

# NORSK TILLITSMANN

NORWEGIAN TRUSTEE

Denne melding til obligasjonseierne er kun utarbeidet på engelsk. For informasjon vennligst kontakt Norsk Tillitsmann ASA

## To the bondholders in:

**FRN Primorsk International Shipping Limited Unsecured Open Callable Bond Issue 2007/2011 with ISIN NO 001 035418.6 (NOK Tranche) and NO 001 035420.2 (USD Tranche)**

Oslo, 20 May 2011

## Summons to Bondholders' Meeting – Extended Deadline

Norsk Tillitsmann ASA (the “**Bond Trustee**”) is appointed as trustee for the above mentioned Bond Issues with ISIN NO001035418.6 (the “**NOK Tranche**”) and ISIN NO001035420.2 (the “**USD Tranche**”) where Primorsk International Shipping Limited is the Borrower (the “**Borrower**” or the “**Company**”). Jointly the two tranches are referred to as the “**Loan**”.

All capitalized terms used herein and not otherwise defined herein shall have the meanings assigned thereto in the agreement for the Loan dated 23 February 2007 (the “**Loan Agreement**”) as amended by the amendment agreement dated 28 February 2011 (the “**Amendment 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 Borrower has engaged ABG Sundal Collier Norge ASA (“**ABGSC**”) as its financial advisor with respect to the Proposal. Bondholders may contact Nicolay Friis (tel.: +47 2201 6145 or e-mail: [nicolay.friis@abgsc.no](mailto:nicolay.friis@abgsc.no)) for further information. ABGSC acts solely for the Borrower and no one else in connection with the Extended Deadline Proposal (as defined below). *No due diligence investigations have been carried out by ABGSC with respect to the Borrower, and ABGSC expressly disclaim any and all liabilities whatsoever in connection with the Proposal.*

### 1. BACKGROUND

Reference is made to the Amendment Agreement based on the resolution adopted by the Bondholders' meeting on 18 February 2011, where 100% of the voting Bondholders voted in favor. The Amendment Agreement became effective as of 28 February 2011, but was however subject to certain conditions being fulfilled prior to 28 May 2011 (the “**Deadline**”), as further described in Clause 2.2 of the Amendment Agreement.

The Maturity Date of the Loan was originally 28 February 2011. The restructuring plan adopted by the Bondholders' meeting on 18 February 2011, among other things, involved extending the Maturity Date from 28 February 2011 to 30 November 2015. However, if certain conditions are not met within the Deadline, the Loan becomes due immediately.

The Borrower has informed the Bond Trustee that it has experienced delays in getting the required documents and mortgages in place, and that it may not be in a position to meet the conditions within the Deadline. According to the Borrower the delays are largely depending on third parties and outside the control of the Borrower. The Borrower is of the opinion that extending the Deadline by one month should be sufficient to fulfill the conditions. Please see the background documentation from the Borrower for more details.

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In the event that the Deadline is not extended, and the conditions are not met by 28 May 2011, the Loan will be due for payment immediately.

The Borrower has consequently approached the Loan Trustee to summon a Bondholders' meeting to consider an extension of the Deadline from 28 May 2011 to 30 June 2011.

The Borrower has provided the document enclosed as **Exhibit 3**, describing the background and the process in some more detail. The Borrower has requested Nordea Bank Norge ASA ("**Nordea**"), as the Agent Bank to the Syndicate Banks, to prepare a letter providing further insight to the status of the process. A letter from the Borrower to Nordea, as well as the responding letter from Nordea, which are meant to be informative regarding the process, are enclosed as **Exhibit 1** and **Exhibit 2**, respectively.

Bondholders are encouraged to read this summons together with the enclosed documents.

For the avoidance of doubt, the potential delay will not affect the Coupon payment in May 2011, at the increased rate set out in the Amendment Agreement.

## 2. SUMMONS TO BONDHOLDERS' MEETING

To enable the Borrower to resolve the proposed change of the Loan Agreement, the Borrower has requested the Bond Trustee to summon a Bondholders' meeting to consider the approval of the Extended Deadline Proposal (as defined below).

