

Notice of Annual General Meeting in Philly Shipyard ASA

Notice is hereby provided of the annual general meeting of Philly Shipyard ASA on Wednesday April 13, 2016 at 14:00h (CET) at Advokatfirmaet BA-HR DA, Tjuvholmen allé 16, 0252 Oslo, Norway. Ballots will be distributed at the meeting venue from 13:30h to 14:00h (CET) on the day of the annual general meeting.

The annual general meeting will be held for the purposes stated below:

1. Opening of the annual general meeting, including approval of the notice and agenda.
2. Election of a person to co-sign meeting minutes along with meeting chair.
3. Presentation of business activities (non-voting).
4. Approval of the 2015 annual accounts of Philly Shipyard ASA, group consolidated accounts and the Board of Directors' report.
5. Consideration of the Board of Directors' declaration regarding stipulation of salary and other remuneration to the executive management of the Company.
6. Consideration of the statement of corporate governance (non-voting).
7. Stipulation of remuneration to the members of the Board of Directors and the Audit Committee.
8. Stipulation of remuneration to the members of the Nomination Committee.
9. Approval of remuneration to the auditor for 2015.
10. Election of members to the Board of Directors.
11. Authorization to the Board of Directors for payment of dividends.
12. Authorization to the Board of Directors to purchase own shares in connection with acquisitions, mergers, de-mergers or other transactions.
13. Authorization to the Board of Directors to purchase own shares for the purpose of investment or subsequent sale or deletion of such shares.
14. Authorization to the Board of Directors to increase the share capital for new shipbuilding projects or other future investments within the Company's scope of operations.

The shares of the Company and the right to vote for shares

As of the date of this notice, the company's share capital is NOK 125,747,660 divided into 12,574,766 shares. Each share carries one vote, however, no voting rights may be exercised for the Company's own shares (treasury shares). As of March 1, 2016, the Company owned 466,865 own shares.

Each shareholder has the right to vote for the number of shares owned by the shareholder and registered in the shareholder's register with the Norwegian Central Securities Depository (VPS) at the time of the general meeting. If a share acquisition has not been registered with the Norwegian Central Securities Depository (VPS) at the time of the general meeting, voting rights for the acquired shares may only be exercised if the acquisition is reported to the Norwegian Central Securities Depository (VPS) and proven at the general meeting. In a share transfer, the parties may agree that the seller can exercise the shareholder rights until the rights have been assumed by the acquirer.

In the company's view, neither the beneficial owner nor the agent has the right to vote for shares registered on nominee accounts with the Norwegian Central Securities Depository (VPS), cf. the Norwegian Public Limited Liability Companies Act section 4-10. The beneficial owner may, however, vote for the shares in the event all necessary steps are taken to terminate the custodian registration of the shares, and the shares are transferred to an ordinary account registered with the Norwegian Central Securities Depository (VPS), in the owner's name. Provided that the owner can document such conduct, and he has an actual ownership interest in the company, he may, in the company's opinion, vote for the shares, even though they are not yet registered on an ordinary VPS-account.

The shareholders' rights

A shareholder cannot demand that new items are added to the agenda now, as the deadline for such request has expired, cf. the Norwegian Public Limited Liability Companies Act section 5-11 second sentence. A shareholder has the right to make proposals for a resolution regarding the items which will be considered by the general meeting.

A shareholder has the right to request board members and the CEO to provide necessary information to the general meeting that may influence the approval of the annual accounts and the Board of Directors' report; items brought before the general meeting for approval; the company's financial state, including information on other companies in which the company participates, and other items to be discussed at the general meeting, unless the information requested may not be disclosed without causing disproportionate harm to the company.

If additional information is necessary, and an answer is not given at the general meeting, a written answer shall be prepared within two weeks from the date of the general meeting. Such answer shall be available at the company's office and sent to shareholders requesting the information. If the answer is considered material for evaluation of the circumstances mentioned in the previous paragraph, the answer should be sent to all shareholders with known addresses.

