have to be obtained and brought along to the Bondholder's meeting or enclosed to the power of attorney, as the case may be.