Bondholders are hereby summoned to a Bondholders' meeting:

**Time:** 27 May 2011 at 13:00 hours (Oslo time),  
**Place:** The premises of Norsk Tillitsmann ASA,  
Haakon VIIs gt 1, 0161 Oslo - 5<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. Consent to the Extended Deadline Proposal

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

#### *Proposal (the "Extended Deadline Proposal")*

*The Deadline, as set out in Clause 2.2 of the Amendment Agreement, shall be postponed from 28 May 2011 to 30 June 2011.*

At the Bondholders' meeting each Bondholder holding Bonds in the NOK Tranche shall have one vote for each Bond he owns. Bondholders holding Bonds in the USD Tranche shall have a number of votes for each such Bond equal to the value in NOK of such Bond converted at the Initial Exchange Ratio. 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 5/10 of the voting Bonds must be represented at the meeting. If the proposal is not adopted, the Loan Agreement as amended by the Amendment Agreement will remain unchanged.

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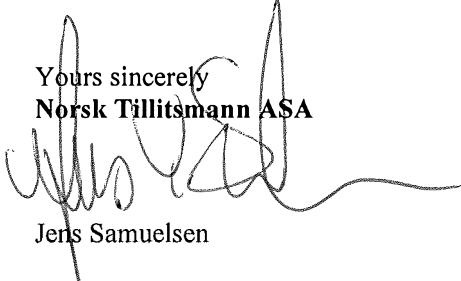
Please find attached as **Exhibit 4** a Bondholder's Form from the Securities Depository (VPS), indicating your bondholding at the printing date. The Bondholder's Form will serve as proof of ownership of the Bonds and of the voting rights at the Bondholders' meeting. (If the Bonds are held in custody - 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 Norsk Tillitsmann to vote on its behalf, in which case the Bondholder's Form also serves as a proxy. A duly signed Bondholder's Form, authorising Norsk Tillitsmann to vote, must then be returned to Norsk Tillitsmann 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 Norsk Tillitsmann, to notify Norsk Tillitsmann by telephone or by e-mail (as set out at the first page of this letter) within 16:00 hours (4 pm) (Oslo time) one banking day before the meeting takes place.

Yours sincerely  
**Norsk Tillitsmann ASA**



Jens Samuelson

Enclosed:

- (i) Exhibit 1 - Company's letter to Nordea with request for explanation of reasons behind delay
- (ii) Exhibit 2 - Letter from Nordea with explanation of reasons behind the delay
- (iii) Exhibit 3 - Document from the Borrower outlining the Background for the Extended Deadline Proposal.
- (iv) Exhibit 4 - Bondholder's Form



## PRIMORSK INTERNATIONAL SHIPPING LIMITED

Kermia House, 4 Diagoras Street, 6<sup>th</sup> Floor  
Office 601-602, PO Box 21574, 1510 Nicosia, Cyprus

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Nordea Bank Norge ASA (as facility agent)  
PO Box 1166  
Sentrum  
0107 Oslo  
Norway

17<sup>th</sup> May 2011

**Attention: Shipping Department**

Dear Sirs,

As you are aware aspects of the restructuring plan that was agreed between the Company and the Company's debt providers in February are subject to a deadline of 28<sup>th</sup> May 2011. The deadlines are the agreement with the Bondholders and the availability period of the \$7.5m loan to be provided by BNP Paribas.

We are extremely concerned that this fast approaching deadline is not going to be met and as a consequence the Company is going to need to request extensions from BNP Paribas and the Bondholders. We are very disappointed with the speed at which this documentation process has progressed and we place the responsibility for the delays entirely with the banks. We have repeatedly highlighted our concerns to the banks both before and after Easter about the shortness of time and we have seen little improvement in the sense of urgency from the banks.

The Company has acted diligently and efficiently in progressing Project Elysia, and met all of the target dates that were inside its control, as presented on 26<sup>th</sup> January.

We now have to ask BNP Paribas and the Bondholders for extensions and we will need to provide the Bondholders with an explanation as to why the deadlines have not been met. In order to limit any undue concern on the part of the Bondholders we request that you, in your capacity of Agent Bank, prepare an accompanying letter explaining the reasons behind the delays and confirming that the delays are not a result of any action or inaction on the Company's part.