Registration of attendance to the general meeting

Shareholders who wish to participate at the annual general meeting either in person or by proxy, must notify the company of their attendance no later than Monday April 11, 2016 at 12:00h CET. Notification of attendance can be given via the company's website www.phillyshipyard.com or via VPS Investor Services, a service offered by most registrars in Norway, or by completing and returning the enclosed attendance form scanned by email to genf@dnb.no, or alternatively by post to DNB Bank ASA, Registrar's Department, P.O. Box 1600 Sentrum, 0021 Oslo.

Notification of attendance must be sent electronically or received no later than the deadline stated above. Shareholders who fail to register by this deadline may be denied access to the annual general meeting and denied the right to vote, cf. the Articles of Association section 8. Proxy with or without voting instructions, can if desirable, be given to the meeting chair or the person he appoints.

Voting by means of electronic communication prior to the general meeting

A shareholder, not present himself at the general meeting, may prior to the general meeting cast vote on each agenda item via the company's website, www.phillyshipyard.com, or via VPS Investor Services (PIN-code and reference number from the notice of attendance is required). The deadline for prior voting is Monday April 11, 2016 at 12:00h CET. Up until the deadline, votes already cast may be changed or withdrawn. If a shareholder chooses to attend the general meeting in person or by proxy, votes already

cast prior to the general meeting will be considered withdrawn.

The following documents will be available on www.phillyshipyard.com:

- This notice and the enclosed form for notice of attendance/proxy
- The Board of Directors' proposed resolutions for the annual general meeting for the items listed above
- The recommendation of the Nomination Committee
- The Board of Directors' proposed 2015 financial statements and annual accounts, annual report and auditor's report
- The statement from the Board of Directors regarding determination of salary and other remuneration to the executive management of the Company

Pursuant to section 8 of Philly Shipyard ASA's Articles of Association and section 5-12 (1) of the Norwegian Public Limited Liability Companies Act, the Board of Directors and the Chairman of the Board have appointed Arild Støren Frick of Aker ASA to open and chair the annual general meeting.

Any shareholder, who wants to receive the documents, can contact the company via email ir@phillyshipyard.com or regular mail to Philly Shipyard ASA, Vika Atrium, Munkedamsveien 45, NO-0250 Oslo, Norway.

March 22, 2016

Philly Shipyard ASA
Board of Directors

Enclosure: Notice of attendance/Proxy

Reference no.:**PIN code:****Notice of annual general meeting**

The annual general meeting of Philly Shipyard ASA will take place on April 13, 2016 at 14:00h (CET) at Advokatfirmaet BA-HR DA, Tjuvholmen allé 16, 0252 Oslo, Norway

If the shareholder is a legal entity,
please identify the authorised representative:

Name of authorised representative
(To grant a proxy, please use one of the proxy forms below)

Notice of attendance/voting prior to meeting

The undersigned (name in capital letters): _____

will attend the annual general meeting on April 13, 2016 and exercise the voting rights attached to the following shares:

own shares, and/or
other shares in accordance with the enclosed proxy/proxies, i.e.
shares in total.

This notice of attendance must be received by DNB Bank ASA by April 11, 2016 at 12.00h (CET).

Notice of attendance may be sent electronically via Philly Shipyard ASA's website – www.phillyshipyard.com – or via VPS Investor Services. This notice of attendance may also be scanned and sent by email to genf@dnb.no, or be submitted by post to DNB Bank ASA, Registrar's Department, P.O. Box 1600 Sentrum, 0021 Oslo, Norway.

Advance votes may only be cast electronically via Philly Shipyard ASA's website – www.phillyshipyard.com – or via VPS Investor Services. A reference number and pin code are required to access the electronic system for notification of attendance and advance voting via Philly Shipyard ASA's website. Votes must be registered by April 11, 2016 at 12.00h (CET). Votes already cast may be amended or withdrawn prior to the deadline. If the shareholder attends the general meeting, registered advance votes will be considered to be withdrawn.

_____ Place	_____ Date	_____ Shareholder's signature (Sign only if attending in person. To grant a proxy, please use one of the forms below.)
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Proxy (without voting instructions) Reference no.: PIN code:

This proxy form must be used when granting a proxy without voting instructions. To grant a proxy with voting instructions, please use the form on page 2.

If you are unable to attend the annual general meeting in person, you may grant a proxy to an authorised representative, or you may submit the proxy form without appointing a proxy holder, in which case the proxy will be deemed to be granted to Arild Støren Frick, the meeting chair, or a person authorised by him. The proxy form must be received by DNB Bank ASA, Registrar's Department by April 11, 2016 at 12.00h (CET). The proxy may be sent electronically via Philly Shipyard ASA's website – www.phillyshipyard.com – or via VPS Investor Services. The proxy may also be scanned and sent by email to genf@dnb.no, or be submitted by post to DNB Bank ASA, Registrar's Department, P.O. Box 1600 Sentrum, 0021 Oslo, Norway.

The undersigned (name in capital letters): _____

hereby grants (tick one of the two boxes):

☐ Arild Støren Frick (the meeting chair) (or a person authorised by him)

☐ _____
(Name of proxy holder in capital letters)

a proxy to attend and exercise the voting rights attached to my/our shares at the annual general meeting of Philly Shipyard ASA on April 13, 2016.

_____ Place	_____ Date	_____ Shareholder's signature (Sign only if granting a proxy.)
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Attendance and voting rights are governed by the Norwegian Public Limited Liability Companies Act, in particular Chapter 5. If the shareholder is a company, the company's certificate of registration must be attached to the proxy.

Proxy (with voting instructions)

Reference no.:

PIN code:

This proxy form must be used when granting a proxy with voting instructions.

If you are unable to attend the annual general meeting in person, you may use this proxy form to issue voting instructions. You may grant a proxy with voting instructions to an authorised representative, or you may submit the proxy form without appointing the proxy holder, in which case the proxy will be deemed to be granted to Arild Støren Frick, the meeting chair, or a person authorised by him. The proxy must be dated and signed.

The proxy may be scanned and sent by email to genf@dnb.no, or be submitted by post to DNB Bank ASA, Registrar's Department, P.O. Box 1600 Sentrum, 0021 Oslo, Norway.

The proxy form must be received by DNB Bank ASA, Registrar's Department, by April 11, 2016 at 12.00h (CET).

The undersigned (name in capital letters): _____

hereby grants (tick one of the two boxes):

☐ Arild Støren Frick (the meeting chair) (or a person authorised by him)

☐ _____
Name of proxy holder (in capital letters)

a proxy to attend and exercise the voting rights attached to my/our shares at the annual general meeting of Philly Shipyard ASA on April 13, 2016.

The voting rights shall be exercised in accordance with the instructions below. Please note that if any item below is not voted on (no box is ticked), this will be deemed to be an instruction to vote "in favour" of that item. However, if any motions are received from the floor in addition to or in replacement of the proposals in the notice, the proxy holder may vote or abstain from voting at his discretion. In that case, the proxy holder will vote on the basis of his reasonable understanding of the motion. The same applies if there is any doubt as to how the voting instructions should be understood. Where no such reasonable understanding of the motion can be formed, the proxy holder may abstain from voting.