Having spoken with our advisors in London and Oslo we are of the view that a one month extension may suffice and we would like to receive a draft of your proposed letter if possible by return so that we can get things moving as quickly as possible with the Bondholders.

Yours faithfully

Alexander Migunov, CEO  
Dmitry Golomovzy, CFO

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## RE: Project Elysia – Documentation Process

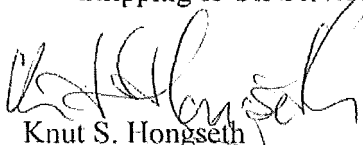
Reference is made to your letter on the above subject dated 17<sup>th</sup> May.

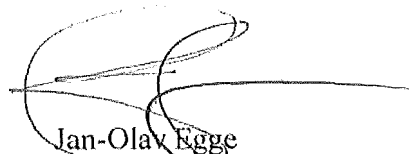
Firstly we would like to express that we appreciate and share your concern with respect to the timing for the completion of the documentation process seen in light of the deadline set by the bondholders, and also the expiry of BNP Paribas's commitment for the Swap Loan.

With respect to the documentation process itself, this has been rigorous and complex, involving several layers of secured creditors, the Company, us as Agent and the various parties' legal counsels. The restructuring discussions had been going on for an extended period before the plan outline was agreed to in March. Combined with the large number of parties involved, differing opinions of how to "interpret" the plan have been in existence. We are never the less also disappointed with the long processing time and inability to provide an exhaustive list of comments by some of the involved parties, despite continued pressure from us as Agent. It is appropriate to point out that the problem has primarily been on the lending side and, as we see it, the Company has acted diligently and efficiently in completing the restructuring as promised to the various stakeholders.

The documentation process is now progressing well and 28<sup>th</sup> May 2011 still remains the target date for completion. Whilst we are working towards this deadline, we do agree that it would be prudent to approach the relevant parties involved seeking an extension beyond 28 May 2011.

Yours sincerely,  
for  
Shipping & Oil Services

  
Knut S. Hongseth  
Senior Vice President

  
Jan-Olav Egge  
First Vice President

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PRISCO

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### EXHIBIT – 3 LETTER TO BONDHOLDERS REGARDING DOCUMENTATION EXTENSION

To: the bondholders in:

**FRN Primorsk International Shipping Limited Unsecured Open Callable Bond Issue 2007/2011 with ISIN NO 001 035418.6 (NOK Tranche) and NO 001 035420.2 (USD Tranche)**

19<sup>th</sup> May 2011

Dear Sirs,

In light of the Bond Summons requesting an extension to the 28<sup>th</sup> May 2011 deadline, the Company wishes to offer an explanation as to why the documentation process has been delayed and to clarify the extent of the delay.

Since the Bondholders meeting on 18<sup>th</sup> February and the subsequent positive vote on 18<sup>th</sup> February, the Company obtained final consent from the banks on 28<sup>th</sup> February to the restructuring plan coincidental with the date of the sale of the last vessel. Since 28<sup>th</sup> February the documentation process with the banks has been ongoing. There have been numerous negotiations between the senior, junior and swap banks with regard to security ranking much of which has been outside the influence of the Company. After much discussion and negotiation between the banks we are at a point where the amended loan agreements and security documents are in a final draft form and are now out to all of the lending banks for their final comments. The Intercreditor Deeds have also been circulated to the banks and the Intercreditor Deed to which the Bond Trustee is a party was sent to the Trustee on Wednesday, however the Intercreditor Deeds are still subject to comments from all parties. The Company has also approved the Bond Trustee's request to appoint legal counsel which was received on 5<sup>th</sup> May.

We had hoped that a request for an extension from the Bondholders would not be necessary as we are still of the view that although time is short, completion by the deadline might still be possible. However we are aware that next week is Nor Shipping in Oslo and we were fearful that this might potentially cause some delay in finalising the documents from all parties. We are confident that should the documentation process go past the deadline that it should be completed very shortly thereafter.

The Company would like to thank the Bondholders for their continued support and understanding.

Yours sincerely

Dmitry Golomovzy  
Chief Financial Officer