Agenda annual general meeting 2016	For	Against	Abstention
1. Opening of the annual general meeting, including approval of the notice and agenda.	☐	☐	☐
2. Election of a person to co-sign meeting minutes along with meeting chair.	☐	☐	☐
3. Presentation of business activities.	non-voting		
4. Approval of the 2015 annual accounts of Philly Shipyard ASA, group consolidated accounts and the Board of Directors' report.	☐	☐	☐
5. Consideration of the Board of Directors' declaration regarding stipulation of salary and other remuneration to the executive management of the Company.	☐	☐	☐
6. Consideration of the statement of corporate governance.	non-voting		
7. Stipulation of remuneration to the members of the Board of Directors and the Audit Committee.	☐	☐	☐
8. Stipulation of remuneration to the members of the Nomination Committee.	☐	☐	☐
9. Approval of remuneration to the auditor for 2015.	☐	☐	☐
10. Election of members to the Board of Directors.	☐	☐	☐
11. Authorization to the Board of Directors for payment of dividends.	☐	☐	☐
12. Authorization to the Board of Directors to purchase own shares in connection with acquisitions, mergers, de-mergers or other transactions.	☐	☐	☐
13. Authorization to the Board of Directors to purchase own shares for the purpose of investment or subsequent sale or deletion of such shares.	☐	☐	☐
14. Authorization to the Board of Directors to increase the share capital for new shipbuilding projects or other future investments within the Company's scope of operations.	☐	☐	☐

Place

Date

Shareholder's signature
(Sign only if granting a proxy with voting instructions.)

Attendance and voting rights are governed by the Norwegian Public Limited Liability Companies Act, in particular Chapter 5. A written power of attorney dated and signed by the shareholder granting the proxy must be presented at the meeting.

If the shareholder is a company, the company's certificate of registration must be attached to the proxy.

THE BOARD OF DIRECTORS' REASONING AND PROPOSAL FOR THE RESOLUTIONS TO BE PASSED

Item 4 Approval of the 2015 annual accounts of Philly Shipyard ASA, group consolidated accounts and the Board of Directors' report.

The annual report which comprises the annual accounts, the Board of Directors' report and the audit opinion for 2015, is available at the Company's website: www.phillyshipyard.com.

The Board of Directors proposes that the General Meeting passes the following resolution:

"The General Meeting approves the annual accounts for 2015 for Philly Shipyard ASA, the group consolidated accounts and the Board of Directors' Report."

Item 5 Consideration of the Board of Directors' declaration regarding stipulation of salary and other remuneration to the executive management of the Company.

In accordance with section 6-16a of the Norwegian Public Limited Liability Companies Act, the Board of Directors has prepared a statement on the determination of salary and other remuneration to the executive management of the Company. The statement is available at the Company's website.

The General Meeting's approval of the guidelines is of an advisory nature to the Board of Directors. The Company does not grant remuneration to the executive management in the form of shares, subscription rights, options, and other forms of remuneration linked to shares or the development of the share price in the Company or in other companies within the group, that require preparation of binding guidelines in such respect.

The Board of Directors proposes that the General Meeting passes the following resolution:

"The General Meeting supports the Board of Directors' statement regarding establishment of salary and other benefits for the executive management pursuant to the Public Limited Liability Companies Act section 6-16a."

Item 7 Stipulation of remuneration to the members of the Board of Directors and the Audit Committee.

The recommendations from the Nomination Committee are available at the Company's website.

The Nomination Committee proposes that the General Meeting passes the following resolution:

"In accordance with the proposal from the Nomination Committee, the General Meeting approves that the remuneration rates for members of the Board of Directors and the Audit Committee for the period from the 2015 Annual General Meeting up to the 2016 Annual General Meeting shall be as follows:

- *NOK 320,000 to the Chairperson of the board*
- *NOK 215,000 to each of the other board members*
- *NOK 45,000 to the Chairperson of the audit committee*
- *NOK 35,000 to each of the remaining audit committee members"*

Item 8 Stipulation of remuneration to the members of the Nomination Committee.

The recommendations from the Nomination Committee are available at the Company's website.

The Nomination Committee proposes that the General Meeting passes the following resolution:

"In accordance with the proposal from the Nomination Committee, the General Meeting approves that the remuneration rate for members of the Nomination Committee for the period from the 2015 Annual General Meeting up to the 2016 Annual General Meeting shall be NOK 33,000 for each member."

Item 9 Approval of the remuneration to the auditor for 2015.

The Board of Directors proposes that the General Meeting passes the following resolution:

"The remuneration to the auditor of USD 31,000 ex. VAT for the audit of the Company's 2015 annual accounts is approved. In addition, the Group has paid fees to KPMG of USD 11,000 ex. VAT for services other than audit."

Item 10 Election of members to the Board of Directors.

The recommendations from the Nomination Committee are available at the Company's website.

The Nomination Committee proposes that the General Meeting passes the following resolution:

"In accordance with the proposal from the Nomination Committee, Audun Stensvold and Amy E. Humphreys are re-elected as members of the Board for a period of two years.

The Board of Directors of Philly Shipyard ASA will then consist of the following members:

Jim Miller (Chairman)

Audun Stensvold (Deputy Chairman)

Elin Karfjell

Amy E. Humphreys"

Item 11 Authorization to the Board of Directors for payment of dividends.

To facilitate for payment of dividend on an on-going basis, the Board of Directors proposes that the General Meeting passes the following resolution:

"The General Meeting grants the Board of Directors authorization to resolve payment of dividends based on the Company's annual accounts for 2015. The authorization is valid up to the Annual General Meeting in 2017."

Item 12 Authorization to the Board of Directors to acquire own shares in connection with acquisitions, mergers, de-mergers or other transactions.

The Board of Directors proposes that the General Meeting passes the following resolution:

1. *The Board of Directors is authorized to acquire and pledge own shares with a total nominal value of NOK 12,574,766.*
2. *The authorization is valid up to the Annual General Meeting in 2017, but no longer than June 30, 2017.*
3. *Own shares shall be acquired for a consideration of minimum NOK 1 and maximum NOK 600 per share.*
4. *The Board of Directors is free to decide the method of acquisition and disposal of own shares. The authorization can be used in situations as described in the Securities Trading Act section 6-17.*
5. *The authorization can only be used for the purpose of utilising the company's shares as transaction currency in acquisitions, mergers, de-mergers or other transactions.*

Item 13 Authorization to the Board of Directors to acquire own shares for the purpose of investment or subsequent sale or deletion of such shares.

The Board of Directors proposes that the General Meeting passes the following resolution:

1. *The Board of Directors is authorized to acquire and pledge own shares with a total nominal value of NOK 12,574,766.*
2. *The authorization is valid up to the Annual General Meeting in 2017, but no longer than June 30, 2017.*
3. *Own shares shall be acquired for a consideration of minimum NOK 1 and maximum NOK 600 per share.*

4. *The Board of Directors is free to decide the method of acquisition and disposal of own shares. The authorization can be used in situations as described in the Securities Trading Act section 6-17.*
5. *The authorization can only be used to purchase own shares for investment purposes or subsequent sale or deletion of such shares.*

Item 14 Authorization to the Board of Directors to increase the share capital for new shipbuilding projects or other future investments within the Company's scope of operations.

The Board of Directors proposes that the General Meeting passes the following resolution:

1. *The Board of Directors is authorized to increase the share capital by up to NOK 12,574,766.*
2. *The authorization is valid up to the Annual General Meeting in 2017, but no longer than June 30, 2017.*
3. *The pre-emptive rights of the existing shareholders pursuant to section 10-4 of the Public Limited Liability Company's Act may be derogated from.*
4. *The authorization includes share capital increase against non-cash contributions, rights to assume special obligations on behalf of the Company in addition to resolution of merger and demerger, cf. the Public Limited Liability Company's Act section 13-5 and 14-6 (2). The authorization can be used in situations as described in the Securities Trading Act section 6-17.*
5. *The authorization can only be used to raise equity capital for new shipbuilding projects or other future investments within the Company's scope of operations.*

Proposal from the nomination committee of Philly Shipyard ASA to the annual general meeting of the company to be held on 13 April 2016

The nomination committee of Philly Shipyard ASA comprises the following individuals:

Leif-Arne Langøy (Chairman)
Gerhard Heiberg
Arild S. Frick

Since the annual general meeting in 2015, the nomination committee has held three meetings. The committee has evaluated the board's performance and received input from shareholders as to and members of the Board of Directors regarding the composition of the board.

For Philly Shipyard ASA's annual general meeting on April 13, 2016, the nomination committee makes the following unanimous proposal:

1. Election of members to the Board of Directors

Pursuant to the company's articles of association, the board is to comprise of three to seven board members. The board has four members as per today. Of these Audun Stensvold and Amy E. Humphreys are up for election this year. The nomination committee recommends that Audun Stensvold and Amy E. Humphreys are re-elected as board members for a period of two years. The board will thereby comprise of Jim Miller (chairman), Audun Stensvold (deputy chairman), Amy E. Humphreys and Elin Karfjell.

In its work, the nomination committee has emphasized that the board's composition reflects a variety of experience, knowledge and qualifications. This contributes to a balanced view on priorities with regard to different company issues and beneficial decisions for the development of the company. It further strengthens the board's ability to complement, challenge and control the management of the company.

To comply with these criteria, the nomination committee suggests that the annual general meeting makes a joint voting for the recommended board.

2. Proposed remuneration to the members of the Board of Directors and audit committee

The nomination committee proposes that board remuneration remains at the same levels as last year. The following fees are therefore proposed to the members of the board and the audit committee for the period from the annual general meeting 2015 until the annual general meeting 2016:

Chairman:	NOK 320,000
Board members:	NOK 215,000
Audit committee chairman:	NOK 45,000
Audit committee members:	NOK 35,000

In line with the policy of Aker, senior executives employed in Aker companies may not personally receive board remuneration from other Aker companies. Instead, board remuneration will be paid directly to the company in which the board member is employed.

3. Proposed remuneration to the members of the nomination committee

The nomination committee proposes to keep the remuneration unchanged from last year. The following fees are proposed to the members of the nomination committee for the period from the annual general meeting in 2015 until the annual general meeting 2016:

Chairman and members: NOK 33,000

In line with the policy of Aker, the nomination committee fee to senior executives employed in Aker companies is paid directly to the employing company. Consequently, the fees accruing to Arild Støren Frick will be paid to Aker ASA.

Oslo, 22 March 2016

On behalf of the nomination committee of Philly Shipyard ASA

Leif-Arne Langøy
Nomination committee chairman

GUIDELINES FOR REMUNERATION TO EXECUTIVE MANAGEMENT

In accordance with section 6-16a of the Norwegian Public Limited Liability Companies Act, the Board of Directors of Philly Shipyard ASA has prepared a statement on the determination of salary and other remuneration to the executive management of the Company. The General Meeting's approval of the guidelines is of an advisory nature to the Board of Directors. The Company does not grant remuneration to the executive management in the form of shares, subscription rights, options, and other forms of remuneration linked to shares or the development of the share price in the Company or in other companies within the group, that require preparation of binding guidelines in such respect.

The basis of the remuneration of the President and CEO and members of the Executive Team has been developed in order to create a performance-based system. This system of reward is designed to contribute to the achievement of good financial results and increase shareholder value.

The President and CEO and members of the Executive Team receive a base salary. In addition, a variable pay may be awarded in accordance with a variable pay program which was implemented in 2007. This variable pay program is based on the achievement of financial and personal performance targets and leadership performance in accordance with the Company's values.

The variable pay program for the President and CEO represents a potential for an additional variable pay up to 70% of base salary depending on the achievement of defined short-term and long-term results such as financial targets (profit and working capital) and personal targets (project targets, development of commercial solutions, alignment with values and improvement of HSE).

The variable pay program for other members of the Executive Team represents a potential for an additional variable pay in the range of 20% to 60% of base salary depending on the achievement of the same factors described for the President and CEO.

The President and CEO and Executive Team participate in the standard pension and insurance schemes, applicable to all employees. The Company practices standard employment contracts and standard terms and conditions regarding notice period and severance pay for the President and CEO and members of the Executive Team.

The Company does not offer share option programs to the Executive Team.